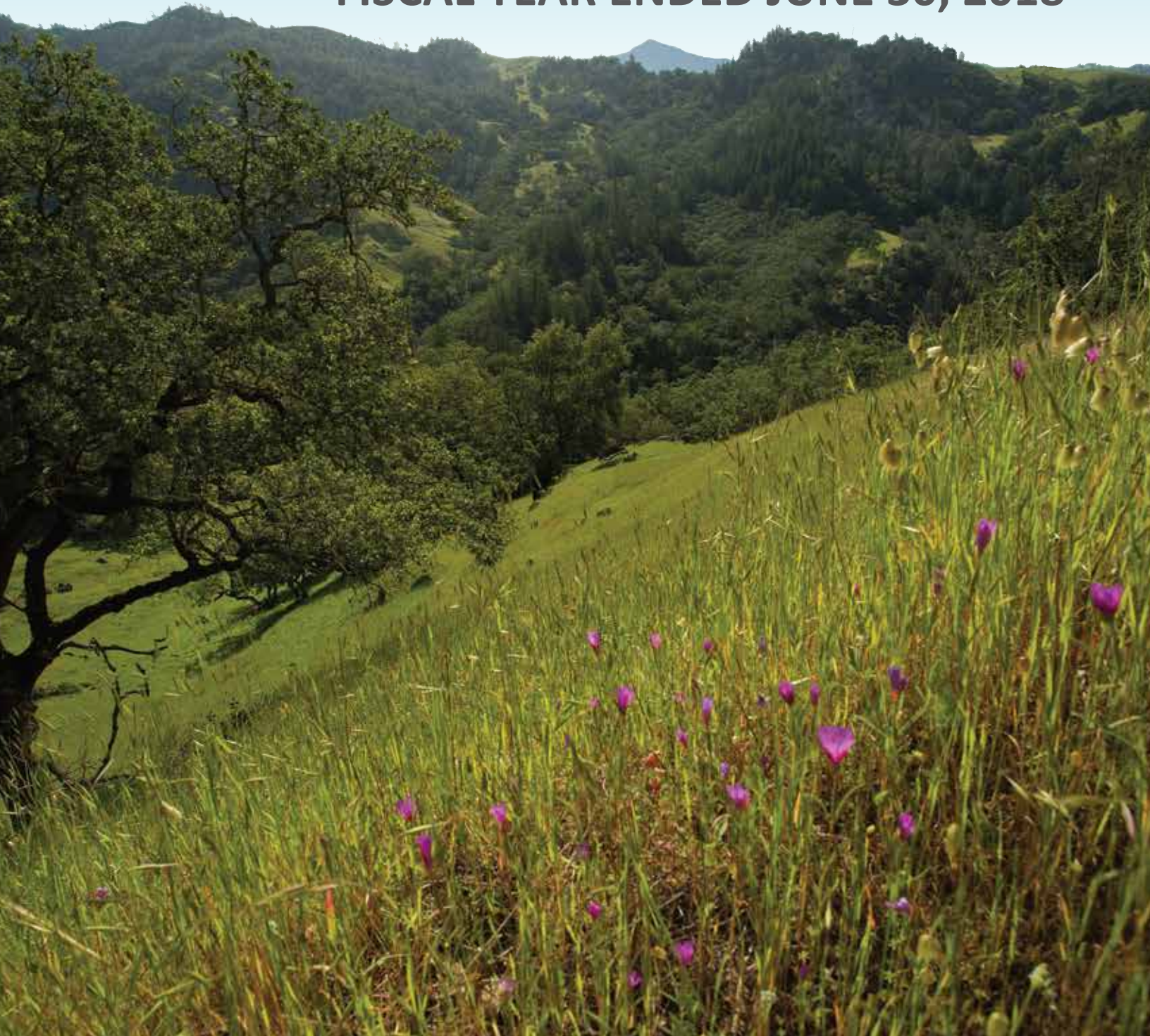


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2018



SONOMA COUNTY
CALIFORNIA

**Cover Photo by
Sonoma County Agriculture Preservation & Open Space District**

Modini Mayacamas Preserves

Located in northern Sonoma County, the 3,142-acre Modini-Mayacamas Preserves are part of a complex of contiguous protected land totaling over 12,600 acres that support a diversity of plant and animal species.

COUNTY OF SONOMA
STATE OF CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended
June 30, 2018



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

Erick Roeser
Auditor-Controller-Treasurer-Tax Collector



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INTRODUCTORY SECTION



ERICK ROESER
AUDITOR-CONTROLLER
TREASURER-TAX COLLECTOR

AUDITOR-CONTROLLER
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JONATHAN KADLEC
ASSISTANT AUDITOR-CONTROLLER
TREASURER-TAX COLLECTOR

AMANDA RUCH
ASSISTANT AUDITOR-CONTROLLER
TREASURER-TAX COLLECTOR

December 21, 2018

To the Board of Supervisors and Citizens of Sonoma County:

The Comprehensive Annual Financial Report (CAFR) of the County of Sonoma (County) for the fiscal year ended June 30, 2018, 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. Vavrinek, Trine, Day & Co., 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, 2018.

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 503,332. 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, accommodation and food services. The region's world-renowned wineries, geographically diverse open spaces, and mild climate, make the County a popular tourism and recreation destination.

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

The County employed 3,857 full-time equivalent employees (including extra-help) in fiscal year 2017-18 in order to provide a full range of services to its residents. The County's principal functions include seven major areas: general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. The State and Federal governments mandate certain minimum levels of services in the public protection, public assistance and health areas. The majority of services performed by the County are provided for all residents, regardless of whether those residents live in cities or unincorporated areas of the County, and every County resident directly or indirectly benefits from these services.

Included in operations are various component units, which provide specific services County-wide or to distinct geographic areas within the County. The governmental reporting entity consists of the County and its component units. Component units are legally separate organizations for which the Board is financially accountable, or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either the County's ability to impose its will on the organization or the potential for the organization to provide a financial benefit to or impose a financial burden on the County. The following four component units, although legally separate entities, are considered to be part of the primary government for financial reporting purposes: Sonoma County Fair and Exposition, Inc., the Sonoma County Securitization Corporation, Sonoma County Agricultural Preservation and Open Space District, and the Sonoma County Public Financing Authority. Seven discrete component units are presented in the financial statements, separate from the primary government: Sonoma County Community Development Commission (the Community Development Commission), Sonoma County Water Agency (SCWA), 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 only be adjusted with approval of the Board. Management may make adjustments with County Administrator approval below this level. Such adjustments by the Board and management are reflected in the revised budgetary data presented in the required supplementary section of the CAFR.

REQUESTS FOR INFORMATION

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

FACTORS AFFECTING ECONOMIC CONDITION

Economy

- During fiscal year 2017-18 Sonoma County continued to see positive signs in economic conditions, including decreased unemployment and increased retail sales.
- The median home price continues to increase especially in the wake of the Sonoma County Fires of 2017. Sonoma County still remains one of the more affordable Bay Area counties.

Unemployment

- The County's unemployment rate decreased to 3.0% as of June 2018 from 3.6% as of June 2017. This is lower than the California unemployment rate of 4.5% and the national unemployment rate of 4.0%.
- As of September 2018, the County unemployment rate decreased further to 2.4%, and continues to be lower than both the California and national rates of 3.9% and 3.7%, respectively.

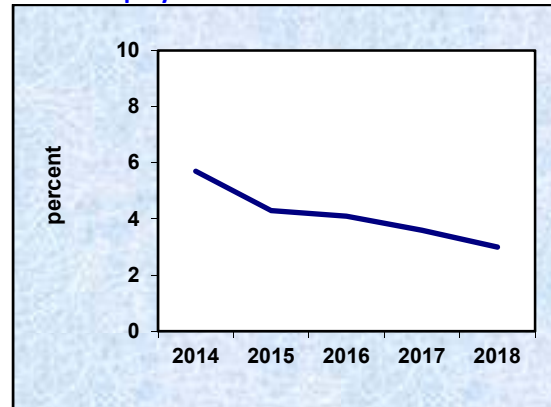
Income

- County per capita personal income remained relatively flat at \$56,538 for the 2017 calendar year from \$53,520 for the 2016 calendar year.

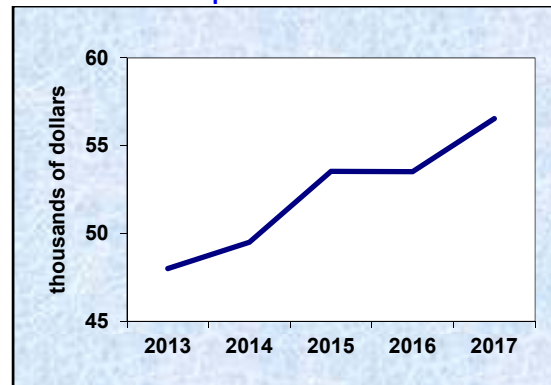
Retail Sales

- Retail sales county-wide increased 4.4% to \$9.5 billion for the 2017 calendar year from \$9.1 billion for 2016.
- County unincorporated area retail sales increased 5.6% to \$1.9 billion in 2017 from \$1.8 billion in 2016.

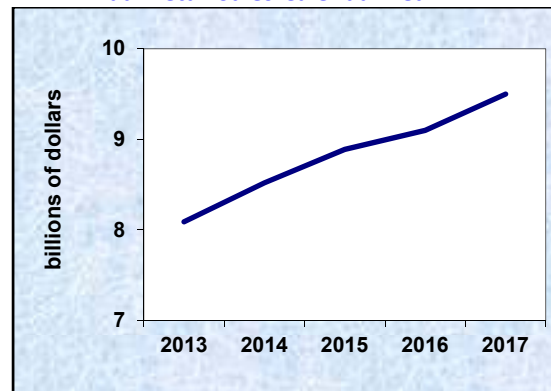
Unemployment Rate as of June 30



Annual Per Capita Income-Calendar Year



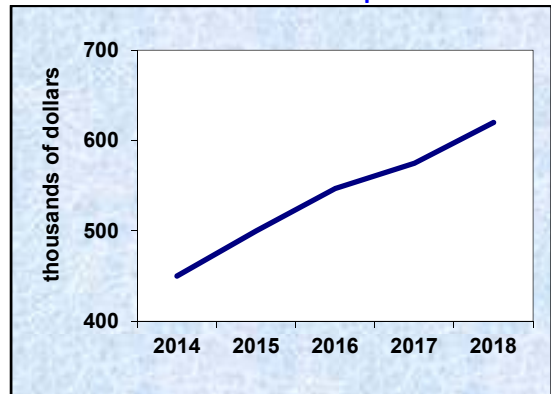
Annual Retail Sales-Calendar Year



Real Estate

- The county-wide median home price continues to increase and it is anticipated that the limited stock of available housing units for sale will continue to raise the market’s median home prices. As of September 2018 the median home price increased to \$620,000 from \$575,000 in September 2017, an increase of 7.8%.
- Certified valuation of secured and unsecured property, including residential and non-residential, increased 4.0% to \$85.5 billion for fiscal year 2017-18 from \$82.2 billion for fiscal year 2016-17 despite the losses incurred from the fires.
- Certified valuation of non-residential property increased 3.2% to \$26.0 billion for fiscal year 2017-18 from \$25.2 billion for fiscal year 2016-17.
- Certified valuation of residential property increased 4.2% to \$59.4 billion for fiscal year 2017-18 from \$56.9 billion for fiscal year 2016-17.

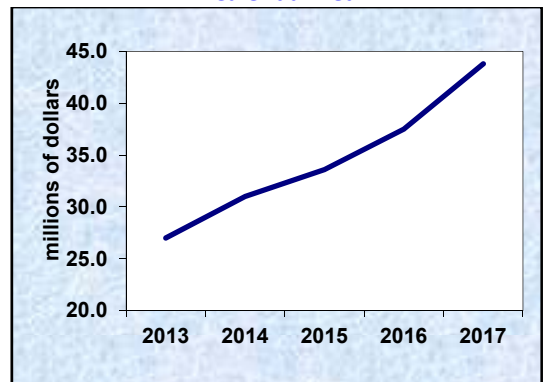
Median Home Price as of September 30



Tourism

- Preliminary results for 2018 indicate Sonoma County’s lodging industry has leveled out after the impact of the fires. The County’s annual average occupancy decreased to 77.1% in 2017 from 77.6% in 2016.
- County-wide transient occupancy tax (TOT) collections increased 16.8% to \$43.8 million in 2017 compared to \$37.5 million in 2016. TOT has increased 12.2% to \$21.1 million for the first two quarters of 2018, compared to \$18.8 million for the first two quarters of 2017. In addition, starting in January 2017 the tax rate increased from 9% to 12% as a result of a November 2016 voter approved ballot.

Annual Transient Occupancy Tax- Calendar Year



ECONOMIC INDICATORS

Prior to the October 2017, fires the County of Sonoma maintained a positive financial outlook. Funding challenges as a result of the October fires will require the use of County reserves as the County continues to plan for and provide essential services to the community that sustain and enrich our residents’ quality of life. The County continues to plan for a structurally balanced budget by fiscal year 2020-21.

FINANCIAL INDICATORS

Tax revenues increased in fiscal year 2017-18 for the County and other governmental agencies. Transient occupancy tax increased by 25.4%, local sales tax increased by 24.7%, and the County's largest revenue source, secured property taxes, increased by 4.8%. The County General Fund's share of secured property tax revenue increased by 4.2%. The Treasury Pool and interest rates increased over the past year. This resulted in a 49.1% increase in investment earnings to the County and other County entities.

California's 2019 Budget Act maintains a balanced budget and brings the State's Rainy Day Fund to the maximum level allowed under the State Constitution. The budget provides for spending on existing programs and one-time expenditures focused on infrastructure, homelessness, and mental health.

MAJOR INITIATIVES

The County completed many major initiatives in fiscal year 2017-18 including the consideration of strategic investments to support recovery and build increased community resiliency in the aftermath of the October 2017 fires. The following highlights only represent a partial list of the many accomplishments of the Sonoma County organization in fiscal year 2017-18:

Fire Response:

- Opened the Emergency Operations Center (EOC) to provide EOC activities such as county planning, shelter, public information, and logistics to deploy goods and services, and emergency management.
- Engaged state and federal officials to secure increased firefighting resources.
- Established the Local Assistance Center (LAC) and the Sonoma Valley Intake LAC to provide county, city, and community organization information and services to roughly 6,000 impacted individuals and households.
- Issued approximately 5,200 revised property tax bills as a result of re-assessments triggered by the October 2017 fires. Re-assessments will continue over the next several years as homes and businesses destroyed by the fires are rebuilt.

Fire Recovery:

- Commissioned a State review of the County's disaster response to identify areas of improvement and training that will augment the region's disaster preparation and resiliency.
- Addressed post-fire price gouging and fraud claims, including the creation of a dedicated reporting hotline. Over 200 claims have been investigated so far and a number of criminal cases have been filed. The investigations are continuing into price gouging complaints.
- Partnered with the State Contractors License Board to investigate licensing and insurance compliance. A number of contractors have been charged with either being unlicensed or not having worker compensation insurance. This partnership and effort will continue over the next few years, with compliance checks in the field and stings to catch unlicensed contractors.
- Opened the Resiliency Permit Center to provide comprehensive permitting services for the October 2017 fire victims. The Resiliency Permit Center will continue operations through fiscal year 2018-19 and is staffed by West Coast Code Consultants.

Other Initiatives:

- Expanded County support of Fire Services in Sonoma County in coordination with the Fire Service Advisory Committee by committing to fund dispatch cost for Fire Protection Districts, bringing annual support to fire agencies to more than \$3 million.
- Completed California's State Merit Systems Audit that certifies appropriate administration of the County's employment policies and adherence to the California's employment principles for County government.
- Consolidated the Clerk and Recorder divisions to a single facility, enhancing customer service and streamlining services for the public by consolidating processes, increasing efficiencies through shared staffing, and providing a single location for customer service.
- Provided support and legal guidance for the County's immigration initiative, including creation of the Sonoma County Secure Families Fund, and continued to provide pro bono support for the renewed Unaccompanied Child Deportation Defense Program.
- Implemented ACCESS Sonoma County, an initiative that seeks to improve the well-being and self-sufficiency of the County's most at-risk residents by providing coordinated service delivery consisting of intensive resources, wrap-around services, and case management.
- Created Mentally Ill Offender Taskforce with the goal of collaboratively developing enhanced mental health services and criminal diversion opportunities for mentally ill criminal offenders by leveraging outside funds including a Justice Mental Health Collaboration Planning grant for adult mental health services, a National Institute of Justice grant to continue the Keeping Kids in School truancy reduction program, and two California Department of Finance grants to increase transitional housing capacity.
- Hired over 70 new Sheriff's Office employees as part of our continued intensive hiring effort. This hiring effort has allowed the Office to provide better services to the community and reduce overtime, improving work/life balance for employees, and reducing costs to the County.
- Issued the first Annual Report by the Independent Office of Law Enforcement Review & Outreach (IOLERO), summarizing the activities and findings of the Office.
- Initiated Sonoma County's Whole Person Care Pilot Project through an \$8.3 million three-year grant to provide coordinated outreach and intensive care coordination across all safety-net programs focused on Medi-Cal eligible beneficiaries who are homeless or at risk of homelessness; have moderate/complex or severe/persistent mental health conditions; and have a substance use disorder, multiple chronic conditions, or are high-utilizers of emergency services.
- Opened the first Human Services neighborhood office with an integrated service model at South County Center located in Petaluma, including on-site eligibility services. Conducted public outreach to let clients know of the increased access to County services.
- Provided financing for affordable rental housing developments throughout the County opening 60-unit Feters Apartments in Sonoma Valley, 79-unit Burbank Housing Crossroads Apartments in Santa Rosa, and entitlement approvals for the 48-unit Altamira Apartments in Sonoma.
- Created the new Coordinated Entry program, a "no-wrong-door homeless services program" that streamlines the process for individuals experiencing homelessness to access housing, shelter and services. Of those entering the program, 255 have been placed in shelters and 43 have found permanent housing. Enrolled 1,013 homeless individuals.

- Received more than \$1.26 million in grant funding to assist chronically homeless persons, persons with HIV/AIDS, and homeless youth with disabilities. Through this funding the Housing Authority provided rental assistance to 140 households.
- Implemented Cannabis Inspection and Permitting programs in coordination with Permit Sonoma.
- Implemented relevant portions of the County's Medical Cannabis Ordinance, including development of the cannabis cultivation best management practices and issuing the first cannabis cultivation permit in Sonoma County.
- Completed the Airport runway safety roads project including construction of two bridges, allowing access to the Airport for fire and emergency services.
- Acquired the first all-electric bus to be added to the existing Transit fleet to provide services in Sebastopol. Adjusted SMART Connector and Shuttle routes to ensure rail coordination, passenger convenience, and service effectiveness.
- Executed landmark Project Partnership Agreement with the U.S. Army Corps of Engineers for the Russian River Biological Opinion Dry Creek Habitat Enhancement phases 2 and 3 to improve in-stream conditions for protected salmon and steelhead. The Agreement will allow the U.S. Army Corps of Engineers to pay 75% of \$7.5 million in estimated project cost which otherwise would have been absorbed in water rates.
- Completed identification of locations and initiated designs for radars under \$19 million state grant funded Advanced Quantitative Precipitation Information Systems Project. This project will mitigate flood hazards and maximize water supply by allowing for better precipitation forecasting and analysis.
- Completed the construction of Andy's Unity Park, 0.7 miles of Central Sonoma Valley Trail serving the Springs community, park renovations and accessibility improvements at Del Rio Woods, and replacement of the docks, ramps, and other day use facilities at Westside Regional Park.

LONG-TERM FISCAL OUTLOOK

The October 2017 Sonoma Complex Fire was one of the worst disasters in California History. Regional governments joined together to respond to the wildfires with the assistance of many businesses, non-profits, faith-based organizations, and individuals from the community and all over the world lending support. The recovery from the wildfire presents critical financial decisions, including the consideration of strategic investments to support recovery and to build increased community resiliency.

The County government will experience a slow economic recovery from the disaster as property values are adjusted down and fees are adjusted to meet the demands of recovery for the public. Staff has identified critical factors to maintain the County's credit ratings and positive financial outlook over the next five years. The County is moving toward recovery, and has started financial planning by understanding the short and long-term needs, resources available, and how to balance the budget given these unique circumstances.

Financial impacts to revenues and expenses for fiscal year 2017-18 are noted in the Management, Discussion and Analysis section of the CAFR.

The County of Sonoma has submitted a claim to the Federal Emergency Management Agency (FEMA) totaling \$36 million. Reimbursement depends upon the claim elements accepted by FEMA and will include addition of costs incurred after the initial emergency response. The State is projected to backfill the County property tax loss in the amount of \$8.8 million and to reimburse the County for the local share of debris removal.

Although the entire impact of the fires on the County's fiscal position will not be known for many years, the following strategies were implemented to mitigate lost revenue in the fiscal year 2018-19 adopted budget:

- Aligning budget appropriations to historical net cost has resulted in a decreased allocation of \$8.0 million. The goal of aligning the budget to actuals is not to impact existing service levels, but instead to provide sufficient funding to cover existing service levels.
- Reducing and controlling operating costs in the County's financially challenging post-disaster environment. The County Administrator's Office has worked with departments and agencies to limit countywide operating expenditure changes.
- Exploring opportunities during budget hearings and throughout the year to facilitate recovery and resiliency efforts. Those opportunities will require additional funding resources.
- Looking at the possibility of receiving state disaster funds to backfill tax revenues losses. Property tax is based on the Assessor's review of 96% of fire damaged parcels and increased by 5% from the December 2017 estimates.

The County's priority is fire recovery. The devastating fires changed the lives of County residents forever, and the identified strategies and focus areas will help the community rebuild.

RELEVANT FINANCIAL POLICIES

Balanced Budget

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

Expenditure Management & Control

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

Debt Management

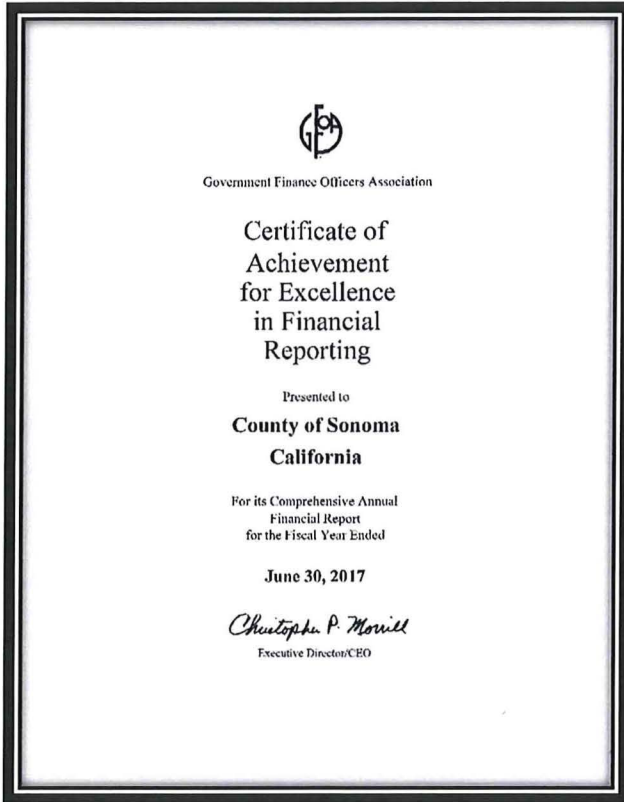
The County has a Debt Advisory Committee (DAC) to provide guidance and support related to all County debt issuance and management. The DAC provides the County Administrator and the Board of Supervisors a review process to ensure that all potential debt obligations are evaluated for cost effectiveness,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

Fund Balance Reserve

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

AWARDS AND ACKNOWLEDGMENTS

Financial Reporting Certificate of Achievement: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the County’s CAFR for the fiscal year ended June 30, 2017. This was the twenty-sixth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements.



A Certificate of Achievement is valid for a period of one year only. The current CAFR is expected to meet the Certificate of Achievement Program’s requirements and will be submitted it to the GFOA to determine its eligibility for another certificate.

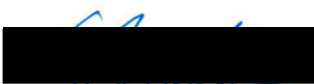
Budget Presentation Award: The County received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2017. This was the twenty-third consecutive year that the County has achieved this prestigious award, which requires a governmental unit publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and as a communications device.

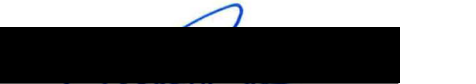
Popular Financial Reporting Award: The County received the GFOA’s Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended June 30, 2017. The County has received this prestigious award twenty times. This award is a national award that recognizes conformance with the highest standards for preparation of state and local government popular reports. In order to receive this award, a

government must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

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

Respectfully Submitted,


Sheryl Bratton
County Administrator


Erick Roeser
Auditor-Controller-Treasurer-Tax Collector



DIRECTORY OF APPOINTED AND ELECTED OFFICIALS

APPOINTED OFFICERS & DEPARTMENT HEADS

Agricultural Commissioner..... Tony Linegar
Agricultural Preservation & Open Space District General Manager..... Bill Keene
Child Support Services Director Jennifer Traumann
Community Development Commission Director Margaret Van Vliet
County Administrator Sheryl Bratton
County Counsel Bruce Goldstein
Economic Development Director..... Ben Stone
Fair Manager..... Becky Bartling
Fire & Emergency Services Director (Interim) Jim Colangelo
General Services Director Caroline Judy
Health Services Director.....Barbie Robinson
Human Resources Director Christina Cramer
Human Services Director Karen Fies
Information Systems Director..... John Hartwig
Permit & Resource Management Director Tennis Wick
Probation Officer, Chief David Koch
Public Defender..... Kathleen Pozzi
Regional Parks Director..... Bert Whitaker
Court Executive Officer (Superior Court Of California)..... Arlene Junior
Transportation & Public Works Director..... Johannes Hoevertsz
U.C. Cooperative Extension Director Stephanie Larson
Water Agency Director Grant Davis

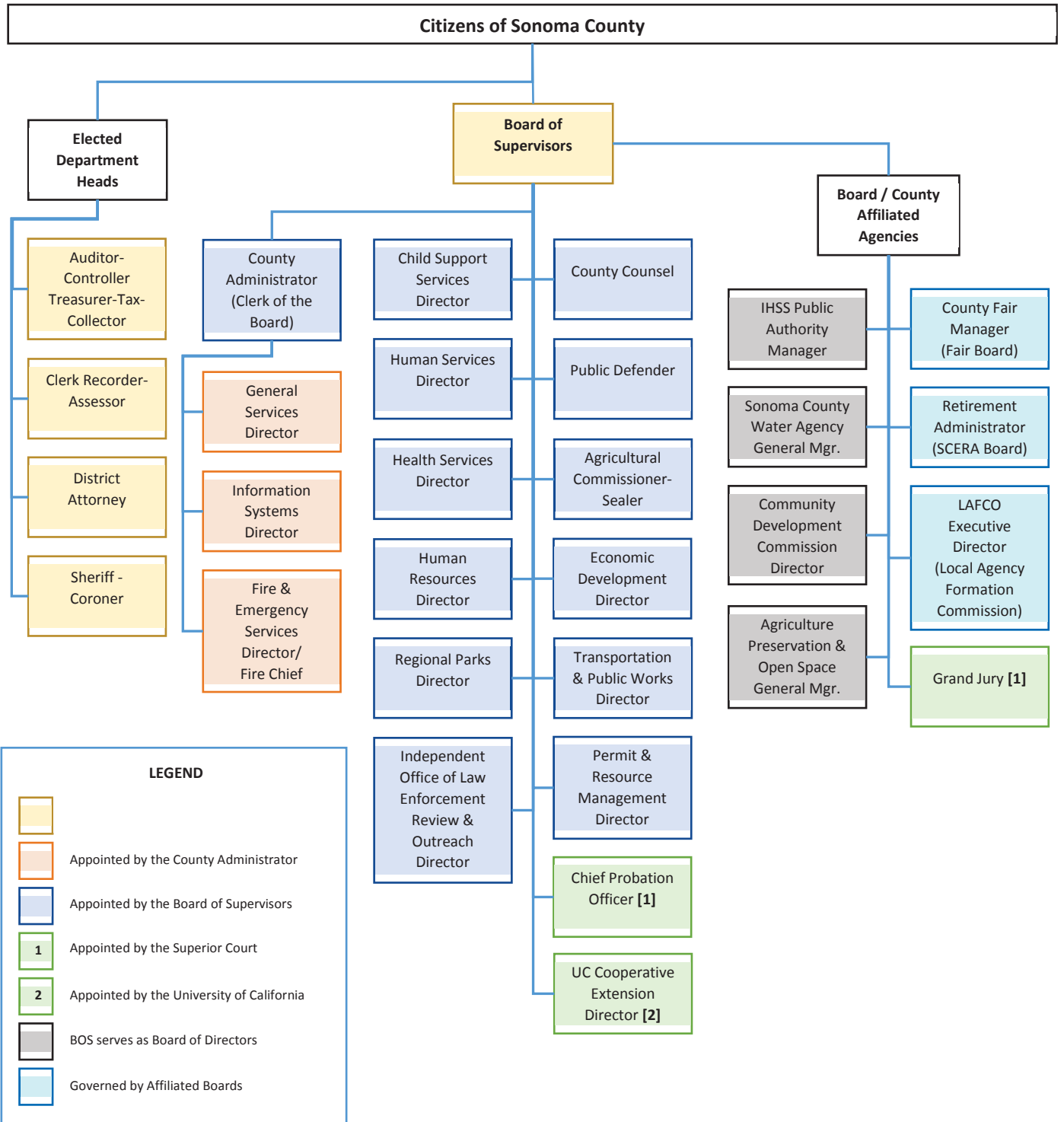
DIRECTORY OF APPOINTED AND ELECTED OFFICIALS

ELECTED OFFICIALS

Board of Supervisors:

District One Susan Gorin
District Two..... David Rabbitt
District Three Shirlee Zane
District Four James Gore
District Five Lynda Hopkins
Auditor-Controller-Treasurer-Tax Collector..... Erick Roeser
County Clerk\Recorder\Assessor William F. Rousseau
District Attorney..... Jill Ravitch
Sheriff-Coroner Robert Giordano

COUNTY ORGANIZATIONAL CHART



FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

Board of Supervisors
 County of Sonoma, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Sonoma, California (County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Sonoma County Agricultural Preservation and Open Space District (nonmajor governmental fund), First 5 Sonoma County Commission (nonmajor governmental fund), Refuse Fund (major enterprise fund), Airport Fund (major enterprise fund), Energy Independence Program Fund (major enterprise fund), Transit Fund (major enterprise fund), Community Development Commission (discretely presented component unit), Sonoma County Water Agency (discretely presented component unit), Sonoma Valley County Sanitation District (nonmajor discretely presented component unit), Russian River County Sanitation District (nonmajor discretely presented component unit), South Park County Sanitation District (nonmajor discretely presented component unit), Occidental County Sanitation District (nonmajor discretely presented component unit), and Sonoma County Fair and Exposition, Inc. (nonmajor enterprise fund), which represent the following percentages of assets, net position/fund balance and revenues of the opinion units listed below:

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues
Aggregate Discretely Presented Component Units	100%	100%	100%
Governmental Activities	22%	53%	2%
Business-Type Activities	99%	95%	95%
Aggregate remaining fund information	2%	5%	1%
Major Enterprise Fund – Transit Fund	100%	100%	100%
Major Enterprise Fund – Refuse Fund	100%	100%	100%
Major Enterprise Fund – Airport Fund	100%	100%	100%
Major Enterprise Fund – Energy Independence Program Fund	100%	100%	100%

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*, and GASB Statement No. 85, *Omnibus 2017*, effective July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 22, the schedules for the Sonoma County Employees' Retirement Association (SCERA) plan and the Sonoma County Other Postemployment Healthcare plan on pages 103 through 105, and the budgetary comparison information on pages 106 through 114, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and the other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

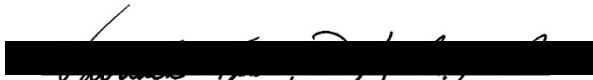
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the combining and individual non-major fund financial statements and schedules, and statistical section are presented for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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, 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.

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Rancho Cucamonga, California
December 21, 2018



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, 2018. 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 \$951.1 million at June 30, 2018, this is an increase from prior year of \$111.5 million (without regard to the net other postemployment benefit (OPEB) restatement described below).
- The County's net position included \$1.4 billion in net investment in capital assets, \$238.3 million in restricted net position that must be used only for specific purposes, offset by a \$657.7 million deficit in unrestricted net position. The deficit is primarily the result of the County's unfunded pension and other postemployment benefits (OPEB) liabilities.
- The County's governmental funds reported combined ending fund balance of \$448.5 million, an increase of \$26.2 million over the prior year. Amounts available for spending include restricted, committed, assigned, and unassigned fund balances and total 96.6% of ending fund balance. Of this amount, \$237.9 million is restricted by law or externally imposed requirements, \$8.9 million is committed for specific purposes, \$133.4 million is assigned to specific purposes determined by the Board of Supervisors, and \$15.1 million is nonspendable.
- The General Fund unassigned fund balance was \$53.2 million, or 13.5% of total General Fund expenditures.
- The County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, as required for accounting and financial reporting by state and local governments for postemployment benefits other than pensions. As a result, the County's restated July 1, 2017 net position decreased by \$268.4 million.

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Airport (Airport), Sonoma County Energy Independence Program (SCEIP), Sonoma County Transit, the Sonoma County Fair and Exposition Inc. (Fair), Marinas, and other districts.

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

The County's blended component units include:

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

The County's discrete component units include:

- Sonoma County Water Agency
- Sonoma County Community Development Commission
- Four sanitation districts: Sonoma Valley County Sanitation District, Russian River County Sanitation District, South Park County Sanitation District, and Occidental County Sanitation District
- Sonoma County Water and Wastewater Financing Authority

Fund Financial Statements

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

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

Other information - In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees and a budgetary comparison.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve 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 \$951,062 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
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total		Total	
	2018	2017	2018	2017	2018	2017	Dollar Change	Percent Change
Assets:								
Current and other assets	\$ 644,313	\$ 570,386	\$ 94,650	\$ 103,211	\$ 738,963	\$ 673,597	\$ 65,366	9.7%
Capital assets	1,277,246	1,265,369	169,326	167,099	1,446,572	1,432,468	14,104	1.0%
Total assets	1,921,559	1,835,755	263,976	270,310	2,185,535	2,106,065	79,470	3.8%
Deferred Outflows of Resources:								
Deferred charge on refunding	3,090	3,514	-	-	3,090	3,514	(424)	(12.1%)
Deferred amounts related to pension	80,466	161,681	1,411	2,307	81,877	163,988	(82,111)	(50.1%)
Deferred amounts related to OPEB	26,513	-	439	-	26,952	-	26,952	100.0%
Total deferred outflows of resources	110,069	165,195	1,850	2,307	111,919	167,502	(55,583)	(33.2%)
Liabilities:								
Current and other liabilities	163,310	54,620	11,522	8,684	174,832	63,304	111,528	176.2%
Long-term liabilities	949,637	982,596	50,573	60,863	1,000,210	1,043,459	(43,249)	(4.1%)
Total liabilities	1,112,947	1,037,216	62,095	69,547	1,175,042	1,106,763	68,279	6.2%
Deferred Inflows of Resources:								
Service concession arrangement	-	-	37,539	38,929	37,539	38,929	(1,390)	(3.6%)
Deferred receipts of assessment interest	114,062	-	1,308	-	115,370	-	115,370	(100.0%)
Deferred amounts related to pension	18,272	18,903	169	994	18,441	19,897	(1,456)	(7.3%)
Total deferred inflows of resources	132,334	18,903	39,016	39,923	171,350	58,826	112,524	191.3%
Net position:								
Net investment in capital assets	1,208,423	1,192,407	162,020	155,959	1,370,443	1,348,366	22,077	1.6%
Restricted	227,882	209,960	10,390	7,440	238,272	217,400	20,872	9.6%
Unrestricted	(649,958)	(457,536)	(7,695)	(252)	(657,653)	(457,788)	(199,865)	43.7%
Total net position	\$ 786,347	\$ 944,831	\$ 164,715	\$ 163,147	\$ 951,062	\$ 1,107,978	\$ (156,916)	(14.2%)

Analysis of Net Position

The County’s total net position was \$951.1 million. 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 \$1,370,443 at fiscal year-end, and consists of investment in capital assets (net of accumulated depreciation) of \$1,446,572, less related debt of \$76,129. The \$22,077, or 1.6%, increase in net investment in capital assets represents capital acquisitions and disposals, less current year depreciation and amortization, and the addition and/or retirement of related long-term debt.

Restricted net position

Restricted net position of \$238,272 represents resources that are subject to external restrictions on their use, or by enabling legislation. Due to the unique nature of funding sources, the County has significantly more restricted net position dollars than unrestricted net position dollars.

Restricted net position increased \$20,872 or 9.6%. Noted changes to restricted net position, by function, include:

- Health Services programs increased by \$15,965 due in most part to increased intergovernmental revenues related to state allocations, FEMA funding, Federal Medi-Cal rate enhancements and significant salary and benefit expenditure savings
- Public protection increased by \$6,648, mostly from increases in 2011 Realignment revenues related to probation programs

Unrestricted net position

Unrestricted net position decreased \$199,865 to a deficit of \$657,653. The majority of the deficit is due to financial reporting for the net pension and OPEB liabilities.

Analysis of Primary Government

The Primary Government (Governmental and Business-type activities) change in net position decreased by \$156.9, including the County’s restatement of July 1, 2017 net position decrease of \$268.4 million. Change in net position increased \$111.5 from operations, revenues less expenses. Net position for the year ended June 30, 2018 is \$951,062.

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

	Governmental Activities		Business-Type Activities		Total		Total	
	2018	2017	2018	2017	2018	2017	Dollar Change	Percent Change
Revenues:								
Program revenues:								
Charges for services	\$ 98,936	\$ 98,693	\$ 33,311	\$ 29,613	\$ 132,247	\$ 128,306	\$ 3,941	3.1%
Operating grants and contributions	514,968	464,039	15,335	13,937	530,303	477,976	52,327	10.9%
Capital grants and contributions	3,071	4,013	2,868	10,467	5,939	14,480	(8,541)	(59.0%)
General revenues:								
Property taxes	245,274	233,256	-	-	245,274	233,256	12,018	5.2%
Documentary transfer taxes	6,201	6,047	-	-	6,201	6,047	154	2.5%
Transient occupancy taxes	22,237	17,701	-	-	22,237	17,701	4,536	25.6%
Grants and other governmental revenues not restricted to specific programs	48,721	42,813	-	-	48,721	42,813	5,908	13.8%
Unrestricted investment earnings	10,907	7,778	868	367	11,775	8,145	3,630	44.6%
Other	38,688	36,532	45	(25)	38,733	36,507	2,226	6.1%
Total operating revenues	989,003	910,872	52,427	54,359	1,041,430	965,231	76,199	7.9%
Expenses:								
General government	112,173	104,166	-	-	112,173	104,166	8,007	7.7%
Public protection	306,078	310,466	-	-	306,078	310,466	(4,388)	(1.4%)
Public ways and facilities	52,302	47,670	-	-	52,302	47,670	4,632	9.7%
Health and sanitation	136,228	135,564	-	-	136,228	135,564	664	0.5%
Public assistance	208,901	220,772	-	-	208,901	220,772	(11,871)	(5.4%)
Education	1,122	1,118	-	-	1,122	1,118	4	0.4%
Recreation and cultural services	33,943	33,174	-	-	33,943	33,174	769	2.3%
Interest on long-term debt	28,219	29,136	-	-	28,219	29,136	(917)	(3.1%)
Refuse	-	-	4,331	9,935	4,331	9,935	(5,604)	(56.4%)
Airport	-	-	8,821	7,596	8,821	7,596	1,225	16.1%
Energy Independence Program	-	-	2,253	2,458	2,253	2,458	(205)	(8.3%)
Transit	-	-	19,309	18,816	19,309	18,816	493	2.6%
Fair	-	-	11,495	7,199	11,495	7,199	4,296	59.7%
Marinas	-	-	2,332	2,497	2,332	2,497	(165)	(6.6%)
Other	-	-	1,092	1,238	1,092	1,238	(146)	(11.8%)
Total operating expenses	878,966	882,066	49,633	49,739	928,599	931,805	(3,206)	(0.3%)
Excess before transfers	110,037	28,806	2,794	4,620	112,831	33,426	79,405	237.6%
Transfers	(1,328)	(1,469)	1,328	1,469	-	-	-	0.0%
Special Item	(1,367)	-	-	-	(1,367)	-	(1,367)	0.0%
Change in net position	107,342	27,337	4,122	6,089	111,464	33,426	78,038	233.5%
Net Position, beginning of year	944,831	917,494	163,147	157,058	1,107,978	1,074,552	33,426	0.0%
Prior period adjustment	(265,826)	-	(2,554)	-	(268,380)	-	(268,380)	0.0%
Net position, beginning of year, as restated	679,005	917,494	160,593	157,058	839,598	1,074,552	(234,954)	(21.9%)
Net position, end of year	\$ 786,347	\$ 944,831	\$ 164,715	\$ 163,147	\$ 951,062	\$ 1,107,978	\$(156,916)	(14.2%)

Analysis of Governmental Activities

Governmental activities increased the County's net position \$107,342 accounting for 96.3% of the County's total increase in net position from current year activities. Governmental activities operating revenues exceeded operating expenses by \$110,037. Transfers to business-type activities and Special Item – transfer of operations, decreased net position by \$2,695.

Revenues:

Operating revenues for the County's governmental activities increased 8.6% from the prior year amount of \$910,872 to \$989,003. Revenues are divided into two categories: program revenues and general revenues.

Program revenues:

Program revenues increased \$50,230 or 8.9%, from the prior year to \$616,975. The majority of program revenues consist of charges for services and operating grants and contributions tied to federal and state reimbursements of County costs for mandated programs such as public assistance, public protection, health and behavioral wellness. Program revenues represent 62.4% of the County's funding for governmental activities.

- Operating grants and contributions increased by \$50,929, or 11.0% to \$514,968 due primarily to:
 - General government increase of \$12,100
 - \$15,000 Federal Emergency Management Agency (FEMA) and California Governor's Office of Emergency Services (CalOES) disaster reimbursements
 - \$1,500 tribal casino mitigation payments
 - \$4,000 Agricultural Preservation and Open Space District reduction in grants and contributions
 - Public protection increase of \$5,682 primarily due to:
 - \$4,000 probation department grant award for transitional housing for homeless adult offenders
 - \$2,000 increase in taxable sales and Sonoma County's related pro-rata sales tax allocation
 - Public ways and facilities increase of \$12,363, the majority related to Roads:
 - \$3,247 Senate Bill 1-the Road Repair and Accountability Act of 2017
 - \$6,899 intergovernmental revenue for projects under construction
 - \$686 increase in gas tax apportionment
 - \$1,507 traffic mitigation fees
 - Health and sanitation increase of \$22,378 due to:
 - \$18,693 intergovernmental program revenue (Behavioral Health Medi-Cal, Crisis Stabilization, Mental Health Services Act, Medi-Cal Administrative Activities, Substance Abuse Prevention & Treatment and other related programs)
 - \$4,115 FEMA disaster revenue related to labor costs incurred in response to the October 2017 fires
 - Public assistance decrease of \$1,935 due to a decrease in state revenue for Foster Care, and employment and training program claims as a result of caseload decreases

General revenues:

General revenues had an overall increase of \$27,901, or 8.1%, to \$372,028 from the prior year. These revenues include general taxes that provide the Board of Supervisors with the most discretionary spending ability. The primary reasons for the increase are as follows:

- Property tax revenue increased \$12,018 consistent with the prior year increase and is due in most part to strong growth in tax base on homes in County not affected by the October 2017 fires
- Transient occupancy taxes increased \$4,536 due to increased revenues resulting from a combination of growth and a 3% rate increase (Measure L) effective January 1, 2017

- Grants and other governmental revenues not restricted for specific programs increased \$5,908 in most part due to \$2,418 increase in sales tax revenues and \$3,404 in Cannabis tax revenues
- Investment earnings increased \$3,129
- Other revenues increased \$2,156 primarily due to revenue recognition timing differences

Expenses:

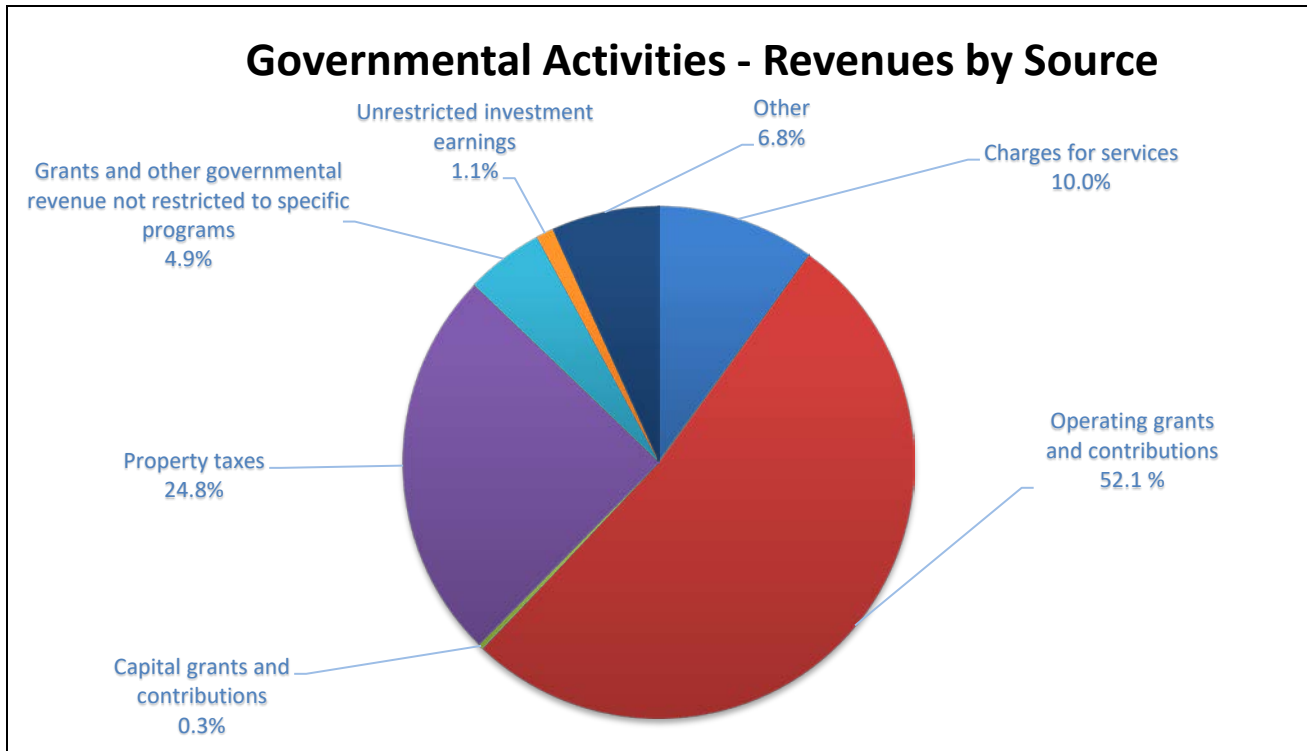
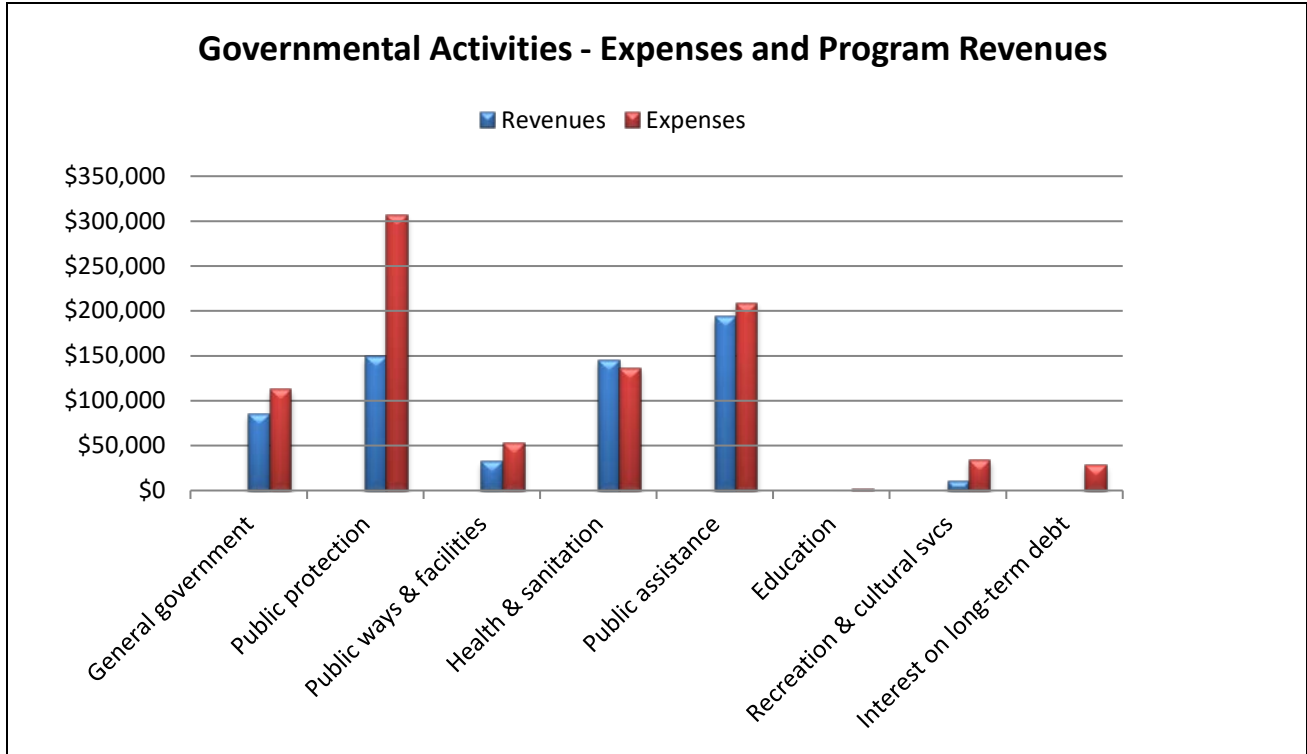
Total expenses for governmental activities decreased \$3,100, or 0.4%, from the prior year to \$878,966.

- The largest component of the variance is the \$44,535 pension expense decrease primarily resulting from the increased investment returns on plan assets. The decrease is allocated by function as follows:
 - General government \$5,811, Public protection \$16,343, Public ways and facilities \$1,701, Health and sanitation \$7,422, Public assistance \$11,413, Education \$59, Recreation and cultural services \$1,786

The decrease in pension expense was partially offset by other governmental expenses increasing \$41,435 million as follows:

- General government expenses increased by \$13,818, or 13.3% due to increases in:
 - Services and supplies related to the October 2017 fires
 - Annexation of Roseland unincorporated area to the City of Santa Rosa and related contributions for pavement restoration and operational costs
- Public protection function expenses increased \$11,955, or 3.9% due to increases in:
 - Salaries and benefit associated with:
 - Filling 13 full time positions related to the use permit process, enforcement of the Cannabis program, vacation rentals, general plan management and administrative technology
 - Increase in overtime pay and extra help related to the October 2017 fires disaster response and the Cannabis program
 - Cannabis use and zoning permit projects
 - Resiliency Center costs to centralize and expedite processing of the October 2017 fires rebuilding permits and inspections
 - Detention inmate behavioral health and healthcare costs
 - Probation rehabilitation and reducing recidivism services for in-custody and out-of-custody adult offenders
- Public ways and facilities expenses increased \$6,333 or 13.3% due to:
 - The Annexation of the Roseland unincorporated area to the City of Santa Rosa
 - Emergency service costs related to the effect of the January and February 2017 floods
- Health and sanitation expenses increased \$8,086 or 6.0% due to increases in:
 - Salaries, benefits and administrative services related to the October 2017 fires
 - County's required match to federal rate enhancements for Medi-Cal services
 - ACCESS Sonoma County Pilot initiative to identify and coordinate safety net department services for individuals who face multiple challenges in key life areas
 - Behavioral Health's Whole Person Care Pilot program to provide comprehensive coordinated care for beneficiaries resulting in better health outcomes
 - Effect of Northern Sonoma County Air Pollution Control District's separation from the County as an independent legal entity
- Recreation and cultural services increased \$2,555 or 7.7% attributable to increases in:
 - Services and supplies related to the October 2017 fires costs and cleanup of the homeless encampments

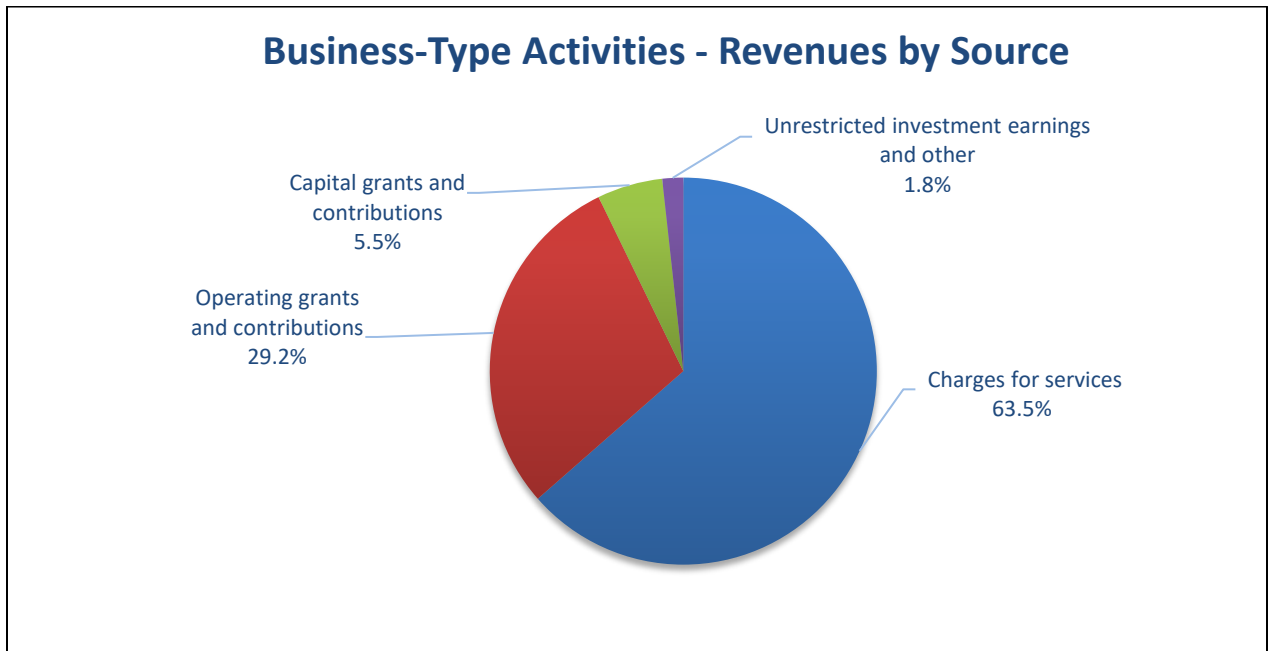
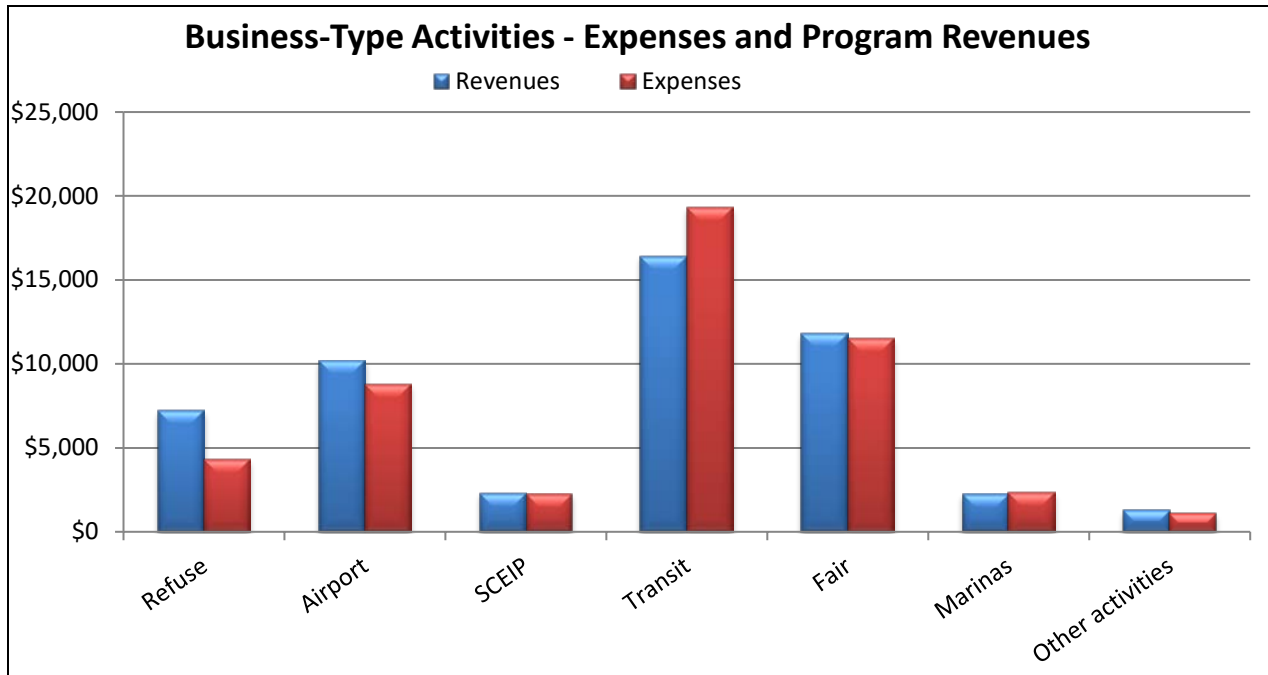
Governmental Activities Comparisons



Business-Type Activities Comparison

Business-type activities net position increased by \$1,568, from \$163,147 to \$164,715 for the year ended June 30, 2018.

Revenues for the County’s business-type activities had a slight decrease from the prior year of \$1,932 or 3.6% to \$52,427.



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, 2018, the County's governmental funds reported combined fund balances of \$448,528, an increase of \$26,204 compared to 2017. The components of fund balance are as follows, and with the exception of nonspendable fund balance, are available for appropriation at any time (See Note 12 – Net Position/Fund Balances):

- Nonspendable fund balance, \$15,077, consists of amounts that are not spendable in form or are legally or contractually required to be maintained intact and primarily consists of Advances of \$10,926, prepaid items and deposits of \$3,247 and Inventories of \$904
- Restricted fund balance, \$237,938, 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 - \$65,285
 - Capital projects and equipment replacement - \$34,007
 - First 5 Children and Families Commission - \$11,376
 - Debt service - \$12,804
 - Parks donations, mitigation and operations - \$2,384
 - Courthouse/Criminal Justice Construction - \$2,134
 - Health services programs - \$32,347
 - Fire and emergency services - \$2,916
 - Public assistance - \$18,935
 - Lighting districts - \$8,071
 - Public protection - \$39,805
 - Clerk, Recorder, Assessor operations - \$4,981
 - Other - \$2,893
- Committed fund balance, \$8,865, consists of amounts that have been committed to specific purposes by the Board of Supervisors and consists of amounts committed to:
 - Community investment - \$7,943
 - Other - \$922
- Assigned fund balance, \$133,424, represents amounts intended for use as determined by the Board of Supervisors and consists of amounts assigned to:
 - Capital projects and equipment replacement - \$55,854
 - Tribal development impact mitigation - \$18,678
 - Offset projected budget deficits - \$1,497
 - Redevelopment agencies - \$15,515
 - General services - \$9,042
 - Public protection - \$5,321
 - Road maintenance - \$5,282
 - Labor negotiations - \$10,386
 - October 2017 fires - \$3,748
 - Cannabis program administration - \$1,890

- Other programs - \$6,211 (includes encumbrances and other programs)
- Unassigned fund balance of \$53,224 represents the residual classification for the General Fund and negative amounts from other governmental funds, if any.

Approximately 96.6%, or \$433,451, of the total fund balance is available to meet the County's current and future needs. With the approval of the Board of Supervisors, County management can assign a portion of fund balance to a particular function, project or activity, and can also assign it for purposes beyond the current year, within the constraints applied to the various categories of fund balance. With the exception of the nonspendable portion, fund balances are available for appropriation at any time.

General Fund

The General Fund is the main operating fund of the County. The General Fund's total fund balance increased by 0.9%, or \$1,309, to \$150,979 at June 30, 2018. The nonspendable portion of fund balance was \$11,306. The spendable portion was \$139,673, an increase of \$2,977, or 2.2%, over the prior year balance of \$136,696. The increase in the spendable fund balance is mainly due to strategic cost saving measures implemented by the Board of Supervisors during the current year, and County-wide efforts to reduce spending.

As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total General Fund expenditures. Total fund balance equates to approximately 38.3% of total General Fund expenditures. Total spendable fund balance equates to 35.6% of total General Fund expenditures. Of the General Fund spendable fund balance, \$86,444, or 61.9%, was assigned. There was no restricted fund balance. General Fund unassigned fund balance at June 30, 2018, was \$53,224, or 38.1% of spendable fund balance, a decrease of \$7,179 from the prior year balance of \$60,403.

Other - Governmental Funds

As compared with the prior year, the total fund balances of the remaining governmental funds increased 9.1%, or \$24,895, to \$297,549 with the following significant changes:

- Health and Sanitation Fund balance increased \$14,755 from \$16,004 to \$30,759 primarily due to:
 - \$2,313 in state allocations used to increase fund balance
 - \$4,115 in FEMA funding
 - \$7,742 in intergovernmental transfer funding due to a change in processing Federal Medi-Cal rate enhancements
- Mandated Revenues Special Fund balance increased by \$2,563 due for the most part to:
 - \$4,465 increase in the Probation Division intergovernmental revenues related to transitional housing
 - \$1,082 increase in the District Attorney's Consumer revenue primarily due to the collection of civil violation related fines and penalties
 - \$2,770 decrease of the Law Enforcement Division related to the transfer out for the purchase of the Sheriff's new helicopter
- The Roads Special Revenue Fund balance increased by \$4,171 from \$42,637 to \$46,808. The majority of This increase is related to increased intergovernmental revenues and transfers assigned to Capital projects
- Other Funds - 2011 Realignment Special Revenue fund balance increased by \$3,894 primarily due to increased Vehicle License Fee (VLF) revenue

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 \$4,122 in the current year primarily due to:

- Refuse net position increased \$4,419, primarily due to an increase in service concession arrangement revenues from landfill operations combined with the reduction in services and supplies expense related to post closure care liability
- Airport net position increased by \$1,460, primarily due to a \$1,037 net gain on disposition of assets
- Transit net position decreased by \$2,805, primarily due to reduced intergovernmental capital grant revenue related to the decrease in capital asset purchases
- Nonmajor enterprise funds net position increased \$918 from operations

Current year activities of the internal service funds (ISF) increased the net position of the ISF \$49,354 primarily due to following:

- Insurance fund net position increased by \$4,925, the majority due to decreases in prescription, medical, and workers compensation claims offset with increases in general liability claims expense, professional and specialized cost allocations and accruals for workers compensation and general liability
- Employment retirement fund net position increased \$35,770 due to increased investment returns on pension plan assets
- Other postemployment benefits (OPEB) Fund, a new ISF created for the implementation of the GASB 75-*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, added \$8,872 to the change in ISF net position

General Fund Budgetary Highlights

The County's final budget appropriations for expenditures of the General Fund increased \$26,592 over the original budget, or 6.8%. The major changes in appropriations are as follows:

- General government increased by \$19,707 primarily due to:
 - \$16,200 additional appropriations related to the October 2017 fires
 - \$2,500 transfer to the Redevelopment Agency Dissolution fund for project use
- Public protection increased by \$8,506 primarily due to following:
 - \$1,352 increase in Probation for transitional housing contracts and truancy reduction programs both offset with ISD project re-budget decreases
 - \$3,958 increase in Permit & Resource Management related to Permit Sonoma, Disaster Recovery & Resiliency Center and the Local Assistance Center (LAC) for disaster recovery and response costs
 - \$1,803 increase in Law Enforcement due to increased labor costs related to the October 2017 fires
 - \$725 increase in Sheriff costs related to the October 2017 fires recovery and resiliency programs

Revenues:

General Fund actual revenues were \$4,262 more than the final budget revenue estimates. Main reasons are as follows:

- Tax revenues increased \$4,886 primarily related to higher than anticipated Sales and Use Tax and Property and Document Transfer Tax revenues
- Licenses, permits, and franchise fees were under budget \$3,021 due to Permit & Resource Management Department's increase in unearned income
- Use of money and property increased \$1,417 as a result of increased returns on investments

- Intergovernmental revenues exceeded budgeted estimates by \$4,582 or 4.9%, primarily due to the increase in disaster related revenues
- Charges for services decreased \$6,879 primarily due to the reclassification of interdepartmental revenue as reimbursements offsetting related expenses
- Other revenues increased \$3,357 primarily due to state funding received related to prior years

Expenditures:

General Fund variance between the final budget and actual expenditures resulted in \$20,281 of unspent appropriations. Key variances are as follows:

- \$11,559 savings in salaries and benefits, primarily in general government and public protection
- \$10,805 savings in services and supplies, primarily in general government and public protection

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2018 were \$1,446,572. 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 \$14,104 or 1.0%.

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

	Capital Assets (net of depreciation) For the Fiscal Year Ended June 30, (In Thousands)						Total	
	Governmental Activities		Business-Type Activities		Total		Dollar	Percent
	2018	2017	2018	2017	2018	2017	Change	Change
Total capital assets, not being depreciated								
Land	\$ 394,524	\$ 398,366	\$ 24,780	\$ 23,147	\$ 419,304	\$ 421,513	\$ (2,209)	(0.5%)
Intangible assets	334,249	332,152	-	-	334,249	332,152	2,097	0.6%
Work in progress	6,819	4,182	-	-	6,819	4,182	2,637	63.1%
Construction in progress	84,292	64,943	12,164	10,910	96,456	75,853	20,603	27.2%
Total capital assets, not being depreciated	819,884	799,643	36,944	34,057	856,828	833,700	23,128	2.8%
Total capital assets, net of accumulated depreciation								
Intangible assets	19,168	23,333	4,478	2,098	23,646	25,431	(1,785)	(7.0%)
Infrastructure	129,246	142,643	3,390	1,437	132,636	144,080	(11,444)	(7.9%)
Buildings and improvements	279,953	273,398	109,550	114,900	389,503	388,298	1,205	0.3%
Land improvements	736	773	40	43	776	816	(40)	(4.9%)
Machinery and equipment	28,259	25,579	14,924	14,564	43,183	40,143	3,040	7.6%
Total capital assets, being depreciated	457,362	465,726	132,382	133,042	589,744	598,768	(9,024)	(1.5%)
Total	\$ 1,277,246	\$ 1,265,369	\$ 169,326	\$ 167,099	\$ 1,446,572	\$ 1,432,468	\$ 14,104	1.0%

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.

As a result of several new intangible asset software projects, WIP increased \$2,637. The largest capital outlays were in Health Services' system modernization software for \$992, and Probation's case tracking system for \$938.

Non-depreciable intangible assets for governmental activities increased \$2,097 as a result of easement acquisitions by the Open Space District.

The decreases in County Land and Infrastructure of \$2,209 and \$11,444 respectively, were due to the City of Santa Rosa's annexation of the 714 acres known as Roseland, previously a part of unincorporated Sonoma County, in November of 2017. The County transferred land and infrastructure assets with a net cost of approximately \$5,700 to the City of Santa Rosa. The County agreed to continue paying for pavement restoration costs of \$662 per annum for 9 years in addition to a share of annual operating costs. In addition, the Board of Supervisors authorized the sale of County buildings known as the Chanate Hospital Complex, resulting in \$10,000 reclassified from Land as well as Buildings and Improvements to Assets Held for Sale.

Total CIP increased \$20,603. Capital outlay of \$47,030 was offset by project completions, transfers, and retirements of \$26,427. CIP increased \$19,349 for governmental activities and \$1,254 for business-type activities. Roads projects increased CIP infrastructure by \$22,365.

The County completed and capitalized CIP projects totaling approximately \$25,237. Major completed projects include:

- New Fleet and Materials Lab building - \$9,472
- Transit's Healdsburg intermodal facility -\$2,657, completion of 4 buses \$2,308, wheelchair vans \$199
- Sonoma County Airport, service roads improvement - \$2,073, seating, security and other equipment \$159
- Main Adult Detention Facility improvements - \$1,915 including dayroom, housing and bunk safety, laundry conveyor, and body scanner
- Roads, Graton/Occidental ADA upgrades - \$1,260, Sonoma viaduct extension \$220, Adobe Road \$24
- Veteran's buildings capital improvements - \$1,170
- Regional Parks, SMART trail improvements of Joe Rodota Trail to Hearn - \$1,119
- Moonraker communication tower equipment vault - \$805
- Human Services improvements - Westwind Boulevard building, Mendocino Avenue building, Capricorn Way complex - \$596
- Clerk Recorder - recorder modernization - \$464
- Permit & Resource Management Department's building roof - \$340
- Agricultural Commissioner office remodel - \$143
- Multiple projects under \$100 each - \$202

The County acquired an additional \$11,665 in depreciable assets and recorded total depreciation of \$39,510 against all depreciable capital assets. Capital asset disposals totaled \$17,390 net of accumulated depreciation.

Debt Administration

At the end of the current fiscal year, the County had total long-term liabilities of \$1,080,574.

**Long Term Liabilities
For the Fiscal Year Ended June 30,
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total		Total	
	2018	2017	2018	2017	2018	2017	Dollar Change	Percent Change
Pension obligation bonds	\$ 379,925	\$ 404,185	\$ -	\$ -	\$ 379,925	\$ 404,185	\$ (24,260)	(6.0%)
Net pension liability	133,108	326,066	3,183	4,765	136,291	330,831	(194,540)	(58.8%)
Bonds and bond premium payable	42,876	49,268	-	-	42,876	49,268	(6,392)	(13.0%)
Loans payable	69,633	72,423	48	15	69,681	72,438	(2,757)	(3.8%)
Net OPEB liability	302,402	40,702	2,786	-	305,188	40,702	264,486	649.8%
Certificates of participation	16,538	20,212	-	-	16,538	20,212	(3,674)	(18.2%)
Notes payable	3,360	-	400	4,200	3,760	4,200	(440)	(10.5%)
Self-Insurance	41,377	40,222	-	-	41,377	40,222	1,155	2.9%
Compensated absences	27,636	27,099	498	505	28,134	27,604	530	1.9%
Landfill closure and postclosure obligation	-	-	9,831	9,993	9,831	9,993	(162)	(1.6%)
Energy bonds payable	-	-	30,307	33,556	30,307	33,556	(3,249)	(9.7%)
Advances from other governments	-	-	6,595	7,829	6,595	7,829	(1,234)	(15.8%)
Other long-term obligations	10,071	2,419	-	-	10,071	2,419	7,652	316.3%
Total	\$ 1,026,926	\$ 982,596	\$ 53,648	\$ 60,863	\$ 1,080,574	\$ 1,043,459	\$ 37,115	3.6%

Long-term liabilities increased by \$37,115, or 3.6%, during the current fiscal year largely driven by increase in net OPEB liability of \$264,486, decrease in net pension liability of \$194,540, principal payments on the Open Space Bonds of \$6,392, principal payments on pension obligation bonds of \$24,260 and other smaller decreases as noted on the table above.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The October 2017 fires had a significant effect on the financial position of the County in fiscal year 2017-18 with impacts expected to extend 5 years and beyond. In addition to reducing and controlling operating costs in the County's post-disaster environment, the fiscal year 2018-19 Adopted Budget addresses the following four key areas to ensure community safety, health, recovery, and infrastructure:

- Fire and emergency services
- Behavioral health
- Fire response and recovery
- Ongoing infrastructure investment

Analyses of the total fiscal impacts of the disaster is still limited and may take years to fully realize.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

COUNTY OF SONOMA, CALIFORNIA

Statement of Net Position

June 30, 2018

(Dollars in Thousands)

	Primary Government			Discrete Component Units		
	Governmental Activities	Business-Type Activities	Total	Community Development Commission	Sonoma County Water Agency	Nonmajor Component Units
ASSETS						
Cash and investments	\$ 468,580	\$ 49,286	\$ 517,866	\$ 24,981	\$ 163,821	\$ 33,118
Restricted cash and investments	14,280	7,327	21,607	651	9,381	6,508
Receivables, net	24,204	33,728	57,932	71,077	10,361	1,199
Inventories	904	851	1,755	-	18	-
Assets held for resale	9,880	-	9,880	4,200	-	-
Due from other governments	118,899	3,455	122,354	-	-	445
Advances to other governments	642	-	642	-	-	-
Advances to discrete component unit	3,360	-	3,360	-	-	-
Prepaid expenses and deposits	3,248	319	3,567	197	1,778	6
Internal balances	316	(316)	-	-	-	-
Capital assets:						
Nondepreciable	819,884	36,944	856,828	6,750	136,762	16,587
Depreciable, net	457,362	132,382	589,744	2,532	210,086	100,226
Total assets	<u>1,921,559</u>	<u>263,976</u>	<u>2,185,535</u>	<u>110,388</u>	<u>532,207</u>	<u>158,089</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	3,090	-	3,090	-	600	184
Deferred amounts related to pensions	80,466	1,411	81,877	480	3,419	-
Deferred amounts related to OPEB	26,513	439	26,952	327	2,200	-
Total deferred outflows of resources	<u>110,069</u>	<u>1,850</u>	<u>111,919</u>	<u>807</u>	<u>6,219</u>	<u>184</u>
LIABILITIES						
Accounts payable and accrued liabilities	44,921	4,986	49,907	1,452	5,547	1,482
Due to other governments	17,073	1,053	18,126	-	377	-
Advances from grantors and third parties	12,085	717	12,802	-	-	-
Advances from primary government	-	-	-	3,360	-	-
Deposits from others	994	601	1,595	-	205	-
Interest payable	2,910	407	3,317	-	2,361	377
Other liabilities	8,038	683	8,721	402	4,757	1,090
Long-term liabilities:						
Due within one year	77,289	3,075	80,364	876	8,675	2,323
Due in more than one year	949,637	50,573	1,000,210	4,742	158,187	26,071
Total liabilities	<u>1,112,947</u>	<u>62,095</u>	<u>1,175,042</u>	<u>10,832</u>	<u>180,109</u>	<u>31,343</u>
DEFERRED INFLOWS OF RESOURCES						
Service concession arrangement	-	37,539	37,539	-	-	-
Deferred amounts related to pensions	114,062	1,308	115,370	1,057	7,709	-
Deferred amounts related to OPEB	18,272	169	18,441	194	1,406	-
Total deferred inflows of resources	<u>132,334</u>	<u>39,016</u>	<u>171,350</u>	<u>1,251</u>	<u>9,115</u>	<u>-</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Net Position (Continued)
June 30, 2018
(Dollars in Thousands)

	Primary Government			Discrete Component Units		
	Governmental	Business-Type	Total	Community	Sonoma	Nonmajor
	Activities	Activities		Development	County	Component
	Activities	Activities	Total	Commission	Water Agency	Units
NET POSITION						
Net investment in capital assets	1,208,423	162,020	1,370,443	8,522	220,430	91,454
Restricted:						
Capital projects	23,051	-	23,051	-	-	-
Debt service	12,804	-	12,804	-	-	-
Agricultural preservation and open space	65,285	-	65,285	-	-	-
First 5 Children and Families Commission	11,376	-	11,376	-	-	-
Health services programs	32,347	-	32,347	-	-	-
Public protection	39,805	-	39,805	-	-	-
Public assistance	18,935	-	18,935	-	-	-
Parks donations, mitigation and operations	2,384	-	2,384	-	-	-
Lighting districts	8,071	-	8,071	-	-	-
Fire and emergency services	2,916	-	2,916	-	-	-
Courthouse/Criminal justice construction	2,134	-	2,134	-	-	-
Clerk, Recorder, Assessor operations	4,981	-	4,981	-	-	-
Other programs	3,793	1,016	4,809	-	-	-
Refuse agreements	-	9,374	9,374	-	-	-
Discrete Component Units	-	-	-	650	97,608	5,823
Total Restricted	227,882	10,390	238,272	650	97,608	5,823
Unrestricted	(649,958)	(7,695)	(657,653)	89,940	31,164	29,653
Total net position	<u>\$ 786,347</u>	<u>\$ 164,715</u>	<u>\$ 951,062</u>	<u>\$ 99,112</u>	<u>\$ 349,202</u>	<u>\$ 126,930</u>

COUNTY OF SONOMA, CALIFORNIA

Statement of Activities

For the Year Ended June 30, 2018

(Dollars in Thousands)

FUNCTION/PROGRAM ACTIVITIES	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 112,173	\$ 38,026	\$ 46,250	\$ 1,046
Public protection	306,078	37,181	111,678	128
Public ways and facilities	52,302	4,025	28,702	-
Health and sanitation	136,228	12,583	132,846	-
Public assistance	208,901	1,544	192,293	173
Education	1,122	-	8	-
Recreation and cultural services	33,943	5,577	3,191	1,724
Interest on long-term debt	28,219	-	-	-
Total governmental activities	878,966	98,936	514,968	3,071
Business-type activities:				
Refuse	4,331	7,223	-	-
Airport	8,821	7,053	1,378	1,751
Energy Independence Program	2,253	2,313	-	-
Transit	19,309	1,957	13,910	568
Fair	11,495	11,268	-	549
Marinas	2,332	2,264	-	-
Other	1,092	1,233	47	-
Total business-type activities	49,633	33,311	15,335	2,868
Total primary government	\$ 928,599	\$ 132,247	\$ 530,303	\$ 5,939
Component units:				
Community Development Commission	\$ 44,338	\$ 686	\$ 48,763	\$ -
Sonoma County Water Agency	95,000	61,739	4,149	2,271
Sonoma Valley Sanitation District	13,511	15,317	50	636
Russian River Sanitation District	6,717	4,747	570	210
South Park Sanitation District	2,899	3,766	66	127
Occidental Sanitation District	2,181	590	1,041	860
Total component units	\$ 164,646	\$ 86,845	\$ 54,639	\$ 4,104

GENERAL REVENUES:

Taxes:

Property

Documentary transfer

Transient occupancy

Grants and other governmental revenue not restricted to specific programs

Unrestricted investment earnings

Other

Transfers

Total general revenues and transfers

Special Item - transfer of operations

Change in net position

Net position, beginning of year as restated

Net position, end of year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position						
Primary Government			Discrete Component Units			
Governmental Activities	Business-Type Activities	Total	Community Development Commission	Sonoma County Water Agency	Nonmajor Component Units	
						FUNCTION/PROGRAM ACTIVITIES
						Primary government:
						Governmental activities:
\$ (26,851)	\$ -	\$ (26,851)				General government
(157,091)	-	(157,091)				Public protection
(19,575)	-	(19,575)				Public ways and facilities
9,201	-	9,201				Health and sanitation
(14,891)	-	(14,891)				Public assistance
(1,114)	-	(1,114)				Education
(23,451)	-	(23,451)				Recreation and cultural services
(28,219)	-	(28,219)				Interest on long-term debt
<u>(261,991)</u>	<u>-</u>	<u>(261,991)</u>				Total governmental activities
						Business-type activities:
-	2,892	2,892				Refuse
-	1,361	1,361				Airport
-	60	60				Energy Independence Program
-	(2,874)	(2,874)				Transit
-	322	322				Fair
-	(68)	(68)				Marinas
-	188	188				Other
<u>-</u>	<u>1,881</u>	<u>1,881</u>				Total business-type activities
<u>(261,991)</u>	<u>1,881</u>	<u>(260,110)</u>				Total primary government
			\$ 5,111	\$ -	\$ -	Component units:
			-	(26,841)	-	Community Development Commission
			-	-	2,492	Sonoma County Water Agency
			-	-	(1,190)	Sonoma Valley Sanitation District
			-	-	1,060	Russian River Sanitation District
			-	-	310	South Park Sanitation District
			<u>5,111</u>	<u>(26,841)</u>	<u>2,672</u>	Occidental Sanitation District
						Total component units
						GENERAL REVENUES:
						Taxes:
245,274	-	245,274	-	26,924	60	Property
6,201	-	6,201	-	-	-	Documentary transfer
22,237	-	22,237	-	-	-	Transient occupancy
48,721	-	48,721	-	-	-	Grants and other governmental revenue not restricted to specific programs
10,907	868	11,775	1,930	1,951	475	Unrestricted investment earnings
38,688	45	38,733	-	-	-	Other
(1,328)	1,328	-	-	-	-	Transfers
<u>370,700</u>	<u>2,241</u>	<u>372,941</u>	<u>1,930</u>	<u>28,875</u>	<u>535</u>	Total general revenues and transfers
<u>(1,367)</u>	<u>-</u>	<u>(1,367)</u>	<u>-</u>	<u>-</u>	<u>-</u>	Special Item - transfer of operations
107,342	4,122	111,464	7,041	2,034	3,207	Change in net position
679,005	160,593	839,598	92,071	347,168	123,723	Net position, beginning of year as restated
<u>\$ 786,347</u>	<u>\$ 164,715</u>	<u>\$ 951,062</u>	<u>\$ 99,112</u>	<u>\$ 349,202</u>	<u>\$ 126,930</u>	Net position, end of year

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Balance Sheet

Governmental Funds

June 30, 2018

(Dollars in Thousands)

	General Fund	Human Services Special Revenue	Health and Sanitation Special Revenue	Mandated Revenues Special Revenue
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 144,242	\$ 3,221	\$ 23,386	\$ 47,357
Cash and investments with trustee	45	-	-	2
Receivables, net				
Accounts	913	16	40	268
Interest and other	10,328	103	985	102
Due from other funds	2,382	3,519	344	-
Inventories	158	-	-	-
Due from other governments	31,145	28,055	42,019	932
Advances to other funds	10,284	-	-	-
Advances to other governments	4,002	-	-	-
Prepaid items and deposits	222	2,766	-	133
Total assets	<u>\$ 203,721</u>	<u>\$ 37,680</u>	<u>\$ 66,774</u>	<u>\$ 48,794</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued salaries and benefits	\$ 22,974	\$ 1,047	\$ 5,971	\$ 67
Due to other funds	-	3,030	13,000	279
Due to other governments	9,568	5,522	1,530	-
Advances from grantors and third parties	4,559	3,072	1,476	3
Deposits from others	972	-	-	10
Notes payable	3,360	-	-	-
Other liabilities	55	-	2,493	-
Total liabilities	<u>41,488</u>	<u>12,671</u>	<u>24,470</u>	<u>359</u>
 DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	11,254	3,853	11,545	-
Total deferred inflows of resources	<u>11,254</u>	<u>3,853</u>	<u>11,545</u>	<u>-</u>
 FUND BALANCES				
Nonspendable	11,306	2,765	-	133
Restricted	-	18,291	30,759	48,302
Committed	5	100	-	-
Assigned	86,444	-	-	-
Unassigned	53,224	-	-	-
Total fund balances	<u>150,979</u>	<u>21,156</u>	<u>30,759</u>	<u>48,435</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 203,721</u>	<u>\$ 37,680</u>	<u>\$ 66,774</u>	<u>\$ 48,794</u>

See accompanying notes to the basic financial statements

Open Space Special Tax Account Special Revenue	Roads Special Revenue	Other Funds	Total
\$ 53,600	\$ 44,588	\$ 75,599	\$ 391,993
-	-	12,804	12,851
-	6	-	1,243
3,765	1,061	6,259	22,603
-	-	-	6,245
-	734	12	904
-	6,139	10,386	118,676
-	-	-	10,284
-	-	-	4,002
-	59	67	3,247
<u>\$ 57,365</u>	<u>\$ 52,587</u>	<u>\$ 105,127</u>	<u>\$ 572,048</u>
\$ -	\$ 4,677	\$ 4,792	\$ 39,528
-	-	3,972	20,281
-	-	72	16,692
-	-	2,975	12,085
-	12	-	994
-	-	-	3,360
-	778	243	3,569
-	<u>5,467</u>	<u>12,054</u>	<u>96,509</u>
-	312	47	27,011
-	<u>312</u>	<u>47</u>	<u>27,011</u>
-	793	80	15,077
57,365	11,779	71,442	237,938
-	817	7,943	8,865
-	33,419	13,561	133,424
-	-	-	53,224
<u>57,365</u>	<u>46,808</u>	<u>93,026</u>	<u>448,528</u>
<u>\$ 57,365</u>	<u>\$ 52,587</u>	<u>\$ 105,127</u>	<u>\$ 572,048</u>

See accompanying notes to the basic financial statements



COUNTY OF SONOMA, CALIFORNIA
 Reconciliation of the Balance Sheet to Statement of Net Position
 Governmental Funds
 June 30, 2018
 (Dollars in Thousands)

Fund balances - total governmental funds		\$ 448,528
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		1,263,451
Assets held for sale used in governmental activities are not financial resources and therefore are not reported in the governmental funds		9,880
Certain amounts are not available to pay current period expenditures and therefore are not reported in the governmental funds		
Deferred charge on refunding		3,090
Deferred amounts related to pensions		(519)
Deferred amounts related to OPEB		(25)
Certain amounts are not available to pay current period expenditures and therefore are deferred inflows of resources in the governmental funds		27,011
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		(793,602)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		
Net pension liability	(1,153)	
Net OPEB liability	(2,715)	
Compensated absences	(27,368)	
Certificates of participation	(16,538)	
Bonds payable	(38,180)	
Bond premium	(4,696)	
Loans payable	(69,633)	
Contracts payable	(5,958)	
Capital lease obligations	(4,113)	
Accrued interest payable	(1,113)	(171,467)
Net position of governmental activities		<u>\$ 786,347</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018
(Dollars in Thousands)

	General Fund	Human Services Special Revenue	Health and Sanitation Special Revenue	Mandated Revenues Special Revenue
Revenues:				
Taxes	\$ 275,827	\$ -	\$ -	\$ -
Licenses, permits and franchise fees	17,951	-	6,694	2,871
Fines, forfeitures and penalties	7,908	-	1,392	3,352
Use of money and property	6,795	241	(165)	712
Intergovernmental	98,143	165,895	119,224	19,245
Charges for services	43,953	1,418	4,497	3,802
Other	8,911	3,958	8,465	418
Total revenues	<u>459,488</u>	<u>171,512</u>	<u>140,107</u>	<u>30,400</u>
Expenditures:				
Current:				
General government	94,883	-	-	83
Public protection	263,316	-	6,132	21,510
Public ways and facilities	565	-	-	-
Health and sanitation	-	-	130,196	-
Public assistance	-	197,292	-	-
Education	1,161	-	-	-
Recreation and cultural services	17,969	-	-	-
Capital outlay	11,941	284	1,141	259
Debt service:				
Principal	3,853	-	-	445
Interest and other	634	-	-	4
Total expenditures	<u>394,322</u>	<u>197,576</u>	<u>137,469</u>	<u>22,301</u>
Excess (deficiency) of revenues over (under) expenditures	<u>65,166</u>	<u>(26,064)</u>	<u>2,638</u>	<u>8,099</u>
Other financing sources (uses):				
Transfers in	9,527	26,152	12,934	431
Transfers out	(77,068)	(148)	(817)	(5,967)
Issuance of long-term debt	2,300	-	-	-
Proceeds from sale of capital assets	1,074	-	-	-
Total other financing sources (uses)	<u>(64,167)</u>	<u>26,004</u>	<u>12,117</u>	<u>(5,536)</u>
Special item:				
Special item - transfer of operations	<u>310</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,309	(60)	14,755	2,563
Fund balances, beginning of year	<u>149,670</u>	<u>21,216</u>	<u>16,004</u>	<u>45,872</u>
Fund balances, end of year	<u>\$ 150,979</u>	<u>\$ 21,156</u>	<u>\$ 30,759</u>	<u>\$ 48,435</u>

See accompanying notes to the basic financial statements

Open Space Special Tax Account Special Revenue	Roads Special Revenue	Other Funds	Total
\$ 24,544	\$ -	\$ 22,062	\$ 322,433
-	1,993	-	29,509
-	351	126	13,129
684	361	1,004	9,632
-	28,694	86,837	518,038
-	1,304	1,325	56,299
-	415	13,100	35,267
<u>25,228</u>	<u>33,118</u>	<u>124,454</u>	<u>984,307</u>
-	-	19,825	114,791
-	-	31,894	322,852
-	32,333	709	33,607
-	-	16,427	146,623
-	-	28,168	225,460
-	-	-	1,161
17,160	-	150	35,279
-	24,050	21,750	59,425
-	-	7,175	11,473
-	-	5,700	6,338
<u>17,160</u>	<u>56,383</u>	<u>131,798</u>	<u>957,009</u>
<u>8,068</u>	<u>(23,265)</u>	<u>(7,344)</u>	<u>27,298</u>
-	27,584	21,270	97,898
(7,560)	(148)	(7,158)	(98,866)
-	-	-	2,300
-	-	6	1,080
<u>(7,560)</u>	<u>27,436</u>	<u>14,118</u>	<u>2,412</u>
-	-	(3,816)	(3,506)
508	4,171	2,958	26,204
<u>56,857</u>	<u>42,637</u>	<u>90,068</u>	<u>422,324</u>
<u>\$ 57,365</u>	<u>\$ 46,808</u>	<u>\$ 93,026</u>	<u>\$ 448,528</u>

See accompanying notes to the basic financial statements



COUNTY OF SONOMA, CALIFORNIA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2018
(Dollars in Thousands)

Net change in fund balances - total governmental funds: \$ 26,204

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	59,425	
Depreciation expense	<u>(27,153)</u>	32,272

The statement of activities reports gains or losses from the sale of capital assets as the difference between the proceeds from the sale of capital assets and the book value of the sold capital assets, while the governmental funds report the proceeds from the sale of capital assets. The difference is the book value of the sold capital assets (1,389)

Contributions of capital assets decrease net position in the statement of activities but do not appear in the governmental funds because they are not financial resources (11,539)

Revenues in the statement of activities that do not provide current financial resources and are not report as revenues in governmental funds 3,322

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

Capital lease issued	(2,300)	
Principal repayments	11,473	
Amortization of bond premium	<u>502</u>	9,675

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		(365)
Change in compensated absences		(593)
Change in net pension liability		96
Change in net OPEB liability		151
Special item - transfer of operations		154

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 49,354

Change in net position of governmental activities \$ 107,342

COUNTY OF SONOMA, CALIFORNIA

Statement of Net Position

Proprietary Funds

June 30, 2018

(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Internal Service Funds
	Refuse	Airport	Energy Independence Program	Transit	Other	Total	
ASSETS							
Current assets:							
Cash and investments	\$ 38,010	\$ 659	\$ 4,083	\$ 3,266	\$ 3,268	\$ 49,286	\$ 76,587
Cash and investments with trustee	-	-	-	12	2,474	2,486	1,429
Restricted cash and investments	-	-	-	-	128	128	-
Receivables, net							
Accounts	1,386	500	993	350	1,156	4,385	358
Loans	-	729	-	-	-	729	-
Due from other funds	10,000	-	-	-	-	10,000	15,779
Inventories	-	-	-	788	63	851	-
Due from other governments	-	2,730	-	725	-	3,455	223
Prepaid expenses and deposits	8	64	-	12	19	103	1
Total current assets	<u>49,404</u>	<u>4,682</u>	<u>5,076</u>	<u>5,153</u>	<u>7,108</u>	<u>71,423</u>	<u>94,377</u>
Noncurrent assets:							
Restricted cash and investments	3,203	793	-	717	-	4,713	-
Deposits and other assets	216	-	-	-	-	216	-
Receivables:							
Contractual assessments	-	-	28,614	-	-	28,614	-
Capital assets:							
Nondepreciable	3,162	27,682	293	3,603	2,204	36,944	-
Depreciable, net	17,386	69,984	-	25,826	19,186	132,382	13,795
Total noncurrent assets	<u>23,967</u>	<u>98,459</u>	<u>28,907</u>	<u>30,146</u>	<u>21,390</u>	<u>202,869</u>	<u>13,795</u>
Total assets	<u>73,371</u>	<u>103,141</u>	<u>33,983</u>	<u>35,299</u>	<u>28,498</u>	<u>274,292</u>	<u>108,172</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts related to pensions	139	179	-	56	1,037	1,411	80,064
Deferred amounts related to OPEB	148	210	-	38	43	439	26,278
Total deferred outflows of resources	<u>287</u>	<u>389</u>	<u>-</u>	<u>94</u>	<u>1,080</u>	<u>1,850</u>	<u>106,342</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2018
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Internal Service Funds
	Refuse	Airport	Energy Independence Program	Transit	Other	Total	
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	196	1,455	234	2,193	908	4,986	5,393
Due to other funds	-	10,000	100	-	11	10,111	1,632
Due to other governments	-	-	-	971	82	1,053	381
Advances from grantors and third parties	-	-	-	717	-	717	-
Deposits from others	-	55	-	-	284	339	-
Interest payable	-	46	283	-	78	407	1,797
Compensated absences	92	100	-	61	245	498	268
Advances from other governments	-	407	-	-	367	774	-
Self-funded insurance	-	-	-	-	-	-	10,343
Bonds payable	-	-	1,693	-	-	1,693	27,555
Notes payable	-	-	-	-	100	100	-
Loans payable	-	-	-	-	10	10	-
Contract retention payable	-	262	-	-	-	262	-
Other liabilities	-	6	335	206	136	683	4,469
Total current liabilities	<u>288</u>	<u>12,331</u>	<u>2,645</u>	<u>4,148</u>	<u>2,221</u>	<u>21,633</u>	<u>51,838</u>
Noncurrent portion of long-term liabilities:							
Self-funded insurance	-	-	-	-	-	-	31,034
Advances from other funds	-	-	100	-	105	205	10,079
Advances from other governments	-	3,449	-	-	2,372	5,821	-
Bonds payable	-	-	28,614	-	-	28,614	352,370
Notes payable	-	-	-	-	300	300	-
Loans payable	-	-	-	-	38	38	-
Landfill closure and postclosure costs	9,831	-	-	-	-	9,831	-
Net pension liabilities	331	499	-	177	2,176	3,183	131,955
Net OPEB liabilities	832	1,191	-	440	323	2,786	299,687
Total noncurrent liabilities	<u>10,994</u>	<u>5,139</u>	<u>28,714</u>	<u>617</u>	<u>5,314</u>	<u>50,778</u>	<u>825,125</u>
Total liabilities	<u>11,282</u>	<u>17,470</u>	<u>31,359</u>	<u>4,765</u>	<u>7,535</u>	<u>72,411</u>	<u>876,963</u>
DEFERRED INFLOWS OF RESOURCES							
Service concession arrangement	37,539	-	-	-	-	37,539	-
Deferred amounts related to pensions	537	375	-	150	246	1,308	113,141
Deferred amounts related to OPEB	49	69	-	32	19	169	18,012
Total deferred inflows of resources	<u>38,125</u>	<u>444</u>	<u>-</u>	<u>182</u>	<u>265</u>	<u>39,016</u>	<u>131,153</u>
NET POSITION							
Net investment in capital assets	20,548	93,548	293	29,429	18,202	162,020	13,795
Restricted:							
Settlement agreement	5,875	-	-	-	-	5,875	-
Central landfill agreement	3,499	-	-	-	-	3,499	-
Other program charges	-	818	-	-	198	1,016	-
Total Restricted	<u>9,374</u>	<u>818</u>	<u>-</u>	<u>-</u>	<u>198</u>	<u>10,390</u>	<u>-</u>
Unrestricted	(5,671)	(8,750)	2,331	1,017	3,378	(7,695)	(807,397)
Total net position (deficit)	<u>\$ 24,251</u>	<u>\$ 85,616</u>	<u>\$ 2,624</u>	<u>\$ 30,446</u>	<u>\$ 21,778</u>	<u>\$ 164,715</u>	<u>\$ (793,602)</u>

See accompanying notes to the basic financial statements



COUNTY OF SONOMA, CALIFORNIA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Internal Service Funds
	Refuse	Airport	Energy Independence Program	Transit	Other	Total	
Operating revenues:							
Charges for services	\$ 1,178	\$ 422	\$ 62	\$ 1,957	\$ 2,333	\$ 5,952	\$ 180,469
Rents and concessions	5,999	5,493	-	-	12,224	23,716	2,152
Interest income	-	-	2,251	-	-	2,251	-
Sales and miscellaneous	43	101	-	-	208	352	2,563
Total operating revenues	<u>7,220</u>	<u>6,016</u>	<u>2,313</u>	<u>1,957</u>	<u>14,765</u>	<u>32,271</u>	<u>185,184</u>
Operating expenses:							
Services and supplies	1,929	3,623	1,301	15,269	7,278	29,400	15,881
Salaries and employee benefits	917	2,052	-	681	6,365	10,015	74,058
Claim expenses	-	-	-	-	-	-	23,239
Depreciation and amortization	1,485	2,854	-	3,359	1,125	8,823	3,534
Total operating expenses	<u>4,331</u>	<u>8,529</u>	<u>1,301</u>	<u>19,309</u>	<u>14,768</u>	<u>48,238</u>	<u>116,712</u>
Operating income (loss)	<u>2,889</u>	<u>(2,513)</u>	<u>1,012</u>	<u>(17,352)</u>	<u>(3)</u>	<u>(15,967)</u>	<u>68,472</u>
Nonoperating revenues (expenses):							
Investment income	628	90	75	26	49	868	1,275
Interest expense	-	(292)	(952)	-	(151)	(1,395)	(22,018)
Intergovernmental	-	1,378	-	13,910	47	15,335	-
Gain (Loss) on disposal of capital assets	3	1,037	-	-	-	1,040	-
Miscellaneous	-	12	-	43	(10)	45	-
Total nonoperating revenues (expenses)	<u>631</u>	<u>2,225</u>	<u>(877)</u>	<u>13,979</u>	<u>(65)</u>	<u>15,893</u>	<u>(20,743)</u>
Income (loss) before capital contributions and transfers	3,520	(288)	135	(3,373)	(68)	(74)	47,729
Capital contributions	-	1,751	-	568	549	2,868	-
Transfers in	903	4	-	-	438	1,345	258
Transfers out	(4)	(7)	(5)	-	(1)	(17)	(618)
	<u>899</u>	<u>1,748</u>	<u>(5)</u>	<u>568</u>	<u>986</u>	<u>4,196</u>	<u>(360)</u>
Special item:							
Special item - transfer of operations	-	-	-	-	-	-	1,985
Change in net position	4,419	1,460	130	(2,805)	918	4,122	49,354
Net position (deficit), beginning of year as restated	<u>19,832</u>	<u>84,156</u>	<u>2,494</u>	<u>33,251</u>	<u>20,860</u>	<u>160,593</u>	<u>(842,956)</u>
Net position (deficit), end of year	<u>\$ 24,251</u>	<u>\$ 85,616</u>	<u>\$ 2,624</u>	<u>\$ 30,446</u>	<u>\$ 21,778</u>	<u>\$ 164,715</u>	<u>\$ (793,602)</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2018

(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Internal Service Funds
	Energy Independence					Total	
	Refuse	Airport	Program	Transit	Other		
Cash flows from operating activities:							
Received from customers	\$ 5,704	\$ 6,024	\$ 62	\$ 2,028	\$ 14,959	\$ 28,777	\$ -
Received from interfund services provided	-	-	-	-	-	-	156,792
Received from assessments	-	-	5,958	-	-	5,958	-
Received for interest	-	-	2,183	-	-	2,183	-
Payments for assessments	-	-	(2,712)	-	-	(2,712)	-
Payments to suppliers for goods and services	(982)	(2,350)	(209)	(15,057)	(7,138)	(25,736)	(33,937)
Payments to employees for services	(1,229)	(2,086)	-	(730)	(6,309)	(10,354)	(72,914)
Payments for interfund services used	(1,052)	(599)	(923)	-	-	(2,574)	-
Net cash provided by (used in) operating activities	2,441	989	4,359	(13,759)	1,512	(4,458)	49,941
Cash flows from noncapital financing activities:							
Transfers in	903	4	-	-	438	1,345	258
Transfers out	(4)	(7)	(5)	-	(1)	(17)	(618)
Advances made to other funds	(6,500)	-	-	-	(59)	(6,559)	(1,319)
Proceeds from other funds	-	6,500	-	-	-	6,500	-
Proceeds from bonds	-	-	2,712	-	-	2,712	-
Principal paid on bonds	-	-	(5,961)	-	-	(5,961)	(24,260)
Interest paid	-	-	(988)	-	-	(988)	(22,018)
Proceeds from other governments	-	510	-	14,615	-	15,125	439
Miscellaneous noncapital financing sources (uses)	-	13	-	43	(9)	47	-
Net cash provided by (used in) noncapital financing activities	(5,601)	7,020	(4,242)	14,658	369	12,204	(47,518)
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(11)	(8,737)	(291)	(2,123)	(907)	(12,069)	(58)
Proceeds from sale of capital assets	3	730	-	-	-	733	-
Receipts from charges	-	858	-	-	-	858	-
Proceeds from notes payable	-	-	-	-	800	800	-
Principal paid on notes payable	-	(3,000)	-	-	-	(3,000)	(1,063)
Proceeds from loans payable	-	-	-	-	33	33	-
Repayments to other governments	-	(390)	-	-	(2,354)	(2,744)	-
Capital contributions	-	3,158	-	2,277	-	5,435	-
Interest paid	-	(438)	-	-	(170)	(608)	(94)
Special item - transfer of operations	-	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(8)	(7,819)	(291)	154	(2,598)	(10,562)	(1,215)
Cash flows from investing activities:							
Interest received on investments	628	90	75	26	49	868	1,275
Proceeds on loan receivable - sale of capital asset	48	31	-	-	-	79	-
Net cash provided by (used in) investing activities	676	121	75	26	49	947	1,275
Net increase (decrease) in cash and cash equivalents	(2,492)	311	(99)	1,079	(668)	(1,869)	2,483
Cash and cash equivalents, beginning of year	43,705	1,141	4,182	2,916	6,538	58,482	73,548
Cash and cash equivalents, end of year	\$ 41,213	\$ 1,452	\$ 4,083	\$ 3,995	\$ 5,870	\$ 56,613	\$ 76,031

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended June 30, 2018
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Internal Service Funds
	Energy Independence					Total	
	Refuse	Airport	Program	Transit	Other		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 2,889	\$ (2,513)	\$ 1,012	\$ (17,352)	\$ (3)	\$ (15,967)	\$ 68,472
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation and amortization	1,485	2,854	-	3,359	1,125	8,823	3,534
Net pension activity	(313)	(24)	-	(27)	(9)	(373)	(16,310)
Net OPEB activity	(4)	(6)	-	(20)	(7)	(37)	(12,216)
Miscellaneous	-	-	-	-	-	-	4,309
Changes in operating assets and liabilities:							
Decrease (increase) in:							
Accounts receivable	(126)	3	-	39	82	(2)	134
Loans receivable	-	-	3,246	-	-	3,246	-
Inventories	-	-	-	(60)	(17)	(77)	-
Prepaid expenses and deposits	9	(43)	-	204	-	170	2
Other assets	-	-	-	-	(64)	(64)	-
Increase (decrease) in:							
Accounts payable	49	716	169	69	283	1,286	872
Customer deposits	-	8	-	-	127	135	-
Unearned revenue	-	(2)	(68)	32	-	(38)	-
Landfill closure and postclosure costs	(162)	-	-	-	-	(162)	-
Self-funded insurance	-	-	-	-	-	-	1,155
Special item - transfer of operations	(1,390)	-	-	-	-	(1,390)	-
Compensated absences	4	(4)	-	(3)	(5)	(8)	(11)
Net cash provided by (used in) operating activities	<u>\$ 2,441</u>	<u>\$ 989</u>	<u>\$ 4,359</u>	<u>\$ (13,759)</u>	<u>\$ 1,512</u>	<u>\$ (4,458)</u>	<u>\$ 49,941</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:							
Cash and investments	\$ 38,010	\$ 659	\$ 4,083	\$ 3,278	\$ 3,268	\$ 49,298	\$ 76,587
Restricted cash and investments, current	-	793	-	-	2,602	3,395	1,429
Restricted cash and investments, noncurrent	3,203	-	-	717	-	3,920	-
Total cash and cash equivalents	<u>\$ 41,213</u>	<u>\$ 1,452</u>	<u>\$ 4,083</u>	<u>\$ 3,995</u>	<u>\$ 5,870</u>	<u>\$ 56,613</u>	<u>\$ 78,016</u>
Noncash investing, capital and financing activities:							
Capital contributions receivable	\$ -	\$ 306	\$ -	\$ -	\$ 549	\$ 855	\$ -
Acquisition of capital assets through payables	\$ -	\$ 814	\$ 2	\$ 138	\$ -	\$ 954	\$ -
Increase in capital assets for capitalized interest	\$ -	\$ 135	\$ -	\$ -	\$ -	\$ 135	\$ -

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Fiduciary Funds
Statement of Net Position
June 30, 2018
(Dollars in Thousands)

	Investment Trust	Other Postemployment Benefits (OPEB) Trust	Private Purpose Trust	Agency
ASSETS:				
Cash and investments	\$ 1,340,977	\$ -	\$ 6,968	\$ 353,415
Restricted cash and investments:				
OPEB Trust Investments:				
Cash and equivalents	-	3,586	-	-
Mutual funds	-	46,053	-	-
Corporate obligations	-	4,482	-	-
Government obligations	-	3,739	-	-
Restricted investments with trustee:				
Mutual funds	-	-	12	-
Receivables:				
Taxes	-	-	-	14,718
Notes, net	-	-	802	-
Interest and other	-	-	78	9,012
Due from other governments	-	-	-	3,556
Total assets	<u>1,340,977</u>	<u>57,860</u>	<u>7,860</u>	<u>\$ 380,701</u>
LIABILITIES:				
Accounts payable	-	-	13	\$ -
Interest payable	-	-	169	-
Due to other agencies	-	-	-	380,701
Long-term debt:				
Due within one year	-	-	320	-
Due in more than one year	-	-	10,415	-
Total liabilities	<u>-</u>	<u>-</u>	<u>10,917</u>	<u>\$ 380,701</u>
NET POSITION (DEFICIT):				
Net position held in trust for pool participants	1,340,977	-	-	
Net position restricted for OPEB	-	57,860	-	
Net position held in trust for other purposes	-	-	(3,057)	
Total net position (deficit)	<u>\$ 1,340,977</u>	<u>\$ 57,860</u>	<u>\$ (3,057)</u>	

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Investment Trust	Other Postemployment Benefits (OPEB) Trust	Private Purpose Trust
ADDITIONS:			
Contributions	\$ 8,460,662	\$ -	\$ -
Employer contributions	-	24,054	-
OPEB employer contributions outside of trust	-	2,714	-
Property taxes	-	-	2,018
Investment income:			
Net increase in fair value of investments	-	1,555	-
Interest and dividends	13,146	2,143	91
Less investment expense	-	(182)	-
Net investment income	<u>13,146</u>	<u>3,516</u>	<u>91</u>
Miscellaneous	-	-	3
Total additions	<u>8,473,808</u>	<u>30,284</u>	<u>2,112</u>
DEDUCTIONS:			
Distributions	8,328,654	-	1,170
Employer plan expense	-	18,316	-
OPEB employer expense outside of trust	-	2,714	-
Services and salaries	-	-	332
Administrative expense	-	1,137	-
Legal expense	-	-	186
Interest expense	-	-	225
Total deductions	<u>8,328,654</u>	<u>22,167</u>	<u>1,913</u>
Change in net position	145,154	8,117	199
Net position (deficit) held in trust, beginning of year	<u>1,195,823</u>	<u>49,743</u>	<u>(3,256)</u>
Net position (deficit) held in trust, end of year	<u>\$ 1,340,977</u>	<u>\$ 57,860</u>	<u>\$ (3,057)</u>

See accompanying notes to the basic financial statements



NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

(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, 2017, which is the latest period audited.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Discretely Presented Component Units

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

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

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

Sanitation Districts – Several sanitation districts managed by the Sonoma County Water Agency (SCWA) are discretely presented component units of the County and includes the following districts:

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The statement of net position and statement of activities provide information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations are made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges to external parties.

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

Fund Financial Statements

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major governmental funds:

- The **General Fund** is used to account 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 **Mandated Revenues Special Revenue Fund** accounts for state programs that are required to be accounted for in a separate fund. Revenues are primarily restricted.
- The **Open Space Special Tax Account Special Revenue Fund** accounts for revenues received from County levied sales tax Measure F which restricts funds to certain activities of the Sonoma County Agricultural Preservation and Open Space District.
- The **Roads Special Revenue Fund** accounts for proceeds restricted for the planning, design, construction, maintenance and administration of County roads. The Roads Special Revenue Fund is reimbursed by highway user tax (gas tax) distributions from the state, federal and state reimbursement for road-related construction and improvement projects, and by billing other County departments and non-county entities for time and materials spent on activities not related to roads.

The County reports the following major proprietary funds:

- The **Refuse Enterprise Fund** finances Sonoma County integrated waste management activities throughout the County and is administered as a division of the Sonoma County Department of Transportation and Public Works. Activities include management of one sanitary landfill and five transfer stations; regulation of two franchised commercial refuse haulers; and development, administration, and implementation of the County Integrated Waste Management Plan.
- The **Airport Enterprise Fund** accounts for activities related to the operations of the Charles M. Schultz Sonoma County Airport (Airport). Airport operations include commercial passenger services as well as air cargo, private and corporate flights, military, search and rescue, firefighting, and law enforcement services.
- The **Sonoma County Energy Independence Program Enterprise Fund (SCEIP)** 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 local and intercity fixed-route services and demand-responsive paratransit services throughout the County. Through cooperative agreements with each of the cities, the present transportation network consists of fourteen intercity and nine local bus routes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following additional fund types:

- **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or other governmental units on a cost reimbursement basis. Activities include the County's self-insurance programs, heavy equipment financing of the County, the County's ERP System, the County's employee retirement program, and the County's other postemployment benefits (OPEB) program.
- The **Investment Trust Fund** accounts for the assets of legally separate entities, which invest in the County Treasurer's investment pool. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments held in Trust for these entities.
- The **Other Postemployment Benefits (OPEB) Trust Fund** accounts for assets held in trust by the Public Agency Retirement Services (PARS) for future postemployment healthcare plan benefits. The trust is used to accumulate resources to fund future benefits.
- The **Private-Purpose Trust Fund** was established by the County to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities and activities of the Sonoma County Redevelopment Successor Agency.
- **Agency Funds** are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the County in an agency capacity for individuals or other government units.

(c) Basis of Accounting

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Non-Current Governmental Assets/Liabilities

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

(e) Cash and Cash Equivalents

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

(f) Investments

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

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

(g) Restricted Cash and Investments

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

(h) Inventories

Inventories for both governmental and proprietary funds, consist of materials and supplies held for consumption, valued at the lower of cost or market, using the first-in, first-out (FIFO) method. Inventories of supplies are reported at cost; inventories held for resale are reported at lower of cost or market. 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, for both governmental and proprietary funds, consist of real estate assets no longer in operational use and are intended to be sold on the open market.

(j) Prepaid Items/Expenses and Deposits

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Contractual Assessments Receivable

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

(l) Capital Assets

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

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

Capital outlays are recorded as expenditures in the governmental funds and as additions to capital assets in the proprietary and fiduciary funds and the government-wide financial statements, in accordance with the County’s capitalization policy. Interest is capitalized on construction in progress in the enterprise funds. Accordingly, interest capitalized is the total interest cost from the date of borrowing, net of any allowable interest carried on temporary investments of the proceeds of tax-exempt borrowings, until the specified asset is ready for its intended use.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Deferred Outflows and Inflows of Resources

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

(n) Long-term Obligations

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

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

(o) Net Position/Fund Balance

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

- **Net Investment in Capital Assets** – This category groups all capital assets, including intangible assets and infrastructure, into one category of net position.
- **Restricted** – This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** – This category represents 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 either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- **Restricted Fund Balance** – Amounts with constraints placed on use that are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** – Amounts that can only be 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 that are 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. This is also the classification for residual fund balance in all governmental funds other than the General Fund.
- **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).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(p) Property Tax Levy, Collection and Maximum Rates

Property taxes, including tax rates, are regulated by the State and are administered locally by the County. The County is responsible for assessing, collecting and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County. Secured property taxes are due in two equal installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively. Unsecured property taxes are due in a single installment due July 31 and are delinquent after August 31. Unsecured property taxes added to the unsecured roll after July 31 are delinquent after the last day of the month succeeding the month of enrollment. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

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

Net taxable valuation for the year ended June 30, 2018 was approximately \$85.2 billion, which includes secured, unsecured, Home Owner Property Tax Relief, and unitary values. The tax rate was \$1 per \$100 of valuation (\$0.35 for the County and Special Districts, \$0.48 for schools, \$0.09 for cities, and \$0.08 for redevelopment activities within the County of Sonoma). On February 1, 2012, the State of California dissolved all redevelopment agencies (see Note 19 – Successor Agency Private Purpose Trust Fund). Taxes are collected by the County and apportioned to each taxing agency in accordance with state law. In addition, special assessments are levied to provide for debt service on general obligations that were voter-approved. Delinquencies for the year amounted to approximately 1.0% of the current secured and unsecured property tax revenue assessed.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Compensated Absences

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

This liability is reflected in the government-wide statement of net position. In proprietary funds, the liability for compensated absences is recorded in the period that the benefits accrue to employees. In compliance with GASB Statement No. 16, *Accounting for Compensated Absences*, the amounts reported include estimated employer liability for taxes and workers' compensation premiums.

(r) Pensions

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

(s) Other Postemployment Benefits

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

(t) Estimates

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

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

The requirements of the following GASB statements are effective for the purpose of implementation, as noted, for the fiscal year ending June 30, 2018:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans*: Improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The County implemented this statement effective July 1, 2017. Refer to Note 21 for the prior period adjustment.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*: Improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The County did not have any circumstances applicable during fiscal year 2018.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 85, *Omnibus 2017*: Addresses issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The County implemented this statement effective July 1, 2017. Refer to Note 14 for OPEB. The County has implemented the applicable portions of this Statement for the fiscal year 2017-18, pertaining to presentation of Other Postemployment Benefits payroll- related measure in required supplementary information. The county has determined that the remaining requirements of this Statement do not affect the financial reporting for the County, and consequently are not currently applicable.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*: Improves consistency in accounting and financial reporting for in-substance defeasance of debt and for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The County did not have any circumstances applicable during fiscal year 2017-18.

(v) Future Pronouncements

The requirements of the following GASB statements were issued but not effective and are currently under review by management:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. Enhances comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations. *Effective FY 2018-19*.

GASB Statement No. 84, *Fiduciary Activities*: Enhances consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report fiduciary activities. *Effective FY 2019-20*.

GASB Statement No. 87, *Leases*. Requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. *Effective FY2020-21*.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: Increases requirements on information that is disclosed in the notes to the financial statements related to debt, including direct borrowings and direct placements. Requires additional information related to debt be disclosed in notes to financial statements. *Effective FY 2018-19*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. *Effective FY 2020-21*. Objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. *Effective FY 2020-21*.

GASB Statement No. 90, *Majority Equity Interests—amendment of GASB Statements No. 14 and No. 61*: Modifies previous guidance for reporting a government’s majority equity interests in legally separate organizations. In addition, provides guidance for reporting a component unit if the government acquires a 100 percent equity interest in that component unit. *Effective FY 2018-19*.

NOTE 2 – CASH AND INVESTMENTS

(a) Financial Statement Presentation

Total cash and investments at June 30, 2018 were presented on the County’s financial statements as follows:

	Investments Held by Sonoma County Treasury	Cash and Investments Held with Third Parties	Petty Cash	Total Cash and Investments
Primary government	\$ 522,636	\$ 16,811	\$ 26	\$ 539,473
Discrete component units	200,249	38,210	1	238,460
Investment trust fund	1,340,977	-	-	1,340,977
Other postemployment benefits	-	57,860	-	57,860
Private purpose trust fund	6,968	12	-	6,980
Agency funds	353,415	-	-	353,415
	<u>\$ 2,424,245</u>	<u>\$ 112,893</u>	<u>\$ 27</u>	<u>\$ 2,537,165</u>

(b) Investment Guidelines and Investment Policy

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

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

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

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

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

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investment Type	Maximum Maturity	Maximum % of Pool	Rating
U.S Treasury and Agency Securities (\$53601 (b & f))	5 years	100	N/A
Obligations Issued or Unconditionally Guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation or Inter-American Development Bank (\$53601 (q))	5 years	30	AA
Bonds and Notes issued by local agencies (\$53601 (a & e))	5 years	100	N/A
Registered State Warrants and Municipal Notes and Bonds (\$53601 (c & d))	5 years	100	N/A
Bankers' Acceptances (See Section 10) (\$53601 (g))	180 days	40	N/A
Commercial Paper (See Section 11) (\$53601 (h) and (\$53635 (a))	270 days	40	A-1/F-1/P-1
Negotiable Certificates of Deposit (\$53601 (i))	5 years	30	N/A
Repurchase Agreements (See Section 12) (\$53601 (j))	1 year	100	N/A
Reverse Repurchase Agreements and Securities Lending Agreements (See Section 12) (\$53601 (j))	92 days	20	N/A
Medium Term Corporate Notes (\$53601 (k))	5 years	30	A
Mutual Funds & Money Market Mutual Funds (See Section 13) (\$53601 (l))	N/A	20	Aaa & AAAM
Collateralized Mortgage Obligations (\$53601 (o))	5 years	20	AA
Joint Powers Agreement (See Section 14) (\$53601 (p))	N/A	20	N/A
Local Agency Investment Fund (LAIF) (\$16429.1)	N/A	As limited by LAIF	N/A
Investment Trust of California (CalTRUST) (\$6509.7)	N/A	As limited by CalTRUST	N/A
Collateralized Time Deposits (\$53649et seq.)	5 years	N/A	N/A

NOTE 2 – CASH AND INVESTMENTS (Continued)

(c) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In a rising interest rate market, the fair value of investments could decline below original cost. Conversely, in a declining interest rate market, the fair value of investments will generally increase. The County investment policy does not contain requirements that would limit the exposure to interest rate risk. The County manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations, which precludes the County from having to sell investments below original cost. Of the County’s \$2.4 billion portfolio as of June 30, 2018, 50% of the investments have a maturity of one year or less. Of the remainder less than 1%, all of which are SCEIP bonds, have a maturity of more than 5 years.

(d) Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the County’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions:

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.
- California law also allows financial institutions to secure the County’s deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.
- The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

(e) Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County’s policy to purchase investments meeting ratings requirements established by the California Government Code.

(f) Concentration of Credit Risk

The County investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds or external investment pools) that represent 5% or more of total County pooled investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>	<u>Percentage Holdings</u>
Federal Farm Credit Bank	Federal Agency Security	\$ 561,325	22.99 %
Federal Home Loan Bank	Federal Agency Security	332,567	13.62
Federal Home Loan Mortgage Corp.	Federal Agency Security	449,101	18.40
Federal National Mortgage Association	Federal Agency Security	311,320	12.75

NOTE 2 – CASH AND INVESTMENTS (Continued)

(g) Treasury Pool

The Treasury Pool includes amounts held for various school districts, whose participation in the Treasury Pool is mandated by State code. Cash on deposit with the Treasury Pool at June 30, 2018 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 \$13,755 at June 30, 2018. Involuntary participants of the County’s investment pool totaled \$1,554,388 at June 30, 2018. Investments held in the Treasury Pool are summarized as follows:

<u>Investment</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>
U.S. Agency securities	\$ 1,665,883	\$ 1,654,313	0.625-3.0 %	7/5/18-5/15/23
U.S. Treasury notes	184,880	184,479	0.75-1.125	7/31/18-10/15/19
Corporate and medium term notes	182,485	180,559	1.10-3.009	10/25/18-2/25/21
Other government obligations	32,557	32,536	1.25-3.0	7/1/18-9/2/35
Certificates of deposit	280,000	280,140	1.51-2.66	7/2/18-6/21/19
Money market mutual funds	10,061	10,061	0.081	1 day
CalTRUST	7,118	7,118	1.75	1 day
LAIF	79	79	1.509	1 day
CAMP	91,918	91,940	2.056	1 day
Totals	<u>\$ 2,454,981</u>	<u>\$ 2,441,225</u>		

(h) Condensed Pool Statements

The Treasury Pool includes investments with a fair value of \$2,441,225 and deposits of \$18,315. 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, 2018:

Statement of Net Position

Cash and investments	\$ 2,506,689
Less: Investments held by fiscal agent	<u>(70,855)</u>
Net position held in trust for pool participants	<u>\$ 2,435,834</u>
Equity of internal participants	\$ 1,094,857
Equity of external pool participants	1,340,977
Net position held in trust for pool participants	<u>\$ 2,435,834</u>

Statement of Changes in Net Position

Net position at July 1, 2017	\$ 2,190,518
Net change in pooled cash and investments	245,316
Net position held in trust for pool participants at June 30, 2018	<u>\$ 2,435,834</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)

(i) Investment Credit Ratings and Maturity

As of June 30, 2018, the County’s investments and credit ratings 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	\$ 4,922	\$ -	\$ -	\$ -	\$ -	\$ 4,922
Money market mutual funds	AAAm	2,678	-	-	-	-	2,678
Corporate obligations	AA-/Aa3	-	5,395	-	-	-	5,395
OPEB trust investments:							
Cash and cash equivalents	Not rated	3,586	-	-	-	-	3,586
Mutual funds	Not rated	46,053	-	-	-	-	46,053
Corporate obligations	Aaa/Ba1	-	-	-	2,444	2,038	4,482
Government obligations	Aaa/AA+	-	-	-	1,187	2,552	3,739
Total investments held by fiscal agents		57,239	5,395	-	3,631	4,590	70,855
Investments managed by County Treasurer:							
U.S. Agency Securities:							
Federal Farm Credit Bank	Aaa/AA+	15,255	50,111	89,512	406,447	-	561,325
Federal Home Loan Bank	Aaa/AA+	-	25,204	79,682	227,681	-	332,567
Federal Home Loan Mortgage Corp.	Aaa/AA+	77,489	75,376	69,621	226,615	-	449,101
Federal National Mortgage Association	Aaa/AA+	12,577	43,097	30,838	224,808	-	311,320
Subtotal U. S. Agency Securities		105,321	193,788	269,653	1,085,551	-	1,654,313
U.S. Treasury notes	Aaa/A	-	134,885	24,827	24,767	-	184,479
Corporate and medium term notes	A-/AAA	-	14,883	81,918	83,758	-	180,559
Other government obligations	Not rated	395	1,101	3,360	9,134	18,546	32,536
Certificates of deposit	A1/AA-	24,943	120,020	135,177	-	-	280,140
Money market mutual funds	AAAm	10,061	-	-	-	-	10,061
LAIF	Not rated	79	-	-	-	-	79
Joint Powers Authority Pool:							
CalTRUST	AAAm	7,118	-	-	-	-	7,118
CAMP	AAAm	91,940	-	-	-	-	91,940
Total investments managed by County Treasurer		\$ 239,857	\$ 464,677	\$ 514,935	\$ 1,203,210	\$ 18,546	\$ 2,441,225
Cash and deposits	N/A						18,315
Less outstanding warrants	N/A						(35,295)
Subtotal cash and investments managed by County Treasurer							2,424,245
Cash and deposits - other							11,589
Subtotal cash and investments							\$ 2,506,689

NOTE 2 – CASH AND INVESTMENTS (Continued)

<u>Discrete Component Units</u>	Credit Rating (Moody's/S & P)	Maturity				Fair Value
		12 Months or Less	13 – 24 Months	25 – 60 Months	More than 60 Months	
<u>Sonoma County Water Agency</u>						
Non-pooled investments:						
Money market mutual funds	AAAm	\$ 1,522	\$ -	\$ -	\$ -	\$ 1,522
SCEIP bonds	N/A	341	384	1,323	8,761	10,809
U.S. Treasury STRIPS	N/A	-	5,925	11,341	-	17,266
Total investments held by bond trustees		<u>\$ 1,863</u>	<u>\$ 6,309</u>	<u>\$ 12,664</u>	<u>\$ 8,761</u>	<u>\$ 29,597</u>
<u>Sonoma Valley County Sanitation District</u>						
Non-pooled investments:						
Money market mutual funds	P-1/A-1+	<u>\$ 879</u>				<u>\$ 879</u>
Total cash and investments						<u>\$ 2,537,165</u>

(j) Investment in the Local Agency Investment Fund (LAIF)

The County's total investment in the Local Agency Investment Fund (LAIF), managed by the Treasurer for the State of California, is \$79 at June 30, 2018. The total amount invested by all public agencies in LAIF at June 30, 2018, was \$22.5 billion. LAIF is part of the State of California Pooled Money Investment Account (PMIA), whose balance at June 30, 2018 was \$88.8 billion, the majority of which is invested in non-derivative financial products. PMIA is not SEC-registered, but is required to invest according to California State Code. The average maturity of PMIA investments was 193 days as of June 30, 2018. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis which is different than the fair value of the pooled treasury's portion in the pool. Withdrawals from LAIF are done on a dollar to dollar basis.

(k) Joint Powers Authorities

The County is a voluntary participant in two Joint Powers Authorities (JPAs), the California Asset Management Program (CAMP) and the Investment Trust of California (CalTRUST), which fall under California Government Code 53601(p). CAMP and CalTRUST are each directed by a Board of Trustees made up of experienced investment officers, local government finance directors, and treasurers of the public agency members. The value of pool shares in CAMP and CalTRUST that may be withdrawn is determined on an amortized cost basis, which is the same as the fair value of the County's portion in the pool. As of June 30, 2018 the County's total investment in JPAs was \$99,058.

(l) 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, 2018, the County's investment in the Tobacco Endowment was invested in money market mutual funds totaling \$10,061.

NOTE 2 – CASH AND INVESTMENTS (Continued)

(m) Sonoma County Energy Independence Program (SCEIP)

On March 24, 2009, the Board of Supervisors authorized the creation of the Sonoma County Energy Independence Program (SCEIP) enabling Sonoma County property owners to finance energy conservation and generation improvements through voluntary contractual property assessments. State Assembly Bill 811 is the authorizing legislation for SCEIP and was signed into law the fall of 2008. To finance the program, on April 21, 2009, the Board of Supervisors authorized the Sonoma County Treasury Pooled Investment Fund to purchase up to \$60,000 of SCEIP bonds issued by the Sonoma County Public Financing Authority with maturities of 10 and 20 years. As of June 30, 2018, the County’s investment in SCEIP bonds, included in other governmental obligations was \$19,499.

(n) Fair Value Measurements

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

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

The County’s investments measured at fair value as of June 30, 2018 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	\$ 1,654,313	\$ -	\$ 1,654,313	\$ -
U.S. Treasury notes	184,479	-	184,479	-
Corporate and medium term notes	180,559	-	180,559	-
Other government obligations	32,536	-	-	32,536
Certificates of deposit	280,140	-	280,140	-
Total investments measured at fair value	<u>2,332,027</u>	<u>\$ -</u>	<u>\$ 2,299,491</u>	<u>\$ 32,536</u>
Investments not subject to fair value hierarchy:				
Money market mutual funds	10,061			
CalTRUST	7,118			
LAIF	79			
CAMP	91,940			
Total pooled and directed investments	<u>\$ 2,441,225</u>			
<u>Discrete Component Units</u>				
<u>Sonoma County Water Agency</u>				
U.S. Treasury STRIPS	\$ 17,266	\$ 17,266	\$ -	\$ -
SCEIP bonds	10,809	-	-	10,809
Total investments measured at fair value	<u>\$ 28,075</u>	<u>\$ 17,266</u>	<u>\$ -</u>	<u>\$ 10,809</u>
Investments not subject to fair value hierarchy:				
Money market mutual funds	1,522			
Total investments	<u>\$ 29,597</u>			

NOTE 3 – RECEIVABLES

Receivables for the fiscal year ended June 30, 2018, for the County’s individual major funds, nonmajor and internal service funds in the aggregate are as follows:

<u>Governmental Activities</u>	<u>General</u>	Human	Health and	Mandated	Open Space	Roads	Other	Internal	Total
		Services	Sanitation	Revenue	Special Tax				
		Special	Special	Special	Account	Special	Funds	Service	
		Revenue	Revenue	Revenue	Revenue	Revenue		Funds	
Accounts receivables	\$ 913	\$ 16	\$ 40	\$ 268	\$ -	\$ 6	\$ -	\$ 358	\$ 1,601
Interest and other	10,328	103	985	102	3,765	1,061	6,259	-	22,603
Due from other governments	31,145	28,055	42,019	932	-	6,139	10,386	223	118,899
Total	\$ 42,386	\$ 28,174	\$ 43,044	\$ 1,302	\$ 3,765	\$ 7,206	\$ 16,645	\$ 581	\$ 143,103

<u>Business-Type Activities</u>	<u>Refuse</u>	<u>Airport</u>	Energy	Transit	Other Funds	Total
			Independence			
			Program			
Accounts receivables	\$ 1,386	\$ 500	\$ 993	\$ 350	\$ 1,156	\$ 4,385
Loans	-	729	-	-	-	729
Contractual assessments	-	-	28,614	-	-	28,614
Due from other governments	-	2,730	-	725	-	3,455
Total	\$ 1,386	\$ 3,959	\$ 29,607	\$ 1,075	\$ 1,156	\$ 37,183

Governmental receivables of \$27,011 are not expected to be collected within the next fiscal year. See Note 11 for further discussion on unavailable revenues.

NOTE 4 – DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources for the fiscal year ended June 30, 2018, for the County’s individual major funds, non-major and internal service funds in the aggregate are as follows:

<u>Governmental Activities</u>	Internal		Total
	Service	Other Funds	
	Funds		
Deferred charge on refunding	\$ -	\$ 3,090	\$ 3,090
Deferred amounts related to pensions	80,064	402	80,466
Deferred amounts related to OPEB	26,278	235	26,513
Total	\$ 106,342	\$ 3,727	\$ 110,069

<u>Business-Type Activities</u>	<u>Refuse</u>	<u>Airport</u>	<u>Transit</u>	Other	Total
				Funds	
Deferred amounts related to pensions	\$ 139	\$ 179	\$ 56	\$ 1,037	\$ 1,411
Deferred amounts related to OPEB	148	210	38	43	439
Total	\$ 287	\$ 389	\$ 94	\$ 1,080	\$ 1,850

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

NOTE 5 – INTERFUND TRANSACTIONS

(a) Interfund Receivables/Payables

Interfund receivables and payables result from the time lag between the dates that 1) transactions are recorded in the accounting system or 2) payments between funds are made.

The composition of interfund balances as of June 30, 2018 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Human Services Special Revenue Fund	\$ 530
	SCEIP Enterprise Fund	100
	Internal Service Funds	1,632
	Other governmental funds	109
	Other enterprise funds	11
		<u>2,382</u>
Human Services Special Revenue Fund	Other governmental funds	3,519
Health and Sanitation Special Revenue Fund	Other governmental funds	344
Refuse Enterprise Fund	Airport Enterprise Fund	10,000
Internal service funds	Human Services Special Revenue Fund	2,500
	Health and Sanitation Special Revenue Fund	13,000
	Mandated Revenues Special Revenue Fund	279
		<u>15,779</u>
Total		<u>\$ 32,024</u>

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	SCEIP	\$ 100
	Other enterprise funds	105
	Internal service funds	10,079
		<u>10,284</u>
		<u>\$ 10,284</u>

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

(b) Transfers

Transfers are used to fund capital projects, lease payments for debt service, subsidies of various County operations, and re-allocations of special revenue. The following schedules summarize the County’s transfer activity during the fiscal year ended June 30, 2018:

(1) Between Governmental and Business-Type Activities:

<u>Transfer from</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Funding</u>
<u>Governmental Activities:</u>			
General Fund	<u>Business-Type Activities</u>		
	Refuse Enterprise Fund	\$ 903	Operations
	Airport Enterprise Fund	4	Operations
	Other enterprise funds	<u>373</u>	Operations
		1,280	
Other governmental Funds	Other enterprise funds	65	Operations and capital projects
		<u>1,345</u>	
<u>Business-Type Activities</u>			
Refuse Enterprise Fund	<u>Governmental Activities:</u>		
Airport Enterprise Fund	General Fund	(4)	Operations
Energy Independence Program	General Fund	(7)	Operations
Other enterprise funds	General Fund	(5)	Operations
	General Fund	<u>(1)</u>	Operations
		(17)	
Total		<u>\$ 1,328</u>	

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

(2) Between Funds within the Governmental Activities:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Funding</u>
General Fund	Human Services Special Revenue Fund	\$ 26,152	Operations
	Health and Sanitation Special Revenue Fund	11,951	Operations
	Mandated Revenues Special Revenue Fund	299	Operations
	Roads Special Revenue Fund	26,584	Operations
	Internal service funds	23	Operations and capital projects
	Other governmental funds	10,779	Operations and capital projects
		<u>75,788</u>	
Human Services Special Revenue Fund	Other governmental funds	148	Operations
Health and Sanitation Special Revenue Fund	General Fund	417	Operations
	Other governmental funds	400	Operations
		<u>817</u>	
Mandated Revenues Special Revenue Fund	General Fund	3,609	Operations
	Other governmental funds	2,358	Capital outlay
		<u>5,967</u>	
Open Space Special Tax Account Special Revenue Fund	Other governmental funds	7,560	Debt service
Roads Special Revenue Fund	General Fund	48	Operations
	Internal service funds	100	Capital outlay
		<u>148</u>	
Other governmental funds	General Fund	4,876	Operations
	Health and Sanitation Special Revenue Fund	925	Operations
	Mandated Revenues Special Revenue Fund	132	Operations
	Roads Special Revenue Fund	1,000	Operations
	Internal service funds	135	
	Other governmental funds	25	Operations
		<u>7,093</u>	
Internal service funds	General Fund	560	Operations
	Health and Sanitation Special Revenue Fund	58	Operations
		<u>618</u>	
Total		<u>\$ 98,139</u>	

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 are as follows:

	Balance July 1, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
<u>Governmental Activities:</u>					
Capital assets, non-depreciable					
Land	\$ 398,366	\$ 5,516	\$ (9,369)	\$ 11	\$ 394,524
Intangible assets	332,152	1,833	-	264	334,249
Work in progress	4,182	3,327	(100)	(590)	6,819
Construction in progress	64,943	38,364	(1,190)	(17,825)	84,292
Total capital assets, non-depreciable	<u>799,643</u>	<u>49,040</u>	<u>(10,659)</u>	<u>(18,140)</u>	<u>819,884</u>
Capital assets, depreciable					
Intangible assets	41,576	-	-	152	41,728
Infrastructure	552,630	-	(13,540)	1,487	540,577
Buildings and improvements	427,292	-	(4,590)	16,048	438,750
Land improvements	873	-	-	-	873
Machinery and equipment	90,547	10,872	(7,020)	453	94,852
Total capital assets, depreciable	<u>1,112,918</u>	<u>10,872</u>	<u>(25,150)</u>	<u>18,140</u>	<u>1,116,780</u>
Less accumulated depreciation for:					
Intangible assets	(18,243)	(4,317)	-	-	(22,560)
Infrastructure	(409,987)	(9,539)	8,195	-	(411,331)
Buildings and improvements	(153,894)	(8,600)	3,697	-	(158,797)
Land improvements	(100)	(37)	-	-	(137)
Machinery and equipment	(64,968)	(8,194)	6,569	-	(66,593)
Total accumulated depreciation	<u>(647,192)</u>	<u>(30,687)</u>	<u>18,461</u>	<u>-</u>	<u>(659,418)</u>
Total capital assets, depreciable, net	<u>465,726</u>	<u>(19,815)</u>	<u>(6,689)</u>	<u>18,140</u>	<u>457,362</u>
Governmental activities capital assets, net	<u>\$ 1,265,369</u>	<u>\$ 29,225</u>	<u>\$ (17,348)</u>	<u>\$ -</u>	<u>\$ 1,277,246</u>
<u>Business-type activities:</u>					
Capital assets, non-depreciable					
Land	\$ 23,147	\$ 1,633	\$ -	\$ -	\$ 24,780
Construction in progress	10,910	8,666	-	(7,412)	12,164
Total capital assets, non-depreciable	<u>34,057</u>	<u>10,299</u>	<u>-</u>	<u>(7,412)</u>	<u>36,944</u>
Capital assets, depreciable					
Intangible assets	9,142	-	-	2,657	11,799
Infrastructure	1,621	-	-	2,073	3,694
Land improvements	51	-	-	-	51
Buildings and improvements	248,882	530	-	-	249,412
Machinery and equipment	37,689	263	(70)	2,682	40,564
Total capital assets, depreciable	<u>297,385</u>	<u>793</u>	<u>(70)</u>	<u>7,412</u>	<u>305,520</u>
Less accumulated depreciation for:					
Intangible assets	(7,044)	(277)	-	-	(7,321)
Infrastructure	(184)	(120)	-	-	(304)
Land improvements	(8)	(3)	-	-	(11)
Buildings and improvements	(133,982)	(5,880)	-	-	(139,862)
Machinery and equipment	(23,125)	(2,543)	28	-	(25,640)
Total accumulated depreciation	<u>(164,343)</u>	<u>(8,823)</u>	<u>28</u>	<u>-</u>	<u>(173,138)</u>
Total capital assets, depreciable, net	<u>133,042</u>	<u>(8,030)</u>	<u>(42)</u>	<u>7,412</u>	<u>132,382</u>
Business-type activities capital assets, net	<u>\$ 167,099</u>	<u>\$ 2,269</u>	<u>\$ (42)</u>	<u>\$ -</u>	<u>\$ 169,326</u>

NOTE 6 – CAPITAL ASSETS (Continued)

	Balance July 1, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
<u>Discrete Component Units</u>					
<u>Sonoma County Water Agency</u>					
Capital assets, non-depreciable					
Intangible assets	\$ 107,559	\$ -	\$ -	\$ 155	\$ 107,714
Land	12,606	-	-	-	12,606
Intangible work in progress	2,271	1,540	(2)	(250)	3,559
Construction in progress	20,196	3,389	(1,491)	(9,211)	12,883
Total capital assets, non-depreciable	<u>142,632</u>	<u>4,929</u>	<u>(1,493)</u>	<u>(9,306)</u>	<u>136,762</u>
Capital assets, depreciable					
Intangible assets	2,348	-	-	95	2,443
Infrastructure	309,805	2,750	-	8,487	321,042
Land improvements	4,362	-	-	-	4,362
Buildings and improvements	55,698	-	-	724	56,422
Machinery and equipment	14,084	1,188	(644)	-	14,628
Total capital assets, depreciable	<u>386,297</u>	<u>3,938</u>	<u>(644)</u>	<u>9,306</u>	<u>398,897</u>
Less accumulated depreciation for:					
Intangible assets	(1,299)	(305)	-	-	(1,604)
Infrastructure	(152,370)	(8,756)	-	-	(161,126)
Land and improvements	(2,009)	(198)	-	-	(2,207)
Buildings and improvements	(13,861)	(1,633)	-	-	(15,494)
Machinery and equipment	(7,996)	(995)	611	-	(8,380)
Total accumulated depreciation	<u>(177,535)</u>	<u>(11,887)</u>	<u>611</u>	<u>-</u>	<u>(188,811)</u>
Total capital assets, depreciable, net	<u>208,762</u>	<u>(7,949)</u>	<u>(33)</u>	<u>9,306</u>	<u>210,086</u>
Total capital assets, net	<u>\$ 351,394</u>	<u>\$ (3,020)</u>	<u>\$ (1,526)</u>	<u>\$ -</u>	<u>\$ 346,848</u>
<u>Community Development Commission</u>					
Capital assets, non-depreciable					
Land	\$ 6,750	\$ -	\$ -	\$ -	\$ 6,750
Total capital assets, non-depreciable	<u>6,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,750</u>
Capital assets, depreciable					
Buildings and improvements	3,642	-	-	-	3,642
Machinery and equipment	81	-	-	-	81
Total capital assets, depreciable	<u>3,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,723</u>
Less accumulated depreciation	<u>(1,054)</u>	<u>(137)</u>	<u>-</u>	<u>-</u>	<u>(1,191)</u>
Total capital assets, depreciable, net	<u>2,669</u>	<u>(137)</u>	<u>-</u>	<u>-</u>	<u>2,532</u>
Total capital assets, net	<u>\$ 9,419</u>	<u>\$ (137)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,282</u>

NOTE 6 – CAPITAL ASSETS (Continued)

Depreciation

Depreciation expense charged for the fiscal year ended June 30, 2018 are as follows:

Governmental Activities

General government	\$	6,231
Public protection		8,113
Public ways and facilities		9,648
Health and sanitation		907
Public assistance		821
Education		50
Recreation and cultural services		1,383
Depreciation on capital assets held by the Heavy Equipment Replacement ISF		643
Depreciation on capital assets held by Replacement and Enterprise Resource Planning (ERP) ISF		2,891
Total depreciation expense	\$	<u>30,687</u>

Business-Type Activities:

Refuse	\$	1,485
Airport		2,854
Transit		3,359
Fair		810
Marinas		105
Other Districts		210
Total depreciation expense	\$	<u>8,823</u>

Capitalized Interest

Interest paid by the County ISF and Business-Type activities totaled \$23,413 of which \$135 was capitalized in the fiscal year ended June 30, 2018.

NOTE 7 – PAYABLES

Accounts payable and accrued liabilities for the fiscal year ended June 30, 2018, for the County’s individual major funds, nonmajor and internal service funds in the aggregate are as follows:

<u>Governmental Activities</u>	<u>General</u>	<u>Human Services Special Revenue</u>	<u>Health and Sanitation Special Revenue</u>	<u>Mandated Revenue Special Revenue</u>	<u>Roads Special Revenue</u>	<u>Other Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
Total accounts payable, accrued salaries, and benefits	\$ 22,974	\$ 1,047	\$ 5,971	\$ 67	\$ 4,677	\$ 4,792	\$ 5,393	\$ 44,921

<u>Business-Type Activities</u>	<u>Refuse</u>	<u>Airport</u>	<u>Energy Independence Program</u>	<u>Transit</u>	<u>Other Funds</u>	<u>Total</u>
Total accounts payable, accrued salaries, and benefits	\$ 196	\$ 1,455	\$ 234	\$ 2,193	\$ 908	\$ 4,986

NOTE 8 – OPERATING LEASES

The County has non-cancelable operating leases that are primarily for office space and equipment. Future minimum lease payments under these operating leases at June 30, 2018, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Future Minimum Lease Payments</u>
2019	\$ 9,206
2020	8,179
2021	6,882
2022	5,338
2023	3,531
Thereafter	11,305
Total	<u>\$ 44,441</u>

Total rental expense for operating leases for the fiscal year ended June 30, 2018 was \$9,714.

NOTE 9 – LONG-TERM LIABILITIES

(a) Changes in Long-Term Liabilities

The following is a summary of long-term liabilities activity for the fiscal year ended June 30, 2018:

<u>Governmental Activities</u>	Balance July 1, 2017*	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Compensated absences	\$ 27,099	\$ 25,748	\$ (25,211)	\$ 27,636	\$ 27,636
Net pension liability (1)	326,066	-	(192,958)	133,108	-
Net OPEB liability* (1)	332,020	-	(29,618)	302,402	-
Self-insurance (1)	40,222	20,223	(19,068)	41,377	10,343
Certificates of participation	20,212	-	(3,674)	16,538	1,609
Bonds payable	43,645	-	(5,465)	38,180	5,740
Pension obligation bonds (1)	404,185	-	(24,260)	379,925	27,555
Loans payable	72,423	-	(2,790)	69,633	24
Notes payable (2)	-	4,200	(840)	3,360	3,360
Contracts payable	-	6,620	(662)	5,958	662
Capital lease obligations	2,419	2,300	(606)	4,113	360
Subtotal long-term liabilities	<u>1,268,291</u>	<u>59,091</u>	<u>(305,152)</u>	<u>1,022,230</u>	<u>77,289</u>
Deferred amounts:					
Issuance premiums	5,623	-	(927)	4,696	-
Subtotal deferred amounts	<u>5,623</u>	<u>-</u>	<u>(927)</u>	<u>4,696</u>	<u>-</u>
Total long-term liabilities	<u>\$ 1,273,914</u>	<u>\$ 59,091</u>	<u>\$ (306,079)</u>	<u>\$ 1,026,926</u>	<u>\$ 77,289</u>

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

(2) Notes payable 1-year note to facilitate the financing of Community Development Commission's purchase of property to be used for Housing resources.

<u>Business-Type Activities</u>	Balance July 1, 2017*	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Compensated absences	\$ 505	\$ 455	\$ (462)	\$ 498	\$ 498
Net pension liability	4,765	-	(1,582)	3,183	-
Net OPEB liability*	2,766	20	-	2,786	-
Landfill closure and postclosure	9,993	180	(342)	9,831	-
Advances from other governments	7,829	-	(1,234)	6,595	774
Energy bonds payable	33,556	2,712	(5,961)	30,307	1,693
Loan payable	15	42	(9)	48	10
Note payable	4,200	900	(4,700)	400	100
Total long-term liabilities	<u>\$ 63,629</u>	<u>\$ 4,309</u>	<u>\$ (14,290)</u>	<u>\$ 53,648</u>	<u>\$ 3,075</u>

* as restated

NOTE 9 – LONG-TERM LIABILITIES (Continued)

Discrete Component Units

	Balance July 1, 2017*	Additions	Retirements	Balance June 30, 2018	Due Within One Year
<u>Sonoma County Water Agency</u>					
Long-term contract payable	\$ 84,828	\$ -	\$ (3,551)	\$ 81,277	\$ 3,664
Compensated absences	2,375	2,133	(2,219)	2,289	2,289
Net pension liability	23,601	-	(13,912)	9,689	-
Net OPEB liability*	26,233	-	(2,150)	24,083	-
Pollution remediation	198	-	(13)	185	-
Revenue and general obligation bonds	37,339	-	(1,569)	35,770	1,595
Advances from other governments	9,794	-	(773)	9,021	394
Capital lease obligations	3,794	-	(626)	3,168	653
Subtotal long-term obligations	<u>188,162</u>	<u>2,133</u>	<u>(24,813)</u>	<u>165,482</u>	<u>8,595</u>
Deferred amounts:					
Issuance premiums	1,460	-	(80)	1,380	80
Subtotal deferred amounts	<u>1,460</u>	<u>-</u>	<u>(80)</u>	<u>1,380</u>	<u>80</u>
Total long-term liabilities	<u>\$ 189,622</u>	<u>\$ 2,133</u>	<u>\$ (24,893)</u>	<u>\$ 166,862</u>	<u>\$ 8,675</u>
<u>Community Development Commission</u>					
Compensated absences	\$ 202	\$ -	\$ (5)	\$ 197	\$ 30
Net pension liability	3,250	-	(1,907)	1,343	-
Net OPEB liability*	3,580	-	(261)	3,319	-
Advances from primary government	-	4,200	(840)	3,360	840
Loans payable	765	-	(6)	759	6
Total long-term liabilities	<u>\$ 7,797</u>	<u>\$ 4,200</u>	<u>\$ (3,019)</u>	<u>\$ 8,978</u>	<u>\$ 876</u>

* as restated

NOTE 9 – LONG-TERM LIABILITIES (Continued)

(b) Long term obligations outstanding

Individual issues of bonds, notes, loans, capital leases and certificates of participation outstanding at June 30, 2018 are as follows:

<u>Governmental Activities</u>	<u>Maturity</u>	<u>Interest Rates/ Ranges</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance June 30, 2018</u>
Certificates of Participation (1):					
2010 Administration Building COP	2024	2.89-3.8%	\$ 71-138	\$ 1,475	\$ 713
2017 General Services Energy (Refunding 2009 COP) (2) (3)	2026	2.45%	660-1,080	17,225	15,825
					<u>16,538</u>
Bonds payable:					
2015 Series A Agricultural Preservation And Open Space (Measure F) (4)	2024	2.00–5.00%	0-7,010	43,335	38,180
					<u>38,180</u>
Pension obligation bonds (5):					
2003 Series A	2022	1.55-5.07%	7,685-25,970	210,200	97,120
2003 Series B	2022	1.55-5.07%	0-21,000	21,000	21,000
2010 Series	2030	2.12-6.0%	0-38,030	289,355	261,805
					<u>379,925</u>
Loans payable					
Sonoma County Tobacco Securitization Corporation (6)	2045	4.25-5.25%	755-4,200	83,060	69,605
Pacific Gas & Electric Loans	2018	0.00%	6-17	398	28
					<u>69,633</u>
Notes Payable:					
Sonoma County Treasury (7)	2019	.75-2.5%	3360	4,200	3,360
Contracts Payable:					
City of Santa Rosa Annexation (8)	2028	0.00%	662	6,620	5,958
Capital lease obligations (9)					
	2029	3.62-6.77%	26-245	6,355	4,113
Total long term obligations					<u>\$ 517,707</u>

NOTE 9 – LONG-TERM LIABILITIES (Continued)

<u>Business-Type Activities</u>	<u>Maturity</u>	<u>Interest Rates/ Ranges</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance June 30, 2018</u>
Advances from other governments (10):					
California Department of Boating and Waterways to Spud Point Marina	2023	4.50%	\$ 192-356	\$ 6,000	\$ 1,635
Various state and local agencies for the County's other enterprise funds	2053	2.75-3.41%	4-213	4,172	1,104
California Department of Transportation to the Airport Enterprise Fund	2020	4.37-5.06%	21-405	7,987	3,856
					<u>6,595</u>
Energy Bonds Payable (11):					
Energy Independence Program	2037	3.00%	93-2,926	72,472	30,307
Loans Payable:					
Russian River Utility Co., Inc.	2023	0.00%	2-8	42	35
Pacific Gas & Electric Loan	2025	0.00%	0-2	20	13
					<u>48</u>
Notes Payable:					
Fair	2021	3.00%	100	500	400
Total long term obligations					<u>\$ 37,350</u>
 Discrete Component Units					
Sonoma County Water Agency					
Long-term contract payable (12)	2034	3.23%	\$ 2,934-6,286	\$ 102,371	\$ 81,277
Revenue and General Obligation Bonds (13):					
Water Agency General Obligation Bonds	2017-2020	5.00%	31-41	800	53
2012A Water Revenue Refunding Bonds	2032	.30-5.00%	0-815	12,265	9,865
2015A & AT Water Revenue Refunding Bonds	2040	2.25-5.0%	0-1,335	23,865	22,495
2017 Water and Wastewater Revenue Bonds	2026	2.33%	333-409	3,690	3,357
					<u>35,770</u>
Advances from other governments (14) & (15):					
California Department of Water Resources	2027	2.79%	653-1,019	15,857	9,021
Capital Lease Obligations (16)					
Total long term obligations	2020-2023	4.08-4.30%	260-505	8,585	3,168
					<u>\$ 129,236</u>
Community Development Commission					
Advances from other governments (17)	2022	2.50%	\$ 840	\$ 4,200	\$ 3,360
USDA Loan	2037	5.63%	6	817	759
Total long term obligations					<u>\$ 4,119</u>

NOTE 9 – LONG-TERM LIABILITIES (Continued)Notes:

- (1) Debt service payments 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, bonds and notes.
- (2) The County issued Certificates of Participation in April 2009 for a comprehensive energy project for improvements at the Central Mechanical Plant to reduce energy and water consumption and install a 1.4 megawatt fuel cell to generate electricity and heat. Debt service payments 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, bonds and notes.
- (3) The County refunded the 2009 Energy COP on March 17, 2017 to defease outstanding debt of \$16,515, issuing new debt of \$17,225 to be fully paid by the end of year 2026. Total savings to the County will be \$1,122, with an economic gain of \$927.
- (4) The Open Space bonds were issued for the acquisition and preservation of open space in the County of Sonoma. 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. Open Space 2007A bond debt was refunded with the Open Space 2015A bonds resulting in a partial defeasance of outstanding debt of \$72,770.
- (5) Pension obligation bonds were issued in 2003 and 2010 to fund the County's unfunded pension liability. Debt service payments are funded by charges to County departments based on the proportionate share of salaries and benefit expenses.
- (6) The Sonoma County Securitization Corporation (Corporation) borrowed 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. Loan repayments will be funded by future tobacco settlement revenues.
- (7) The County signed a one-year note in the amount of \$4,200 to facilitate a purchase of real property by the Community Development Commission (CDC). This is offset by an advance to discrete component unit (CDC).
- (8) As part of the Roseland Annexation by the City of Santa Rosa, the County has agreed to make payments over the next nine years for the improvement of infrastructure. Payments are funded by legally available resources.
- (9) The County has entered into capital leases to acquire various machinery and equipment. Debt service payments are funded by legally available resources.
- (10) The advances from other governments represent: (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.
- (11) The Sonoma County Public Financing Authority sold increments of special Contractual Assessment Revenue Bonds to the County's Treasury and to the Sonoma County Water Agency. The proceeds of the bonds were lent to the Energy Independence Program major enterprise fund to finance the County's Energy Independence program.
- (12) The long-term contract payable represents the Water Agency's proportionate share of a federal government dam project. Debt service payments are funded by property tax revenues of the Water Agency.
- (13) Debt service payments are funded by operating revenues.
- (14) The advances from other governments represent loans from various state and local agencies for which debt service payments are funded by the operations of the related fund or activity.
- (15) The Water Agency has constructed a collector well located adjacent to the Russian River at Wohler Road.
- (16) The Water Agency has entered into capital leases to acquire various facilities, machinery, and equipment. Debt service payments are funded by legally available resources.
- (17) The Community Development Commission has an advance to Sonoma County to finance the purchase of real property held for sale.

There are a number of limitations and restrictions contained in the various bond indentures. County management believes that the County is in compliance with all significant limitations and restrictions.

NOTE 9 – LONG-TERM LIABILITIES (Continued)

(c) Pledged revenue

The Open Space bonds were issued for the acquisition and preservation of open space in the County of Sonoma. 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. Sales tax revenues were projected to produce 244% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$44,070, payable through 2024. For the current year, principal and interest paid and total sales tax revenues were \$7,503 and \$24,544 respectively.

The Sonoma County Securitization Corporation has pledged all revenues to be received from the tobacco Master Settlement Agreement (MSA) to repay the outstanding principal of \$69,605 in the Series 2005 Tobacco Settlement Asset-Backed Refunding Bonds issued in October 2005. 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)). The tobacco bonds were issued to finance the acquisition of the County Tobacco Assets for the County of Sonoma. Total principal and interest remaining on the bonds is \$144,422 payable through 2045.

(d) Tobacco securitization

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. During the fiscal year ended June 30, 2018, principal and interest payments were \$5,302 while tobacco settlement revenue was \$5,121. Based on the information above, the County presents the bonds debt service to maturity assuming no further turbo payments.

(e) 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, 2018, does not expect to incur a liability.

NOTE 9 – LONG-TERM LIABILITIES (Continued)

(f) Debt service requirements

Following is a schedule of debt payment requirements to maturity for long-term obligations, excluding compensated absences, OPEB, and self-insurance liabilities that have indefinite maturities, outstanding at June 30, 2018:

Governmental Activities

Year ending June 30:	Certificates of Participation		Bonds Payable		Pension Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 1,609	\$ 409	\$ 5,740	\$ 1,765	\$ 27,555	\$ 20,894
2020	1,758	367	6,035	1,471	30,955	19,400
2021	1,919	322	6,340	1,162	34,725	17,636
2022	2,063	271	6,665	837	38,810	15,660
2023	2,143	217	7,010	495	42,935	13,457
2024-2028	7,046	336	6,390	160	136,540	42,953
2029-2033	-	-	-	-	68,405	3,875
Subtotals	16,538	1,922	38,180	5,890	379,925	133,875
Issuance premiums	-	-	4,696	-	-	-
Total	\$ 16,538	\$ 1,922	\$ 42,876	\$ 5,890	\$ 379,925	\$ 133,875

Year ending June 30:	Loans Payable		Contracts/Notes Payable		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 24	\$ 3,647	\$ 4,022	\$ 77	\$ 360	\$ 173
2020	4	3,647	662	-	377	158
2021	1,380	3,647	662	-	395	142
2022	-	3,518	662	-	413	125
2023	-	3,518	662	-	433	107
2024-2028	9,920	16,600	2,648	-	1,928	251
2029-2033	-	15,111	-	-	207	6
2034-2038	31,045	15,111	-	-	-	-
2039-2043	-	7,156	-	-	-	-
2044-2048	27,260	2,862	-	-	-	-
Total	\$ 69,633	\$ 74,817	\$ 9,318	\$ 77	\$ 4,113	\$ 962

Business-type Activities

Year ending June 30:	Loans Payable		Notes Payable		Advances From Other Governments		Energy Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 10	\$ -	\$ 100	\$ 11	\$ 774	\$ 274	\$ 1,693	\$ 942
2020	10	-	100	8	745	239	1,777	845
2021	10	-	100	5	642	207	1,760	792
2022	10	-	100	2	665	179	1,751	739
2023	4	-	-	-	694	150	1,802	686
2024-2028	4	-	-	-	1,916	443	10,566	2,547
2029-2033	-	-	-	-	528	114	8,664	923
2034-2038	-	-	-	-	127	80	2,227	155
2039-2043	-	-	-	-	146	61	67	1
2044-2048	-	-	-	-	168	40	-	-
2049-2053	-	-	-	-	190	16	-	-
Total	\$ 48	\$ -	\$ 400	\$ 26	\$ 6,595	\$ 1,803	\$ 30,307	\$ 7,630

NOTE 9 – LONG-TERM LIABILITIES (Continued)

Discrete Component Units

Sonoma County Water Agency

Year ending June 30:	Long-term Contracts		Revenue and General Obligation Bonds		Capital Lease Obligations		Advances from other Governments	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 3,664	\$ 2,621	\$ 1,595	\$ 1,173	\$ 653	\$ 141	\$ 394	\$ 126
2020	3,783	2,503	1,635	1,125	681	106	805	235
2021	3,905	2,381	1,664	1,071	586	71	827	213
2022	4,030	2,255	1,726	1,006	483	49	851	189
2023	4,160	2,125	1,792	933	505	28	875	166
2024-2028	22,904	8,524	9,643	3,551	260	5	4,756	445
2029-2033	26,843	4,586	9,420	2,086	-	-	513	7
2034-2038	11,988	583	5,865	870	-	-	-	-
2039-2043	-	-	2,430	129	-	-	-	-
Subtotals	81,277	25,578	35,770	11,944	3,168	400	9,021	1,381
Issuance premiums	-	-	1,380	-	-	-	-	-
Total	<u>\$ 81,277</u>	<u>\$ 25,578</u>	<u>\$ 37,150</u>	<u>\$ 11,944</u>	<u>\$ 3,168</u>	<u>\$ 400</u>	<u>\$ 9,021</u>	<u>\$ 1,381</u>

Community Development Commission

Year ending June 30:	Loans Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2019	\$ 6	\$ 24	\$ 840	\$ 77
2020	7	24	840	58
2021	7	24	840	38
2022	7	24	840	19
2023	8	24	-	-
2024-2028	47	119	-	-
2029-2033	62	119	-	-
2034-2038	615	71	-	-
	<u>\$ 759</u>	<u>\$ 429</u>	<u>\$ 3,360</u>	<u>\$ 192</u>

NOTE 10 – ADVANCES FROM GRANTORS AND THIRD PARTIES

Under both the modified accrual and accrual basis of accounting, revenue may be recognized only when earned. Therefore, governmental and enterprise funds report advances from grantors and third parties in connection with resources that have been received, but not yet earned as a liability. At June 30, 2018, advances from grantors and third parties are as follows:

<i>Governmental Activities</i>	<u>General</u>	<u>Human Services Special</u>	<u>Health and Sanitation Special Revenue</u>	<u>Mandated Revenue Special Revenue</u>	<u>Other Funds</u>	<u>Total</u>
Total advances from grantors and third parties	<u>\$ 4,559</u>	<u>\$ 3,072</u>	<u>\$ 1,476</u>	<u>\$ 3</u>	<u>\$ 2,975</u>	<u>\$ 12,085</u>

<i>Business-Type Activities</i>	<u>Transit</u>	<u>Total</u>
Total advances from grantors and third parties	<u>\$ 717</u>	<u>\$ 717</u>

NOTE 11 – DEFERRED INFLOWS OF RESOURCES

The majority of the County’s unavailable revenue is due to SB90. SB90 is California Senate Bill 90 of 1972 which established a requirement that the State reimburse local government agencies for the costs of new programs or increased levels of service on programs mandated by the State. The amounts receivable from SB90 claims are reported as deferred inflows of resources, as the amounts are not available and collection is anticipated after the period of availability, in the amount of \$11,756 as of June 30, 2018. At June 30, 2018, deferred inflows of resources are as follows:

<u>Governmental Funds</u>	<u>General</u>	<u>Human Services Special Revenue</u>	<u>Health and Sanitation Special Revenue</u>	<u>Roads Special Revenue</u>	<u>Other Funds</u>	<u>Total</u>
	Unavailable revenue	\$ 11,254	\$ 3,853	\$ 11,545	\$ 312	\$ 47

<u>Governmental Activities</u>	<u>Internal Service Funds</u>		<u>Total</u>
	<u>Other Funds</u>		
Deferred amounts related to pensions	\$ 113,141	\$ 921	\$ 114,062
Deferred amounts related to OPEB	18,012	260	18,272
Total	\$ 131,153	\$ 1,181	\$ 132,334

<u>Business-Type Activities</u>	<u>Refuse</u>	<u>Airport</u>	<u>Transit</u>	<u>Other Funds</u>	<u>Total</u>
	Service concession arrangement	\$ 37,539	\$ -	\$ -	\$ -
Deferred amounts related to pensions	537	375	150	246	1,308
Deferred amounts related to OPEB	49	69	32	19	169
Total	\$ 38,125	\$ 444	\$ 182	\$ 265	\$ 39,016

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

NOTE 12 – NET POSITION/FUND BALANCES

(a) Classification

Fund balances at June 30, 2018 were classified as follows:

	General	Human Services Special Revenue	Health and Sanitation Special Revenue	Mandated Revenue Special Revenue
Nonspendable:				
Inventories	\$ 158	\$ -	\$ -	\$ -
Prepaid items and deposits	222	2,765	-	133
Advances and loans	10,926	-	-	-
Total nonspendable fund balances	11,306	2,765	-	133
Restricted:				
Agricultural Preservation and Open Space District	-	-	-	-
Capital projects and equipment replacement	-	-	-	22,228
First 5 Children and Families Commission	-	-	-	-
Debt service	-	-	-	-
Parks donations, mitigation and operations	-	-	-	2,384
Courthouse/Criminal Justice Construction	-	-	-	2,134
Health services programs	-	-	30,759	567
Fire and emergency services	-	-	-	-
Public assistance	-	18,291	-	-
Lighting districts	-	-	-	-
Public protection	-	-	-	14,261
Clerk, recorder, assessor operations	-	-	-	4,981
Other programs	-	-	-	1,747
Total restricted fund balances	-	18,291	30,759	48,302
Committed:				
Advertising activities	-	-	-	-
Other programs	5	100	-	-
Total committed fund balances	5	100	-	-
Assigned:				
Capital projects and equipment replacement	14,156	-	-	-
Tribal development impact mitigation	18,678	-	-	-
Offset projected budget deficits	1,497	-	-	-
Redevelopment agencies	15,515	-	-	-
General services	9,042	-	-	-
Public protection	5,321	-	-	-
Road maintenance	-	-	-	-
Labor negotiations	10,386	-	-	-
October 2017 Fires	3,748	-	-	-
Cannabis program administration	1,890	-	-	-
Encumbrances	3,610	-	-	-
Other programs	2,601	-	-	-
Total assigned fund balances	86,444	-	-	-
Unassigned	53,224	-	-	-
Total fund balances	\$ 150,979	\$ 21,156	\$ 30,759	\$ 48,435

Open Space Special Tax Account	Roads Special Revenue	Other Funds	Total	
\$ -	\$ 734	\$ 12	\$ 904	Nonspendable:
-	59	68	3,247	Inventories
-	-	-	10,926	Prepaid items and deposits
-	-	-	-	Advances and loans
57,365	793	80	15,077	Total nonspendable fund balances
-	-	-	-	Restricted:
57,365	-	7,920	65,285	Agricultural Preservation and Open Space District
-	11,779	-	34,007	Capital projects and equipment replacement
-	-	11,376	11,376	First 5 Children and Families Commission
-	-	12,804	12,804	Debt service
-	-	-	2,384	Parks donations, mitigation and operations
-	-	-	2,134	Courthouse/Criminal Justice Construction
-	-	1,021	32,347	Health services programs
-	-	2,916	2,916	Fire and emergency services
-	-	644	18,935	Public assistance
-	-	8,071	8,071	Lighting districts
-	-	25,544	39,805	Public protection
-	-	-	4,981	Clerk, recorder, assessor operations
-	-	1,146	2,893	Other programs
57,365	11,779	71,442	237,938	Total restricted fund balances
-	-	7,943	7,943	Committed:
-	817	-	922	Community investment
-	817	7,943	8,865	Other programs
-	-	-	-	Total committed fund balances
-	28,137	13,561	55,854	Assigned:
-	-	-	18,678	Capital projects and equipment replacement
-	-	-	1,497	Tribal development impact mitigation
-	-	-	15,515	Offset projected budget deficits
-	-	-	9,042	Redevelopment agencies
-	-	-	5,321	General services
-	5,282	-	5,282	Public protection
-	-	-	10,386	Road maintenance
-	-	-	3,748	Labor negotiations
-	-	-	1,890	October 2017 Fires
-	-	-	3,610	Cannabis program administration
-	-	-	2,601	Encumbrances
-	-	-	-	Other programs
57,365	33,419	13,561	133,424	Total assigned fund balances
-	-	-	53,224	Unassigned
\$ 57,365	\$ 46,808	\$ 93,026	\$ 448,528	Total fund balances

NOTE 12 – FUND BALANCES (Continued)

(b) Retained Deficits

Internal Service Funds

The County's Employee Retirement Internal Service Fund has a retained deficit of \$540,103 at June 30, 2018. This fund is used to account for the County's pension related activities and includes the pension obligation bonds as well as the net pension liability. The County funds contributions to the pension plan and debt service payments for the pension obligation bonds with charges collected from departments through bi-weekly payroll. Collections from departments are sufficient to cover the annual contributions to the pension plan and debt service payments but are not intended to build an asset balance in this fund. Consequently, this fund is expected to have a retained deficit until the pension obligation bonds are repaid and the pension plan is fully funded.

The County's Other Postemployment Benefits (OPEB) Internal Service Fund has a retained deficit of \$292,073 at June 30, 2018. This fund is used to account for the County's other postemployment benefit related activities and includes the net OPEB liability. The County funds contributions to OPEB with charges collected from departments through bi-weekly payroll. Collections from departments are sufficient to cover the annual contributions to annual OPEB costs and contribute to the PARS OPEB trust to fund future OPEB payments. Consequently, this fund is expected to have retained deficit until the OPEB obligation is fully funded.

Private Purpose Trust Fund

The Private Purpose Trust Fund has retained deficit of \$3,057 at June 30, 2018. This fund reports the assets and liabilities of the Sonoma County Redevelopment Successor Agency, including \$9,405 of tax allocation refunding bonds. Debt service payments for these bonds are funded with property tax revenues, which are allocated to the Private Purpose Trust Fund semi-annually in an amount based on a Recognized Obligation Payment Schedule. Property tax revenues allocated to the trust annually are sufficient to pay the annual debt service payments, but are not intended to build an asset balance in the trust. Consequently this trust is expected to have retained deficit until the tax allocation refunding bonds are repaid.

NOTE 13 – EMPLOYEES’ RETIREMENT PLANS

(a) Plan Description

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

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

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

At December 31, 2017, the date of the most recent actuarial valuation, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	4,936
Current active members	4,110
Terminated vested members	<u>1,181</u>
Total	<u><u>10,227</u></u>

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

(b) Benefits Provided

Benefit Tiers

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

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

Vesting

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

NOTE 13 – EMPLOYEES’ RETIREMENT PLANS (Continued)

Benefit Payments

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

Cost of Living Adjustments

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

Death Benefit – Prior to Retirement

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

Death Benefit – After Retirement

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

Disability Benefit

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

Return of Contributions

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

NOTE 13 – EMPLOYEES’ RETIREMENT PLANS (Continued)

(c) Actuarial Methods and Assumptions

The table below summarizes the actuarial methods and assumptions of Plan A and Plan B for the actuarial valuation and measurement date of December 31, 2017:

Actuarial cost method	Entry Age
Asset valuation method	5 –year smoothed market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases - General	4.00% to 9.50%
Projected salary increases - Safety	4.00% to 12.00%
Inflation	3.00%
Cost-of-living adjustments	None

In the December 31, 2017 actuarial valuation, Plan A used the entry age normal cost method. Under the entry age normal cost method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the working lifetime of the individual. Plan B uses a single rate methodology, regardless of entry age, where members pay 50% of the normal cost. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5-year period. The funding policy adopted by the Board of Retirement is to amortize the unfunded actuarial accrued liability (UAAL) at December 31, 2007 as well as any new UAAL established on each subsequent actuarial valuation after the December 31, 2007 valuation over separate 20-year declining periods. The UAAL established as a result of including as pensionable salary a cash allowance of \$3.45 per hour for General-County and Safety-County members is amortized over a 20-year declining period, with 10 years remaining as of December 31, 2017.

(d) Funding Policy

The contribution requirements of Plan members and the County are determined by an independent actuary, approved by the SCERA Board of Retirement, and adopted by the Board of Supervisors. The contribution rates for the fiscal year ended June 30, 2018 were based on the Plan’s valuation dated December 31, 2015. The contribution rates determined in each actuarial valuation take effect at the beginning of the fiscal year starting at least twelve months after the beginning of the valuation year, except when significant benefit or actuarial assumption changes occur. Plan A members are required to contribute between approximately 10% and 15% of their annual covered salary, and the member’s particular rate is based upon age at entry into the System. Plan B members are required to contribute a flat rate as calculated by the actuary. The County is required to contribute the remaining amounts necessary to finance the coverage of employees through periodic contributions at actuarially determined rates. Employer and member contributions are funded and recognized through the County and District payroll systems via employer benefit payments and employee deductions. For the fiscal year ended June 30, 2018, the County contributed \$55,480 or approximately 18.35% of covered payroll.

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

At June 30, 2018, the County reported a liability of \$136,291 for its proportionate share of the net pension liability and discrete component units reported their proportionate share of \$11,032. The net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all Plan participants, actuarially determined. At December 31, 2017, the County’s proportion was 80.73%, a decrease of 3.54% compared to December 31, 2016, and the discrete component unit’s proportion was 6.53%, a decrease of 0.31%, compared to December 31, 2016.

NOTE 13 – EMPLOYEES’ RETIREMENT PLANS (Continued)

For the year ended June 30, 2018, the County recognized a pension expense of \$44,725 and the discrete component units recognized a pension expense of \$3,691. At June 30, 2018, the County and discrete component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Governmental Activities</u>		
Differences between expected and actual experience	\$ 3,775	\$ (3,221)
Changes in assumptions	16,660	-
Net difference between projected and actual earnings on retirement plan investments	-	(104,123)
Changes in proportion and differences between County contributions and proportionate share of contributions	1,848	(6,718)
County contributions subsequent to the measurement date	26,743	-
County prepayment of future year contributions	31,440	-
Total Governmental Activities	<u>\$ 80,466</u>	<u>\$ (114,062)</u>
<u>Business-Type Activities</u>		
Differences between expected and actual experience	\$ 13	\$ (142)
Changes in assumptions	320	-
Difference between projected and actual earnings on retirement plan investments	428	(814)
Changes in proportion and differences between County contributions and proportionate share of contributions	95	(352)
County contributions subsequent to the measurement date	555	-
Total Business-Type Activities	<u>\$ 1,411</u>	<u>\$ (1,308)</u>
<u>Discrete Component Units</u>		
Differences between expected and actual experience	\$ 55	\$ (293)
Changes in assumptions	1,136	-
Net difference between projected and actual earnings on retirement plan investments	-	(7,787)
Changes in proportion and differences between employer contributions and proportionate share of contributions	507	(686)
Component unit contributions subsequent to the measurement date	2,201	-
Total Discrete Component Units	<u>\$ 3,899</u>	<u>\$ (8,766)</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner. Contributions made subsequent to the measurement date are recorded as deferred outflows of resources related to pensions and will be recognized as a reduction of net pension liability in the year ended June 30, 2019 totaling \$27,298 for the County and \$2,201 for discrete component units. The County has prepayments of future year contributions on deposit with SCERA of \$31,440 at June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities (1)</u>	<u>Business-Type Activities (1)</u>	<u>Discrete Component Units (1)</u>
2019	\$ 4,115	\$ -	\$ 418
2020	(18,920)	45	(1,441)
2021	(41,593)	(188)	(3,288)
2022	(35,381)	(309)	(2,757)
Total	<u>\$ (91,779)</u>	<u>\$ (452)</u>	<u>\$ (7,068)</u>

(1) Brackets indicate negative expense

NOTE 13 – EMPLOYEES’ RETIREMENT PLANS (Continued)

(f) Discount Rate

The discount rate used to measure the total pension liability was 7.25% as of December 31, 2017. 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 employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both December 31, 2017 and 2016.

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 adjustment. The target allocation and projected arithmetic real rates of return, after deducting inflation of 3.00%, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class from the 2014 experience study are summarized in the table below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equity	29.54 %	5.72 %
Small Cap U.S. Equity	7.20 %	6.44 %
Developed International Equity	18.90 %	6.69 %
Emerging Market Equity	5.36 %	8.67 %
U.S. Core Fixed Income	13.50 %	0.83 %
Developed International Fixed Income	0.45 %	0.31 %
High Yield Fixed Income	0.60 %	3.00 %
Emerging Market Fixed Income	0.45 %	3.92 %
Real Estate	10.00 %	4.61 %
Farmland	5.00 %	5.81 %
Bank Loans	3.00 %	2.18 %
Unconstrained Bonds	3.00 %	2.71 %
Infrastructure	3.00 %	6.25 %
Total	100.00 %	

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

The following presents the governmental activities, business-type activities and discrete component units proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Governmental Activities	\$ 394,305	\$ 133,108	\$ (85,174)
Business-Type Activities	7,106	3,183	(95)
Discrete Component Units	32,680	11,032	(7,059)
Total	\$ 434,091	\$ 147,323	\$ (92,328)

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(a) Plan Description

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

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

In accordance with a County Board of Supervisors approved salary resolution and applicable 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 plan member premiums is a \$500 per month maximum contribution. 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 retirees hired prior to January 1, 2009, a fixed amount of \$96.40 per month for Medicare Part B premiums.

(c) Timeframes for GASB 75

For financial accounting and reporting purposes, GASB 75 requires using a reporting date of June 30, 2018. The County elected to use a measurement date of June 30, 2017 for the actuarial valuation due to the availability of certain information.

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

Reporting Date	June 30, 2018
Valuation Date	June 30, 2017
Measurement Date	June 30, 2017

As of June 30, 2017 measurement date, plan membership consisted of the following:

Current retirees, beneficiaries, and dependents receiving benefit payments	4,120
Retirees entitled to but not yet receiving benefit payments	289
Current active participants	<u>2,083</u>
Total	<u>6,492</u>

(d) Contributions

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

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

(e) Net OPEB Liability – Employer GASB 75

At June 30, 2018 the County’s governmental activities, business activities and discrete component units reported net OPEB liabilities of \$302,402, \$2,786 and \$27,402 respectively. The Sonoma County Fair’s financial statements use calendar year reporting, so GASB 75 was not implemented for calendar year 2017 and is not included in these amounts. At June 30, 2017 the County’s governmental activities, business activities and discrete component units restated net OPEB liabilities of \$332,020, \$2,766 and \$29,813 respectively. The net OPEB liability decreased 8.83%.

(f) Actuarial Methods and Assumptions

The Net OPEB Liability (NOL) was measured as of June 30, 2017 and 2016 and determined based on the total OPEB liability from actuarial valuations as of June 30, 2017 and 2016, respectively, using the following actuarial assumptions, applied to all periods included in the measurement, except the Excise Tax imposed by the Affordable Care Act and related statutes was reflected in the actuarial valuation as of June 30, 2017 and the investment rate of return varied between the years as noted:

Actuarial cost method	Entry Age Normal
Inflation	3.00%
Investment rate of return	June 30, 2017: 6.50%, net of OPEB plan investment expense, including inflation June 30, 2016: 7.25%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.50%
Other assumptions	Analysis of actuarial experience per the January 1, 2012 through December 31, 2014 Actuarial Experience Study dated October 2, 2015 and the Economic Actuarial Assumption Study for December 31, 2015 Actuarial Valuation dated September 30, 2015 for the Sonoma County Employees’ Retirement Association (SCERA)

(g) Investments

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which the expected future real rates of return (expected returns, net of 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, 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, used in the derivation of the long-term expected investment rate of return assumptions.

The County’s Investment Guidelines for OPEB are detailed in the “Investment Guidelines Document – County of Sonoma Post-Employment Health Care Plan Investment Policy Document – June 2017”. The Board’s adopted asset allocation policy for OPEB as of June 2017 follows below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Large Cap U.S. Equity	30%	8.7%
Mid Cap U.S. Equity	4%	8.7%
Small Cap U.S. Equity	8%	8.7%
International Equity	8%	9.7%
Global Equity	6%	9.7%
U.S. Core Fixed Income	31%	4.1%
Alternatives	8%	5.9%
Cash	1%	3.1%
Real Estate	4%	7.2%
Total	<u>100%</u>	

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

(h) Discount Rate

The discount rates used to measure the total OPEB liability (TOL) were 3.78% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuarially determined contribution rates. 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 not 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 through the fiscal year ending June 30, 2023. Subsequent to this date, the municipal bond rate of 3.58%, as of June 30, 2017 from the Bond Buyer index, was used as the investment return assumption for employer assets.

(i) 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, 2017 calculated using the discount rate of 3.78%, 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 (2.78%) or 1-percentage-point higher (4.78%) than the current rate:

	<u>1% Decrease (2.78%)</u>	<u>Current Discount Rate (3.78%)</u>	<u>1% Increase (4.78%)</u>
Governmental Activities	\$ 338,521	\$ 302,402	\$ 271,664
Business-Type Activities	3,119	2,786	2,503
Discrete Component Units	30,674	27,402	24,616
Total	<u>\$ 372,314</u>	<u>\$ 332,590</u>	<u>\$ 298,783</u>

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

The following presents net OPEB liability as of June 30, 2017, calculated using the trend rates of +1% higher, as well as what the County’s net OPEB liability would be if it were calculated using trend rate that are 1% lower than the current rates:

	<u>1% Decrease (Trend -1%)</u>	<u>Current Trend Rates (1)</u>	<u>1% Increase (Trend +1%)</u>
Governmental Activities	\$ 293,510	\$ 302,402	\$ 314,076
Business-Type Activities	2,704	2,786	2,894
Discrete Component Units	26,596	27,402	28,460
Total	<u>\$ 322,810</u>	<u>\$ 332,590</u>	<u>\$ 345,430</u>

- (1) The County Health Plan medical trends grade from 7.0% in 2017/2018 down to 5.0% over 4 years. County Health Plan drug trends grade from 8.0% in 2017/2018 down to 5.0% over 6 years. HMO Medical/Drug trends grade from 6.75% in 2017/2018 down to 5.0% over 7 years. ASO fees assumed trend was 0% in 2017/2018, then 5.0% thereafter.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

(j) Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2018 the County recognized OPEB expense of \$12,677. The discrete component units recognized OPEB expense of \$1,214. At June 30, 2018, the County and it's component units reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Governmental Activities</u>		
Differences between expected and actual experience	\$ -	\$ (920)
Changes in assumptions	-	(15,537)
Net difference between projected and actual earnings on retirement plan investments	-	(1,198)
Changes in proportion and differences between County contributions and proportionate share of contributions	361	(617)
County contributions subsequent to the measurement date	<u>26,152</u>	<u>-</u>
Total	<u>\$ 26,513</u>	<u>\$ (18,272)</u>
<u>Business-Type Activities</u>		
Differences between expected and actual experience	\$ -	\$ (9)
Changes in assumptions	-	(143)
Net difference between projected and actual earnings on retirement plan investments	-	(11)
Changes in proportion and differences between County contributions and proportionate share of contributions	198	(6)
County contributions subsequent to the measurement date	<u>241</u>	<u>-</u>
Total	<u>\$ 439</u>	<u>\$ (169)</u>
<u>Discrete Component Units</u>		
Differences between expected and actual experience	\$ -	\$ (83)
Changes in assumptions	-	(1,408)
Net difference between projected and actual earnings on retirement plan investments	-	(109)
Changes in proportion and differences between employer contributions and proportionate share of contributions	157	-
Component unit contributions subsequent to the measurement date	<u>2,370</u>	<u>-</u>
Total	<u>\$ 2,527</u>	<u>\$ (1,600)</u>

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Contributions made subsequent to the measurement date are recorded as deferred outflows of resources related to OPEB and will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019 and totaled \$26,393 for the County and \$2,370 for the discrete component units. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as follows:

Fiscal Year Ending June 30,	Governmental Activities (1)	Business-Type Activities (1)	Discrete Component Units (1)
2019	\$ (8,870)	\$ 18	\$ (711)
2020	(8,442)	17	(677)
2021	(299)	(3)	(27)
2022	(300)	(3)	(28)
Total	<u>\$ (17,911)</u>	<u>\$ 29</u>	<u>\$ (1,443)</u>

(1) Brackets indicate negative expense

(k) 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, 2018
Valuation Date	June 30, 2018
Measurement Date	June 30, 2018

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

Current retirees, beneficiaries, and dependents receiving benefit payments	4,110
Retirees entitled to but not yet receiving benefit payments	136
Current active participants	<u>1,775</u>
Total	<u>6,021</u>

The following is the Board’s adopted asset allocation policy for OPEB as of June 2017, presented with the long-term expected real rate of return as of the June 30, 2018 measurement date:

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

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense was 7.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the amounts actually invested.

(l) Net OPEB Liability

Components of the net OPEB liability as of June 30, 2018:

Total OPEB liability	\$ 308,205
Plan fiduciary net position	<u>57,860</u>
Net OPEB liability	<u>\$ 250,345</u>
Plan fiduciary net position as a percentage of the total OPEB liability	18.77%

(m) Actuarial Methods and Assumptions

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

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 with measurement dates of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, except the Excise Tax imposed by the Affordable Care Act and related statutes was reflected in the actuarial valuation as of June 30, 2017:

Actuarial cost method	Entry Age Normal
Inflation	3.00%
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.50%
Other assumptions	Analysis of actuarial experience per the January 1, 2012 through December 31, 2014 Actuarial Experience Study dated October 2, 2015 and the Economic Actuarial Assumption Study for December 31, 2015 Actuarial Valuation dated September 30, 2015 for the Sonoma County Employees' Retirement Association (SCERA)

(n) Discount Rate

The discount rates used to measure the total OPEB liability were 6.50% and 3.78% as of June 30, 2018 and June 30, 2017, respectively. The projection of cash flows used to determine the discount rate assumed that employer contributions are based on 8.8% of applicable pay. 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 not 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 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

(o) Sensitivity of the Net OPEB Liability

Sensitivity of the Net OPEB Liability to Changes in Discount Rate

The following presents the net OPEB liability as of June 30, 2018 calculated using the discount rate of 6.50%, as well as what the County’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
\$ 276,734	\$ 250,345	\$ 227,403

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

The following present the net OPEB liability as of June 30, 2018, calculated using the trend rates of +1% higher, as well as what the County’s net OPEB liability would be if it were calculated using trend rates that are 1% lower than the current rates:

1% Decrease (Trend -1%)	Current Trend Rates (1)	1% Increase (Trend +1%)
\$ 247,954	\$ 250,345	\$ 257,987

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

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

In April 2017, a settlement agreement regarding retiree health care benefits was approved by the Federal District Court. The settlement contains two central provisions, for those retired as of June 30, 2016. First the agreement provides for continuation of County contributions to healthcare premiums of up to \$500 per month through May 2026. Beginning in June 2026, the county contribution decreases to \$200 per month through May 2041. Second, the county agreed to fund \$12 million (less administration costs) to HRA plans for retiree class members. This benefit will be funded over a three year period ending June 2019. In fiscal year 2017-18 the County paid \$4,330. The final payment of \$4,090 will be paid in fiscal year 2018-19.

NOTE 15 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical malpractice. The County has established an internal service fund to account for and finance risks for workers’ compensation, general liability, health insurance and medical malpractice. For workers’ compensation the County retains the risk for the first \$300 of an individual claim, and \$1,000 of a general liability claim. The County is self-insured for unemployment claims and reimburses the state for all amounts paid.

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.

For general liability and workers’ compensation claims, excess coverage is provided by the California State Association of Counties Excess Insurance Authority (Authority), a joint powers authority whose purpose is to develop and fund programs of excess insurance for its members, which include 95% of the counties in California and nearly 68% of cities, 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 is covered under the Authority’s excess liability insurance program for \$1,000 to \$25,000 per occurrence for liability claims. Amounts in excess of \$300 per occurrence for workers’ compensation claims with statutory limits are maintained through participation in the Authority’s, Excess Worker’s Compensation Program.

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, 2018, totaled \$35,645, which is recorded in the internal service fund as operating revenue. As of June 30, 2018, the estimated liability in the internal service fund totaled \$41,377 of which \$10,343 is estimated to be payable in the ensuing year. The remaining \$31,034 is classified as long-term, self-funded insurance payable in the internal service fund.

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

The County also participates in the Authority’s medical malpractice program with up to \$21,500 per event coverage and a \$5 deductible. Funding for this program is actuarially determined and contributions are determined by claims experience and exposures (number of patient visits). As of June 30, 2018, the estimated liability in the internal service fund totaled \$570.

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

	Balance <u>June 30, 2017</u>	Balance <u>June 30, 2018</u>
Unpaid claims liability at beginning of year	\$ 40,080	\$ 40,222
Incurred claims	21,404	20,223
Claim payments	<u>(21,262)</u>	<u>(19,068)</u>
Unpaid claims liability at end of year	<u>\$ 40,222</u>	<u>\$ 41,377</u>

NOTE 16 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

As of June 30, 2018, the estimated closure and postclosure liability was \$9,831 for closed landfills Annapolis and Healdsburg. As part of the Service Concession Arrangement (SCA) effective April 1, 2015, Republic Services, Inc. has assumed responsibility for the completion of all closure and post-closure obligations related to the Central Landfill. Federal and state laws require landfill operators to place a cover on their landfills when closed and to perform certain maintenance and monitoring functions for up to 30 years after closure. The estimated cost of closure and postclosure care are subject to change due to variables such as inflation, changes in the cost of materials, revisions of Federal and state laws, changes in technology and other variables. In addition to the above, state regulations require that landfill closure and post-closure maintenance costs be fully funded at the time of closure, unless a landfill owner/operator can demonstrate financial responsibility towards these activities by using other approved financial assurance alternatives. As an alternative, on July 11, 2000, the Board of Supervisors approved two resolutions establishing financial assurance for post-closure maintenance and corrective action via 30 year agreements with the California Integrated Waste Management Board (CIWMB). The Annapolis Landfill agreement provides a pledged revenue of \$36 per year and Healdsburg Landfill agreement pledged \$78 per year. Both 30 year agreements are subject to adjustments in the cost estimate mutually agreed to by the County, the CIWMB, and the Regional Water Quality Control Board.

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

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

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

As a result of the SCA, the REF has recognized a decrease of closure/post-closure liability of \$42,057 and recorded a deferred inflow of resources of \$37,539 as of June 30, 2018. The deferred inflow will be amortized over the estimated 30 year term of the agreement.

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

NOTE 17 – COMMITMENTS AND CONTINGENCIES

(a) Grants and Subsidies

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

(b) Encumbrances

The County governmental funds had the following open encumbrances at June 30, 2018:

General Fund	\$ 3,610
Human Services Special Revenue Fund	126
Health and Sanitation Special Revenue Fund	16
Mandated Revenues Special Revenue Fund	142
Roads Special Revenue Fund	71
Other governmental funds	<u>8,956</u>
Total encumbrances for governmental funds	<u><u>\$ 12,921</u></u>

(c) Other

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

NOTE 18 – SERVICE CONCESSION ARRANGEMENT

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

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

Additionally, the MOA calls for Republic to assume the closure/post-closure liability in perpetuity for the Central landfill as of April 1, 2015 and to provide financial assurances mechanisms to demonstrate, fund, and maintain financial responsibility for the Central landfill as required by law including closure, post-closure, corrective action and operating liability acceptable to the California Department of Resources Recycling Recovery (CalRecycle). As a result, Refuse recognized a closure/post-closure liability decrease in the amount of \$42,057 and recorded a deferred inflow of \$41,710 as of June 30, 2015. The deferred inflow is being amortized over the estimated 30 year term of the MOA, and as a result, Refuse recognized service concession arrangement revenues in the amount of \$1,390 for the fiscal year ended June 30, 2018. 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:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2018</u>
Deferred Inflows of Resources				
Central Landfill and				
County Transfer Stations	\$ 38,929	\$ -	\$ (1,390)	\$ 37,539

Refuse retained certain capital assets related to the SCA. The assets carrying value, net of accumulated depreciation at June 30, 2018 is as follows:

Central Landfill and County Transfer Stations

Land	\$ 2,538
Buildings & Improvements	17,128
Equipment	<u>258</u>
SCA capital assets, net	<u>\$ 19,924</u>

NOTE 19 – SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND

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

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

<u>Long Term Liabilities</u>	<u>Balance</u>			<u>Balance</u>	
	<u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>	<u>One Year</u>
Redevelopment Successor Agency					
Tax allocation bonds payable*	\$ 9,725	\$ -	\$ (320)	\$ 9,405	\$ 390

*excludes bond premium amortization

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

The 2016 Bonds were issued in the amount of \$10,140 with interest rates from 2.0% to 5.0%, maturing on August 1, 2034. The 2016 Bonds are limited obligations of the successor agency and are secured by an irrevocable pledge of, and are payable as to principal and interest from, tax revenues which are deposited in the Redevelopment Property Tax Trust Fund and the Redevelopment Obligation Retirement Fund. The 2016 Bonds are not a debt of the County of Sonoma. Unamortized bond premium at June 30, 2018 is \$1,330.

The annual principal and interest requirements on the long-term bonds outstanding at June 30, 2018, are as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 390	\$ 400	\$ 790
2020	395	392	787
2021	415	376	791
2022	430	360	790
2023	450	343	793
2024-2028	2,560	1,397	3,957
2029-2033	3,255	703	3,958
2033-2035	1,510	68	1,578
Total	\$ 9,405	\$ 4,039	\$ 13,444

NOTE 20 – SPECIAL ITEM TRANSFER OF OPERATIONS

(a) Northern Sonoma County Air Pollution Control District

Effective July 1, 2017, Northern Sonoma County Air Pollution Control District (District) and the County executed an agreement to the effect that the District is an independent legal entity separate from the County pursuant to The California Clean Air Act, per Section 40000 et seq. of the California Health and Safety Code. To this effect the \$3,816 net position balance of the District was transferred from the County and reported as a special item, adjusted for accruals the total amount of the transfer was \$3,840.

(b) Del Rio Woods Recreation and Park District

Effective October 24, 2017, the County Board formally accepted all the assets and liabilities of the dissolved Del Rio Woods Recreation and Park District as its successor agency. To this effect the \$310 net position balance of the District was transferred to the County and reported as a special item.

(c) Other Postemployment Benefits (OPEB)

Effective July 1, 2017, the County transferred OPEB operating balances from the OPEB Fiduciary Fund to an Internal Service Fund. The resulting equity transfer was \$2,163 reported as a special item.

NOTE 21 – FUND BALANCE RESTATEMENT

During the fiscal year ended June 30, 2018, the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans*, which establishes accounting and financial reporting by state and local governments for postemployment benefits. As a result, net position was restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Discrete Component Units</u>
Net position at July 1, 2017, as previously stated	\$ 944,831	\$ 163,147	\$ 466,763
Deferred outflow of resources for contributions subsequent to the measurement date	25,492	212	2,289
Net OPEB liability	(291,318)	(2,766)	(29,813)
Net position at July 1, 2017 as restated	<u>\$ 679,005</u>	<u>\$ 160,593</u>	<u>\$ 439,239</u>

NOTE 22 – SUBSEQUENT EVENTS

(a) Payroll Tax Refund

In August 2018, the County received a payroll tax refund of \$4,182 including interest from the IRS for the return of a \$3.9 million tax overpayment made by the County in 2016.

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)



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

<u>Measurement Date of:</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
Proportion of the net pension liability	80.73%	84.27%	84.43%	81.66%
Proportionate share of the net pension liability	\$ 136,291	\$ 330,831	\$ 348,556	\$ 177,023
Covered payroll	\$ 300,546	\$ 285,864	\$ 271,061	\$ 262,325
Proportionate share of the net pension liability as a percentage of covered payroll	45.35%	115.73%	128.59%	67.48%
Plan fiduciary net position as a percentage of the total pension liability	94.21%	86.02%	84.68%	91.46%

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

<u>Reporting Date of:</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contributions	55,480	52,981	56,663	55,981
Contributions in relation to the actuarially determined contribution	<u>55,480</u>	<u>52,981</u>	<u>60,216</u>	<u>55,981</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>(3,553)</u>	<u>-</u>
Covered payroll	302,281	293,871	288,885	265,945
Contributions as a percentage of covered payroll	18.35%	18.03%	20.84%	21.05%

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

Notes:

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

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

Reporting Date of:	June 30, 2018	June 30, 2017
<u>Measurement Date of:</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB liability	\$ 308,205	\$ 385,583
Plan's fiduciary net position	<u>57,860</u>	<u>49,743</u>
Net OPEB liability	<u>\$ 250,345</u>	<u>\$ 335,840</u>
Plan fiduciary net position as a percentage of the total OPEB liability	18.77%	12.90%
Covered payroll	\$ 330,039	\$ 321,401
Plan net OPEB liability as a percentage of covered payroll	75.85%	104.49%

Schedule of OPEB Plan Investment Returns
 Last Ten Fiscal Years *

	<u>2017-18</u>	<u>2016-17</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	7.45%	11.47%

Schedule of County OPEB Contributions
 Last Ten Fiscal Years *

Reporting Date of:	June 30, 2018	June 30, 2017
<u>Measurement Date of:</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Actuarial determined contributions	\$ 18,938	\$ 21,653
Contributions in relation to the actuarially determined contributions	<u>26,768</u>	<u>27,699</u>
Contribution deficiency (excess)	<u>\$ (7,830)</u>	<u>\$ (6,046)</u>
Covered payroll	\$ 330,039	\$ 321,401
Contributions as a percentage of covered employee payroll	8.11%	8.62%

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

Notes:

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

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

Reporting Date of:	June 30, 2018	June 30, 2017
Measurement Date of:	June 30, 2018	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 10,852	\$ 13,800
Interest	14,566	12,579
Differences between expected and actual experience	3,210	(1,547)
Change due to reflecting the Excise Tax	-	2,351
Changes of assumptions	(83,838)	(28,454)
Benefit payments	(22,168)	(23,529)
Net change in total OPEB Liability	(77,378)	(24,800)
Total OPEB liability - beginning of year	385,583	410,383
Total OPEB liability - end of year (a)	<u>\$ 308,205</u>	<u>\$ 385,583</u>
Plan fiduciary net position		
Contributions – PARS	\$ 4,600	\$ 3,000
Contributions – Premiums net of retiree contributions	21,031	22,377
Contributions – Administrative	1,137	1,152
Contributions – Legal	-	217
Contributions – Total employer	\$ 26,768	\$ 26,746
Net investment income	3,699	4,817
Benefit payments – Premiums	(22,168)	(23,530)
Legal expense	-	(217)
Administrative expense	(182)	(153)
Net change in plan fiduciary net position	8,117	7,663
Plan fiduciary net position - beginning of year	49,743	42,080
Plan fiduciary net position - end of year (b)	<u>57,860</u>	<u>49,743</u>
County net OPEB liability, ending (a-b)	<u>\$ 250,345</u>	<u>\$ 335,840</u>

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

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 268,406	\$ 270,941	\$ 275,827	\$ 4,886
Licenses, permits, and franchises	17,972	20,972	17,951	(3,021)
Fines, forfeitures, and penalties	7,988	7,988	7,908	(80)
Use of money and property	5,314	5,378	6,795	1,417
Intergovernmental	82,718	93,561	98,143	4,582
Charges for services	50,875	50,832	43,953	(6,879)
Other revenue	4,428	5,554	8,911	3,357
Total revenues	<u>437,701</u>	<u>455,226</u>	<u>459,488</u>	<u>4,262</u>
EXPENDITURES:				
General government				
Board of Supervisors / County Administrator				
County Administrator	4,961	4,961	4,669	292
Board of Supervisors	3,850	4,181	3,909	272
Disaster Recovery and Resiliency	-	275	217	58
Auditor-Controller-Treasurer-Tax Collector	16,789	17,292	16,501	791
County Clerk-Recorder-Assessor				
Assessor	11,519	11,522	11,307	215
Registrar of Voters	4,013	4,184	4,146	38
County Counsel	9,772	10,190	10,129	61
Human Resources	8,415	8,416	7,454	962
General Services				
Administration	1,786	1,801	1,732	69
Facilities Development	15,406	15,572	15,511	61
Special Funds	4,166	4,348	3,712	636
Support Services	18,207	18,113	17,601	512
Information Systems	38,943	38,937	32,112	6,825
Other general government	19,570	37,312	33,149	4,163
Total general government	<u>157,397</u>	<u>177,104</u>	<u>162,149</u>	<u>14,955</u>
Public protection				
District Attorney	25,099	25,550	24,674	876
Public Defender	11,298	11,393	11,228	165
Court Support and Grand Jury	11,296	11,296	11,009	287
Probation	55,279	56,631	52,588	4,043
Permit & Resource Management				
Permit Sonoma	26,085	27,043	25,302	1,741
Resiliency Permit Center	-	3,000	2,200	800
Sheriff				
Law Enforcement	97,849	99,652	99,014	638
Detention	69,650	68,588	68,099	489
Disaster Recovery and Resiliency	-	725	661	64
Agriculture / Weights & Measures	7,112	7,279	6,388	891
Fire & Emergency Services	1,771	2,752	1,632	1,120

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule (Continued)
 General Fund
 For the Fiscal Year Ended June 30, 2018
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Protection (continued)				
Independent Office of Law Enforcement				
Review and Outreach	595	631	584	47
Total public protection	306,034	314,540	303,379	11,161
Public ways and facilities				
Transportation & Public Works	595	642	600	42
Education				
U.C. Cooperative Extension	1,167	1,167	1,161	6
Recreation and cultural services				
Regional Parks	21,398	21,157	20,728	429
General Services - Veterans Buildings	872	1,023	1,020	3
Total recreation and cultural services	22,270	22,180	21,748	432
Expenditures subtotal	487,463	515,633	489,037	26,596
Reimbursements	(95,842)	(97,420)	(91,105)	(6,315)
Total expenditures	391,621	418,213	397,932	20,281
Excess of revenues over expenditures	46,080	37,013	61,556	24,543
OTHER FINANCING SOURCES (USES):				
Transfers in	30,164	38,441	33,853	(4,588)
Transfers out	(92,238)	(106,419)	(101,394)	5,025
Issuance of long-term debt	2	2	2,300	2,298
Proceeds from sale of capital assets	-	-	1,074	1,074
Refunding to escrow agent	(5,754)	(1,260)	-	1,260
Total other financing sources (uses)	(67,826)	(69,236)	(64,167)	5,069
SPECIAL ITEMS				
Special Item (Equity Transfer)	265	575	310	(265)
NET CHANGE IN FUND BALANCE	\$ (21,481)	\$ (31,648)	\$ (2,301)	\$ 29,347
GAAP basis difference - encumbrances			3,610	
Fund balance - beginning of year			149,670	
Fund balance - end of year			\$ 150,979	

COUNTY OF SONOMA, CALIFORNIA
Budgetary Comparison Schedule
Human Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 52	\$ 52	\$ 241	\$ 189
Intergovernmental	173,538	174,979	165,895	(9,084)
Charges for services	1,246	1,246	1,418	172
Other revenue	7,244	9,889	3,958	(5,931)
Total revenues	<u>182,080</u>	<u>186,166</u>	<u>171,512</u>	<u>(14,654)</u>
EXPENDITURES:				
Public assistance				
Human Services				
Program Administration	233,245	236,777	221,090	15,687
Special Revenue	46,542	52,879	48,779	4,100
Reimbursements	(70,087)	(75,904)	(72,167)	(3,737)
Total expenditures	<u>209,700</u>	<u>213,752</u>	<u>197,702</u>	<u>16,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,620)</u>	<u>(27,586)</u>	<u>(26,190)</u>	<u>1,396</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	26,158	26,110	26,136	26
Transfers out	(157)	(157)	(132)	25
Total other financing sources (uses)	<u>26,001</u>	<u>25,953</u>	<u>26,004</u>	<u>51</u>
NET CHANGE IN FUND BALANCE	\$ (1,619)	\$ (1,633)	\$ (186)	\$ 1,447
GAAP basis difference - encumbrances			126	
Fund balance - beginning of year			<u>21,216</u>	
Fund balance - end of year			<u><u>\$ 21,156</u></u>	

COUNTY OF SONOMA, CALIFORNIA
Budgetary Comparison Schedule
Health and Sanitation Special Revenue Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, permits and franchise fees	\$ 6,926	\$ 6,926	\$ 6,694	\$ (232)
Fines, forfeitures and penalties	1,468	1,468	1,392	(76)
Use of money and property	(50)	(50)	(165)	(115)
Intergovernmental	124,485	127,192	119,224	(7,968)
Charges for services	5,766	5,783	4,497	(1,286)
Other revenue	1,810	3,591	8,465	4,874
Total revenues	140,405	144,910	140,107	(4,803)
EXPENDITURES:				
Public protection				
Health Services - Animal Services	6,486	6,756	6,203	553
Health & sanitation				
Health Services				
Administration	13,257	14,729	13,970	759
Behavioral Health	93,938	96,130	90,981	5,149
Policy Plan, & Evaluation	10,263	11,211	8,330	2,881
Public Health	41,682	41,757	37,889	3,868
Special Revenue	62,652	66,219	59,728	6,491
Total Health and sanitation	221,792	230,046	210,898	19,148
Reimbursements	(85,718)	(87,412)	(79,616)	(7,796)
Total expenditures	142,560	149,390	137,485	11,905
Excess (deficiency) of revenues over (under) expenditures	(2,155)	(4,480)	2,622	7,102
OTHER FINANCING SOURCES (USES):				
Transfers in	12,425	14,621	14,434	(187)
Transfers out	(1,917)	(2,317)	(2,317)	-
Total other financing sources (uses)	10,508	12,304	12,117	(187)
NET CHANGE IN FUND BALANCE	\$ 8,353	\$ 7,824	\$ 14,739	\$ 6,915
GAAP basis difference - encumbrances			16	
Fund balance - beginning of year			16,004	
Fund balance - end of year			\$ 30,759	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Mandated Revenues Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, permits and franchise fees	\$ 2,723	\$ 2,723	\$ 2,871	\$ 148
Fines, forfeitures and penalties	2,638	2,638	3,352	714
Use of money and property	409	451	712	261
Intergovernmental	17,400	17,690	19,245	1,555
Charges for services	3,977	3,977	3,802	(175)
Other revenue	593	593	418	(175)
Total revenues	27,740	28,072	30,400	2,328
EXPENDITURES:				
General government				
County Clerk-Recorder-Assessor - Assessor	142	142	37	105
General Services - Tidelands Leases	141	183	61	122
Total general government	283	325	98	227
Public protection:				
County Clerk-Recorder-Assessor				
Recorder	3,891	4,063	3,412	651
Agriculture / Weights & Measures	41	41	39	2
Child Support Services	14,726	14,726	12,500	2,226
Court Support and Grand Jury	524	524	508	16
District Attorney	3,118	3,158	2,761	397
Fire & Emergency Services	1,751	1,801	1,636	165
Permit & Resource Management	435	446	445	1
Probation	670	1,049	879	170
Sheriff				
Detention	188	188	158	30
Law Enforcement	2,331	2,331	316	2,015
Total public protection	27,675	28,327	22,654	5,673
Public ways and facilities				
Transportation & Public Works Special Projects	514	514	5	509
Reimbursements	(308)	(308)	(314)	6
Total expenditures	28,164	28,858	22,443	6,415
Excess (deficiency) of revenues over (under) expenditures	(424)	(786)	7,957	8,743
OTHER FINANCING SOURCES (USES):				
Transfers in	362	503	499	(4)
Transfers out	(20,051)	(20,378)	(6,035)	14,343
Total other financing sources (uses)	(19,689)	(19,875)	(5,536)	14,339
SPECIAL ITEMS				
Special Item (Equity Transfer)	524	513	-	(513)
NET CHANGE IN FUND BALANCE	\$ (19,589)	\$ (20,148)	\$ 2,421	\$ 22,569
GAAP basis difference - encumbrances			142	
Fund balance - beginning of year			45,872	
Fund balance - end of year			\$ 48,435	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Open Space Special Tax Account Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 23,044	\$ 23,044	\$ 24,544	\$ 1,500
Use of money and property	330	330	684	354
Total revenues	23,374	23,374	25,228	1,854
EXPENDITURES:				
Recreation and cultural services	31,057	31,057	17,160	13,897
Total Expenditures	31,057	31,057	17,160	13,897
Excess (deficiency) of revenues over (under) expenditures	(7,683)	(7,683)	8,068	15,751
OTHER FINANCING SOURCES (USES):				
Transfers out	(7,504)	(7,562)	(7,560)	2
Total other financing sources (uses)	(7,504)	(7,562)	(7,560)	2
NET CHANGE IN FUND BALANCE	\$ (15,187)	\$ (15,245)	\$ 508	\$ 15,753
Fund balance - beginning of year			56,857	
Fund balance - end of year			\$ 57,365	

COUNTY OF SONOMA, CALIFORNIA
Budgetary Comparison Schedule
Roads Special Revenue Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, permits and franchise fees	\$ -	\$ -	\$ 1,993	\$ 1,993
Fines, forfeitures and penalties	410	410	351	(59)
Use of money and property	213	213	361	148
Intergovernmental	27,928	27,928	28,694	766
Charges for services	1,529	1,529	1,304	(225)
Other revenue	1,250	1,250	415	(835)
Total revenues	<u>31,330</u>	<u>31,330</u>	<u>33,118</u>	<u>1,788</u>
EXPENDITURES:				
Public ways and facilities	79,914	89,538	69,354	20,184
Reimbursements	(12,259)	(12,259)	(12,900)	641
Total expenditures	<u>67,655</u>	<u>77,279</u>	<u>56,454</u>	<u>20,825</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,325)</u>	<u>(45,949)</u>	<u>(23,336)</u>	<u>22,613</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	24,629	28,219	28,014	(205)
Transfers out	(624)	(784)	(578)	206
Total other financing sources (uses)	<u>24,005</u>	<u>27,435</u>	<u>27,436</u>	<u>1</u>
NET CHANGE IN FUND BALANCE	<u>\$ (12,320)</u>	<u>\$ (18,514)</u>	\$ 4,100	<u>\$ 22,614</u>
GAAP basis difference - encumbrances			71	
Fund balance - beginning of year			<u>42,637</u>	
Fund balance - end of year			<u>\$ 46,808</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

NOTE 1 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

a) Change of assumptions

OPEB Plan amounts reported for the net OPEB liability decreased due to a change in the discount rate from the prior valuation. The discount rate increased from 3.78% to 6.50% in fiscal year 2017-18 based on updating the methodology for projecting future contributions.

b) Actuarial Methods and Assumptions

The methods and assumptions used to establish the actuarially determined contribution (ADC) through June 30, 2018 are noted below:

Valuation date	Actuarially Determined Contribution based on the beginning of the applicable period
Actuarial cost method	Projected Unit Credit and Entry Age Cost Method for June 30, 2016 and June 30, 2017 valuations respectively
Amortization method	Level percent of payroll for total unfunded actuarial accrued liability
Remaining amortization period	
June 30, 2017 valuation	29 years (declining) for outstanding balance of the June 30, 2017 unfunded OPEB liability
June 30, 2016 valuation	30 years for outstanding balance of the June 30, 2016 unfunded OPEB liability
Asset valuation method	Market value of assets
Actuarial assumptions	
June 30, 2017	
Discount rate	6.50% net of OPEB plan investment expense, including inflation
Payroll growth	3.50%
Other assumptions	Same as those used in the June 30, 2017 GASB 74 actuarial valuation dated December 8, 2017
June 30, 2016	
Discount rate	7.25% net of OPEB plan investment expense, including inflation
Payroll growth	3.50%
Other assumptions	Same as those used in the June 30, 2016 GASB 74 actuarial valuation dated February 9, 2017

NOTE 2 – BUDGETARY AND LEGAL COMPLIANCE

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

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

For the year ended June 30, 2018, no instances existed in which expenditures exceeded appropriations.

For purposes of budgetary presentation actual GAAP expenditures are 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 REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)



NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

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

DEBT SERVICE FUND

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

SPECIAL REVENUE FUNDS

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

COMMUNITY INVESTMENT

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

FIRE AND EMERGENCY SERVICES

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

FIRST 5 COMMISSION

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

AGRICULTURAL PRESERVATION AND OPEN SPACE DISTRICT

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

2011 REALIGNMENT

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

SPECIAL DISTRICTS

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

COUNTY OF SONOMA, CALIFORNIA

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2018

(Dollars in Thousands)

	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total
ASSETS				
Cash and investments	\$ 59,999	\$ 15,600	\$ -	\$ 75,599
Cash and investments with trustee	-	-	12,804	12,804
Restricted cash and investments	-	-	-	-
Receivables, net				
Interest and other	5,189	1,070	-	6,259
Assets held for resale	12	-	-	12
Due from other governments	10,202	184	-	10,386
Prepaid expenses and deposits	67	-	-	67
Total assets	<u>\$ 75,469</u>	<u>\$ 16,854</u>	<u>\$ 12,804</u>	<u>\$ 105,127</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued salaries and benefits	\$ 4,222	\$ 570	\$ -	\$ 4,792
Due to other funds	3,972	-	-	3,972
Due to other governments	72	-	-	72
Advances from grantors and third parties	475	2,500	-	2,975
Other liabilities	20	223	-	243
Total liabilities	<u>8,761</u>	<u>3,293</u>	<u>-</u>	<u>12,054</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	47	-	-	47
Total deferred inflows of resources	<u>47</u>	<u>-</u>	<u>-</u>	<u>47</u>
FUND BALANCES				
Nonspendable	80	-	-	80
Restricted	58,638	-	12,804	71,442
Committed	7,943	-	-	7,943
Assigned	-	13,561	-	13,561
Total fund balances	<u>66,661</u>	<u>13,561</u>	<u>12,804</u>	<u>93,026</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 75,469</u>	 <u>\$ 16,854</u>	 <u>\$ 12,804</u>	 <u>\$ 105,127</u>

COUNTY OF SONOMA, CALIFORNIA
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018
(Dollars in Thousands)

	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total
Revenues:				
Taxes	\$ 22,062	\$ -	\$ -	\$ 22,062
Fines, forfeitures and penalties	-	126	-	126
Use of money and property	813	(40)	231	1,004
Intergovernmental	84,067	2,770	-	86,837
Charges for services	1,325	-	-	1,325
Other	6,993	986	5,121	13,100
Total revenues	<u>115,260</u>	<u>3,842</u>	<u>5,352</u>	<u>124,454</u>
Expenditures:				
Current:				
General government	19,078	700	47	19,825
Public protection	31,894	-	-	31,894
Public ways and facilities	709	-	-	709
Health and sanitation	16,427	-	-	16,427
Public assistance	28,168	-	-	28,168
Recreation and cultural services	150	-	-	150
Capital outlay	7,785	13,965	-	21,750
Debt service:				
Principal	55	-	7,120	7,175
Interest and other	15	-	5,685	5,700
Total expenditures	<u>104,281</u>	<u>14,665</u>	<u>12,852</u>	<u>131,798</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,979</u>	<u>(10,823)</u>	<u>(7,500)</u>	<u>(7,344)</u>
Other financing sources (uses):				
Transfers in	1,956	11,754	7,560	21,270
Transfers out	(6,781)	(377)	-	(7,158)
Proceeds from sale of capital assets	6	-	-	6
Total other financing sources (uses)	<u>(4,819)</u>	<u>11,377</u>	<u>7,560</u>	<u>14,118</u>
Special item:				
Special item - transfer of operations	<u>(3,816)</u>	<u>-</u>	<u>-</u>	<u>(3,816)</u>
Net change in fund balance	2,344	554	60	2,958
Fund balance, beginning of year	<u>64,317</u>	<u>13,007</u>	<u>12,744</u>	<u>90,068</u>
Fund balance, end of year	<u>\$ 66,661</u>	<u>\$ 13,561</u>	<u>\$ 12,804</u>	<u>\$ 93,026</u>

COUNTY OF SONOMA, CALIFORNIA

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2018

(Dollars in Thousands)

	Community Investment	Fire and Emergency Services	First 5 Sonoma County Commission	Agricultural Preservation and Open Space District
ASSETS				
Cash and investments	\$ 3,597	\$ 3,607	\$ 11,065	\$ 9,595
Cash and investments with trustee	-	-	-	-
Restricted cash and investments	-	-	-	-
Receivables, net			-	-
Interest and other	5,030	50	-	109
Inventories	-	-	-	-
Due from other governments	47	7	1,532	238
Prepaid items and deposits	13	-	2	52
Total assets	<u>\$ 8,687</u>	<u>\$ 3,664</u>	<u>\$ 12,599</u>	<u>\$ 9,994</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued salaries and benefits	\$ 731	\$ 425	\$ 1,006	\$ 1,945
Due to other funds	-	-	-	-
Due to other governments	-	-	26	46
Advances from grantors and third parties	-	323	152	-
Other liabilities	-	-	-	20
Total liabilities	<u>731</u>	<u>748</u>	<u>1,184</u>	<u>2,011</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	37	10
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>37</u>	<u>10</u>
FUND BALANCES				
Nonspendable	13	-	2	53
Restricted	-	2,916	11,376	7,920
Committed	7,943	-	-	-
Total fund balances	<u>7,956</u>	<u>2,916</u>	<u>11,378</u>	<u>7,973</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,687</u>	<u>\$ 3,664</u>	<u>\$ 12,599</u>	<u>\$ 9,994</u>

2011 Realignment	Special Districts	Total
\$ 22,490	\$ 9,645	\$ 59,999
-	-	-
-	-	-
-	-	5,189
-	12	12
8,109	269	10,202
-	-	67
<u>\$ 30,599</u>	<u>\$ 9,926</u>	<u>\$ 75,469</u>

\$ 38	\$ 77	\$ 4,222
3,972	-	3,972
-	-	72
-	-	475
-	-	20
<u>4,010</u>	<u>77</u>	<u>8,761</u>

-	-	47
-	-	47

-	12	80
26,589	9,837	58,638
-	-	7,943
<u>26,589</u>	<u>9,849</u>	<u>66,661</u>

<u>\$ 30,599</u>	<u>\$ 9,926</u>	<u>\$ 75,469</u>
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COUNTY OF SONOMA, CALIFORNIA
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018
(Dollars in Thousands)

	Community Investment	Fire and Emergency Services	First 5 Sonoma County Commission	Agricultural Preservation and Open Space District
Revenues:				
Taxes	\$ 18,033	\$ 2,636	\$ -	\$ -
Use of money and property	53	36	167	80
Intergovernmental	122	696	4,351	17,438
Charges for services	72	1,252	-	-
Other	983	456	61	224
Total revenues	19,263	5,076	4,579	17,742
Expenditures:				
Current:				
General government	10,226	-	-	8,852
Public protection	-	6,274	-	-
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	6,883	-
Public assistance	-	-	-	-
Recreation and cultural services	-	-	-	-
Capital outlay	-	-	-	7,783
Debt service:				
Principal	-	55	-	-
Interest and other	-	15	-	-
Total expenditures	10,226	6,344	6,883	16,635
 Excess (deficiency) of revenues over (under) expenditures	 9,037	 (1,268)	 (2,304)	 1,107
Other financing sources (uses):				
Transfers in	274	1,172	2	21
Transfers out	(6,592)	(11)	-	(18)
Proceeds from sale of capital assets	-	-	-	6
Total other financing sources (uses):	(6,318)	1,161	2	9
Special item:				
Special item - transfer of operations	-	-	-	-
 Net change in fund balance	 2,719	 (107)	 (2,302)	 1,116
Fund balance, beginning of year	5,237	3,023	13,680	6,857
Fund balance, end of year	\$ 7,956	\$ 2,916	\$ 11,378	\$ 7,973

2011 Realignment	Special Districts	Total
\$ -	\$ 1,393	\$ 22,062
362	115	813
60,444	1,016	84,067
-	1	1,325
5,269	-	6,993
<u>66,075</u>	<u>2,525</u>	<u>115,260</u>
-	-	19,078
25,620	-	31,894
-	709	709
9,544	-	16,427
27,017	1,151	28,168
-	150	150
-	2	7,785
-	-	55
-	-	15
<u>62,181</u>	<u>2,012</u>	<u>104,281</u>
<u>3,894</u>	<u>513</u>	<u>10,979</u>
-	487	1,956
-	(160)	(6,781)
-	-	6
-	<u>327</u>	<u>(4,819)</u>
-	<u>(3,816)</u>	<u>(3,816)</u>
3,894	(2,976)	2,344
<u>22,695</u>	<u>12,825</u>	<u>64,317</u>
<u>\$ 26,589</u>	<u>\$ 9,849</u>	<u>\$ 66,661</u>

NONMAJOR ENTERPRISE FUNDS

FAIR

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

MARINAS

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

OTHER DISTRICTS

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

COUNTY OF SONOMA, CALIFORNIA
Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2018
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 1,604	\$ 1,664	\$ 3,268
Cash and investments with trustee	2,448	26	-	2,474
Restricted cash and investments	-	128	-	128
Accounts receivable	1,076	45	35	1,156
Inventories	-	63	-	63
Prepaid expenses and deposits	-	19	-	19
Total current assets	<u>3,524</u>	<u>1,885</u>	<u>1,699</u>	<u>7,108</u>
Noncurrent assets				
Capital assets:				
Nondepreciable	1,189	741	274	2,204
Depreciable, net	11,091	3,525	4,570	19,186
Total noncurrent assets	<u>12,280</u>	<u>4,266</u>	<u>4,844</u>	<u>21,390</u>
Total assets	<u>15,804</u>	<u>6,151</u>	<u>6,543</u>	<u>28,498</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	961	76	-	1,037
Deferred amounts related to OPEB	-	43	-	43
Total deferred outflows of resources	<u>961</u>	<u>119</u>	<u>-</u>	<u>1,080</u>
LIABILITIES				
Current liabilities:				
Accounts payable	788	77	43	908
Due to other funds	-	-	11	11
Due to other governments	-	82	-	82
Deposits from others	156	128	-	284
Interest payable	-	67	11	78
Compensated absences	216	29	-	245
Advances from other governments	-	299	68	367
Notes payable	100	-	-	100
Loans payable	-	2	8	10
Other liabilities payable from restricted assets	121	15	-	136
Total current liabilities	<u>1,381</u>	<u>699</u>	<u>141</u>	<u>2,221</u>
Noncurrent portion of long-term liabilities:				
Advances from other funds	-	-	105	105
Advances from other governments	-	1,336	1,036	2,372
Notes payable	300	-	-	300
Loans payable	-	11	27	38
Net pension liabilities	2,030	146	-	2,176
Net OPEB liabilities	-	323	-	323
Total noncurrent liabilities	<u>2,330</u>	<u>1,816</u>	<u>1,168</u>	<u>5,314</u>
Total liabilities	<u>3,711</u>	<u>2,515</u>	<u>1,309</u>	<u>7,535</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	139	107	-	246
Deferred amounts related to OPEB	-	19	-	19
Total deferred inflows of resources	<u>139</u>	<u>126</u>	<u>-</u>	<u>265</u>
NET POSITION				
Net investment in capital assets	11,880	2,618	3,704	18,202
Restricted	274	-	(76)	198
Unrestricted	761	1,011	1,606	3,378
Total net position	<u>\$ 12,915</u>	<u>\$ 3,629</u>	<u>\$ 5,234</u>	<u>\$ 21,778</u>

COUNTY OF SONOMA, CALIFORNIA
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2018
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
Operating revenues:				
Charges for services	\$ -	\$ 1,118	\$ 1,215	\$ 2,333
Rents and concessions	11,268	956	-	12,224
Sales and miscellaneous	-	190	18	208
Total operating revenues	<u>11,268</u>	<u>2,264</u>	<u>1,233</u>	<u>14,765</u>
Operating expenses:				
Services and supplies	4,971	1,475	832	7,278
Salaries and employee benefits	5,688	677	-	6,365
Depreciation and amortization	810	105	210	1,125
Total operating expenses	<u>11,469</u>	<u>2,257</u>	<u>1,042</u>	<u>14,768</u>
Operating income (loss)	<u>(201)</u>	<u>7</u>	<u>191</u>	<u>(3)</u>
Nonoperating revenues (expenses):				
Investment income	4	21	24	49
Interest expense	(26)	(75)	(50)	(151)
Intergovernmental	-	-	47	47
Miscellaneous	(10)	-	-	(10)
Total nonoperating revenues (expenses)	<u>(32)</u>	<u>(54)</u>	<u>21</u>	<u>(65)</u>
Income (loss) before capital contributions and transfers	(233)	(47)	212	(68)
Capital contributions	549	-	-	549
Transfers in	-	438	-	438
Transfers out	-	(1)	-	(1)
	<u>549</u>	<u>437</u>	<u>-</u>	<u>986</u>
Change in net position	316	390	212	918
Net position, beginning of year as restated	<u>12,599</u>	<u>3,239</u>	<u>5,022</u>	<u>20,860</u>
Net position, end of year	<u>\$ 12,915</u>	<u>\$ 3,629</u>	<u>\$ 5,234</u>	<u>\$ 21,778</u>

COUNTY OF SONOMA, CALIFORNIA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2018
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
Cash flows from operating activities:				
Received from customers	\$ 11,422	\$ 2,302	\$ 1,235	\$ 14,959
Payments to suppliers for goods and services	(4,855)	(1,485)	(798)	(7,138)
Payments to employees for services	(5,631)	(678)	-	(6,309)
Net cash provided by (used in) operating activities	<u>936</u>	<u>139</u>	<u>437</u>	<u>1,512</u>
Cash flows from noncapital financing activities:				
Transfers in	-	438	-	438
Transfers out	-	(1)	-	(1)
Advances made to other funds	-	-	(59)	(59)
Miscellaneous noncapital financing sources (uses)	(10)	1	-	(9)
Net cash provided by noncapital financing activities	<u>(10)</u>	<u>438</u>	<u>(59)</u>	<u>369</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(689)	(175)	(43)	(907)
Proceeds from notes payable	800	-	-	800
Proceeds from loans payable	-	(2)	35	33
Repayments to other governments	(1,600)	(286)	(468)	(2,354)
Interest paid	(26)	(87)	(57)	(170)
Net cash provided by (used in) capital and related financing activities	<u>(1,515)</u>	<u>(550)</u>	<u>(533)</u>	<u>(2,598)</u>
Cash flows from investing activities:				
Interest received on investments	4	21	24	49
Net cash provided by (used in) investing activities	<u>4</u>	<u>21</u>	<u>24</u>	<u>49</u>
Net increase (decrease) in cash and cash equivalents	(585)	48	(131)	(668)
Cash and cash equivalents, beginning of year	3,033	1,710	1,795	6,538
Cash and cash equivalents, end of year	<u>\$ 2,448</u>	<u>\$ 1,758</u>	<u>\$ 1,664</u>	<u>\$ 5,870</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (201)	\$ 7	\$ 191	\$ (3)
Depreciation and amortization	810	105	210	1,125
Net pension activity	(1)	(8)	-	(9)
Net OPEB activity	-	(7)	-	(7)
Changes in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	27	53	2	82
Inventories	-	(17)	-	(17)
Other assets	(45)	(19)	-	(64)
Increase (decrease) in:				
Accounts payable	224	25	34	283
Customer Deposits	126	1	-	127
Compensated absences	(4)	(1)	-	(5)
Net cash provided by (used in) operating activities	<u>\$ 936</u>	<u>\$ 139</u>	<u>\$ 437</u>	<u>\$ 1,512</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments	\$ -	\$ 1,604	\$ 1,664	\$ 3,268
Cash and investments with trustee	2,448	154	-	2,602
Total cash and cash equivalents	<u>\$ 2,448</u>	<u>\$ 1,758</u>	<u>\$ 1,664</u>	<u>\$ 5,870</u>
Noncash investing, capital and financing activities:				
Capital contributions receivable	\$ 549	\$ -	\$ -	\$ 549

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Capital Projects Fund
 For the Fiscal Year Ended June 30, 2018
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines Forfeitures and penalties	\$ -	\$ 126	\$ 126	\$ -
Use of money and property	-	-	(40)	(40)
Intergovernmental	51,429	53,688	2,770	(50,918)
Other revenue	1,609	1,407	986	(421)
Total revenues	<u>53,038</u>	<u>55,221</u>	<u>3,842</u>	<u>(51,379)</u>
EXPENDITURES:				
General government				
Administration Center	1,873	1,991	1,482	509
Hall of Justice	1,147	528	188	340
Main Adult Detention Facility	58,100	57,263	4,983	52,280
Memorial Buildings	1,962	2,089	1,446	643
Misc. Capital Projects	13,463	12,525	3,572	8,953
Regional Parks	13,605	19,100	7,271	11,829
Total expenditures	<u>90,150</u>	<u>93,496</u>	<u>18,942</u>	<u>74,554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(37,112)</u>	<u>(38,275)</u>	<u>(15,100)</u>	<u>23,175</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	24,589	27,128	12,086	(15,042)
Transfers out	(799)	(1,312)	(709)	603
Other Financing Sources	-	530	-	(530)
Total other financing sources (uses)	<u>23,790</u>	<u>26,346</u>	<u>11,377</u>	<u>(14,969)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (13,322)</u>	<u>\$ (11,929)</u>	<u>\$ (3,723)</u>	<u>\$ 8,206</u>
GAAP basis difference - encumbrances			4,277	
Fund balance - beginning of year			<u>13,007</u>	
Fund balance - end of year			<u>\$ 13,561</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2018
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 230	\$ 231	\$ 1
Other revenue	-	5,121	5,121	-
Total revenues	<u>-</u>	<u>5,351</u>	<u>5,352</u>	<u>1</u>
EXPENDITURES:				
DEBT SERVICE				
Bonds Debt Service	7,504	7,504	7,503	1
Tobacco Settlement Bonds	-	5,351	5,349	2
Total expenditures	<u>7,504</u>	<u>12,855</u>	<u>12,852</u>	<u>3</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,504)</u>	<u>(7,504)</u>	<u>(7,500)</u>	<u>4</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	7,504	7,562	7,560	(2)
Total other financing sources (uses)	<u>7,504</u>	<u>7,562</u>	<u>7,560</u>	<u>(2)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 58</u>	\$ 60	<u>\$ 2</u>
Fund balance - beginning of year			<u>12,744</u>	
Fund balance - end of year			<u>\$ 12,804</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Community Investment Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 16,261	\$ 16,261	\$ 18,033	\$ 1,772
Use of money and property	-	-	53	53
Intergovernmental	128	180	122	(58)
Charges for services	100	100	72	(28)
Miscellaneous	141	219	983	764
Total revenues	<u>16,630</u>	<u>16,760</u>	<u>19,263</u>	<u>2,503</u>
EXPENDITURES:				
General government				
Community Investment Fund	5,007	4,983	3,394	1,589
Economic Development Board	7,451	7,929	7,296	633
Reimbursements	(369)	(369)	(283)	(86)
Total expenditures	<u>12,089</u>	<u>12,543</u>	<u>10,407</u>	<u>2,136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,541</u>	<u>4,217</u>	<u>8,856</u>	<u>4,639</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	298	378	274	(104)
Transfers out	(5,542)	(6,672)	(6,592)	80
Total other financing sources (uses)	<u>(5,244)</u>	<u>(6,294)</u>	<u>(6,318)</u>	<u>(24)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (703)</u>	<u>\$ (2,077)</u>	\$ 2,538	<u>\$ 4,615</u>
GAAP basis difference - encumbrances			181	
Fund balance - beginning of year			<u>5,237</u>	
Fund balance - end of year			<u>\$ 7,956</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Sonoma County Fire & Emergency Services Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 2,465	\$ 2,465	\$ 2,636	\$ 171
Use of money and property	27	27	36	9
Intergovernmental	279	629	696	67
Charges for services	1,369	1,369	1,252	(117)
Other revenue	808	847	456	(391)
Total revenues	<u>4,948</u>	<u>5,337</u>	<u>5,076</u>	<u>(261)</u>
EXPENDITURES:				
Public protection				
CSA #40 Fire Services Districts	6,604	7,185	6,333	852
County Facility Districts	<u>23</u>	<u>25</u>	<u>23</u>	<u>2</u>
Total expenditures	<u>6,627</u>	<u>7,210</u>	<u>6,356</u>	<u>854</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,679)</u>	<u>(1,873)</u>	<u>(1,280)</u>	<u>(593)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,558	1,583	1,446	(137)
Transfers out	<u>(277)</u>	<u>(301)</u>	<u>(285)</u>	<u>16</u>
Total other financing sources (uses)	<u>1,281</u>	<u>1,282</u>	<u>1,161</u>	<u>(121)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (398)</u>	<u>\$ (591)</u>	\$ (119)	<u>\$ 472</u>
GAAP basis difference - encumbrances			12	
Fund balance - beginning of year			<u>3,023</u>	
Fund balance - end of year			<u>\$ 2,916</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 First 5 Sonoma County Commission Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 104	\$ 104	\$ 167	\$ 63
Intergovernmental	3,754	4,668	4,351	(317)
Miscellaneous	-	-	61	61
Total revenues	<u>3,858</u>	<u>4,772</u>	<u>4,579</u>	<u>(193)</u>
EXPENDITURES:				
Health and sanitation	5,868	8,012	7,284	728
Reimbursement	<u>(157)</u>	<u>(157)</u>	<u>(88)</u>	<u>(69)</u>
Total expenditures	<u>5,711</u>	<u>7,855</u>	<u>7,196</u>	<u>659</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,853)</u>	<u>(3,083)</u>	<u>(2,617)</u>	<u>466</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2	2	-
Total other financing uses	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,853)</u>	<u>\$ (3,081)</u>	<u>\$ (2,615)</u>	<u>\$ 466</u>
GAAP basis difference - encumbrances			313	
Fund balance - beginning of year			<u>13,680</u>	
Fund balance - end of year			<u>\$ 11,378</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Agricultural Preservation and Open Space District Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 60	\$ 60	\$ 80	\$ 20
Intergovernmental	37,362	37,362	17,438	(19,924)
Miscellaneous	750	750	224	(526)
Total revenues	<u>38,172</u>	<u>38,172</u>	<u>17,742</u>	<u>(20,430)</u>
EXPENDITURES:				
Recreation and cultural services	38,175	41,406	21,208	20,198
Reimbursements	-	-	(392)	392
Total expenditures	<u>38,175</u>	<u>41,406</u>	<u>20,816</u>	<u>20,590</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3)</u>	<u>(3,234)</u>	<u>(3,074)</u>	<u>160</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	686	686	505	(181)
Transfers out	(683)	(683)	(502)	181
Proceeds from sale of capital assets	-	-	6	6
Total other financing sources (uses)	<u>3</u>	<u>3</u>	<u>9</u>	<u>6</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (3,231)</u>	<u>\$ (3,065)</u>	<u>\$ 166</u>
GAAP basis difference - encumbrances			4,181	
Fund balance - beginning of year			<u>6,857</u>	
Fund balance - end of year			<u>\$ 7,973</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 2011 Realignment Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 33	\$ 33	\$ 362	\$ 329
Intergovernmental	60,943	61,019	60,444	(575)
Other revenue	-	935	5,269	4,334
Total revenues	<u>60,976</u>	<u>61,987</u>	<u>66,075</u>	<u>4,088</u>
EXPENDITURES:				
Public protection				
District Attorney	256	332	331	1
Probation	19,524	19,956	16,628	3,328
Public Defender	185	185	160	25
Sheriff				
Law Enforcement	8,724	8,724	7,542	1,182
Detention	959	959	959	-
Total public protection	<u>29,648</u>	<u>30,156</u>	<u>25,620</u>	<u>4,536</u>
Health and sanitation				
Health Services - Special revenue	9,762	9,762	9,544	218
Public assistance				
Human Services - Special revenue	26,105	27,040	27,017	23
Total expenditures	<u>65,515</u>	<u>66,958</u>	<u>62,181</u>	<u>4,777</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,539)</u>	<u>(4,971)</u>	<u>3,894</u>	<u>8,865</u>
NET CHANGE IN FUND BALANCE	<u>\$ (4,539)</u>	<u>\$ (4,971)</u>	<u>\$ 3,894</u>	<u>\$ 8,865</u>
Fund balance - beginning of year			<u>22,695</u>	
Fund balance - end of year			<u>\$ 26,589</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Special Districts Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive
	Original	Final		(Negative)
REVENUES:				
Taxes	\$ 1,165	\$ 1,165	\$ 1,393	\$ 228
Use of money and property	66	66	115	49
Intergovernmental	1,089	1,077	1,016	(61)
Charges for services	1	1	1	-
Total revenues	<u>2,321</u>	<u>2,309</u>	<u>2,525</u>	<u>216</u>
EXPENDITURES:				
Public protection				
Rio Nido Geo Haz Abatement District	10	10	-	10
Public ways and facilities:				
County Services Area #41				
Airport Business Center	5	5	-	5
Countywide Lighting	1,653	1,653	699	954
Meadowlark	5	5	-	5
Roseland	50	50	-	50
Permanent Road Districts	63	65	10	55
Total Public Ways and facilities	<u>1,776</u>	<u>1,778</u>	<u>709</u>	<u>1,069</u>
Public assistance:				
In Home Support Services Public Authority	1,436	1,571	1,152	419
Recreation and cultural services:				
CSA #41 District Parks	225	225	151	74
Total expenditures	<u>3,447</u>	<u>3,584</u>	<u>2,012</u>	<u>1,572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,126)</u>	<u>(1,275)</u>	<u>513</u>	<u>1,788</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	420	568	516	(52)
Transfers out	<u>(189)</u>	<u>(189)</u>	<u>(189)</u>	<u>-</u>
Total other financing sources (uses)	<u>231</u>	<u>379</u>	<u>327</u>	<u>(52)</u>
SPECIAL ITEMS				
Special Item (Equity Transfer)	<u>-</u>	<u>-</u>	<u>(3,816)</u>	<u>(3,816)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (895)</u>	<u>\$ (896)</u>	<u>\$ (2,976)</u>	<u>\$ (2,080)</u>
Fund balance - beginning of year			<u>12,825</u>	
Fund balance - end of year			<u>\$ 9,849</u>	

INTERNAL SERVICE FUNDS

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

INSURANCE

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

HEAVY EQUIPMENT REPLACEMENT

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

ENTERPRISE RESOURCE PLANNING SYSTEM

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

EMPLOYEE RETIREMENT

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

COUNTY OF SONOMA, CALIFORNIA
Internal Service Funds
Combining Statement of Net Position
June 30, 2018
(Dollars in Thousands)

	Insurance	Heavy Equipment Replacement	ERP System	Employee Retirement	Other Postemployment Benefits (OPEB)	Total
ASSETS						
Current assets:						
Cash and investments	\$ 63,401	\$ 311	\$ 4,519	\$ 6,941	\$ 1,415	\$ 76,587
Cash and investments with trustee	1,250	-	-	179	-	1,429
Accounts receivable	318	-	12	28	-	358
Due from other funds	15,779	-	-	-	-	15,779
Due from other governments	223	-	-	-	-	223
Prepaid expenses	1	-	-	-	-	1
Total current assets	<u>80,972</u>	<u>311</u>	<u>4,531</u>	<u>7,148</u>	<u>1,415</u>	<u>94,377</u>
Noncurrent assets:						
Capital assets:						
Depreciable, net	-	3,502	10,293	-	-	13,795
Total noncurrent assets	<u>-</u>	<u>3,502</u>	<u>10,293</u>	<u>-</u>	<u>-</u>	<u>13,795</u>
Total assets	<u>80,972</u>	<u>3,813</u>	<u>14,824</u>	<u>7,148</u>	<u>1,415</u>	<u>108,172</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts related to pensions	398	-	-	79,666	-	80,064
Deferred amounts related to OPEB	214	-	-	-	26,064	26,278
Total deferred outflows of resources	<u>612</u>	<u>-</u>	<u>-</u>	<u>79,666</u>	<u>26,064</u>	<u>106,342</u>
LIABILITIES						
Current liabilities:						
Accounts payable	3,041	38	35	2,013	266	5,393
Due to other funds	-	-	1,632	-	-	1,632
Due to other governments	381	-	-	-	-	381
Interest payable	-	-	-	1,797	-	1,797
Compensated absences	268	-	-	-	-	268
Self-funded insurance	10,343	-	-	-	-	10,343
Bonds payable	-	-	-	27,555	-	27,555
Other liabilities	129	-	-	-	4,340	4,469
Total current liabilities	<u>14,162</u>	<u>38</u>	<u>1,667</u>	<u>31,365</u>	<u>4,606</u>	<u>51,838</u>
Noncurrent portion of long-term liabilities:						
Self-funded insurance	31,034	-	-	-	-	31,034
Advances from other funds	-	-	10,079	-	-	10,079
Bonds payable	-	-	-	352,370	-	352,370
Net pension liability	1,017	-	-	130,938	-	131,955
Net OPEB liability	2,476	-	-	-	297,211	299,687
Total noncurrent liabilities	<u>34,527</u>	<u>-</u>	<u>10,079</u>	<u>483,308</u>	<u>297,211</u>	<u>825,125</u>
Total liabilities	<u>48,689</u>	<u>38</u>	<u>11,746</u>	<u>514,673</u>	<u>301,817</u>	<u>876,963</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred amounts related to pensions	897	-	-	112,244	-	113,141
Deferred amounts related to OPEB	277	-	-	-	17,735	18,012
Total deferred inflows of resources	<u>1,174</u>	<u>-</u>	<u>-</u>	<u>112,244</u>	<u>17,735</u>	<u>131,153</u>
NET POSITION						
Net investment in capital assets	-	3,502	10,293	-	-	13,795
Unrestricted (deficit)	31,721	273	(7,215)	(540,103)	(292,073)	(807,397)
Total net position (deficit)	<u>\$ 31,721</u>	<u>\$ 3,775</u>	<u>\$ 3,078</u>	<u>\$ (540,103)</u>	<u>\$ (292,073)</u>	<u>\$ (793,602)</u>

COUNTY OF SONOMA, CALIFORNIA
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2018
(Dollars in Thousands)

	Insurance	Heavy Equipment Replacement	ERP System	Employee Retirement	Other Postemployment Benefits (OPEB)	Total
Operating revenues:						
Charges for services	\$ 35,645	\$ -	\$ 10,513	\$ 105,278	\$ 29,033	\$ 180,469
Rents and concessions	-	2,152	-	-	-	2,152
Sales and miscellaneous	2,513	50	-	-	-	2,563
Total operating revenues	<u>38,158</u>	<u>2,202</u>	<u>10,513</u>	<u>105,278</u>	<u>29,033</u>	<u>185,184</u>
Operating expenses:						
Services and supplies	6,511	2,414	6,956	-	-	15,881
Salaries and employee benefits	4,098	-	-	47,573	22,387	74,058
Claims expenses	23,239	-	-	-	-	23,239
Depreciation and amortization	-	643	2,891	-	-	3,534
Total operating expenses	<u>33,848</u>	<u>3,057</u>	<u>9,847</u>	<u>47,573</u>	<u>22,387</u>	<u>116,712</u>
Operating income (loss)	<u>4,310</u>	<u>(855)</u>	<u>666</u>	<u>57,705</u>	<u>6,646</u>	<u>68,472</u>
Nonoperating revenues (expenses):						
Investment income	888	5	72	247	63	1,275
Interest expense	-	-	(14)	(22,004)	-	(22,018)
Total nonoperating revenues (expense)	<u>888</u>	<u>5</u>	<u>58</u>	<u>(21,757)</u>	<u>63</u>	<u>(20,743)</u>
Income (loss) before capital contributions and transfers	5,198	(850)	724	35,948	6,709	47,729
Transfers in	23	235	-	-	-	258
Transfers out	(296)	-	(322)	-	-	(618)
	<u>(273)</u>	<u>235</u>	<u>(322)</u>	<u>-</u>	<u>-</u>	<u>(360)</u>
Special item:						
Special item - transfer of operations	-	-	-	(178)	2,163	1,985
Change in net position	4,925	(615)	402	35,770	8,872	49,354
Net position (deficit), beginning of year as restated	<u>26,796</u>	<u>4,390</u>	<u>2,676</u>	<u>(575,873)</u>	<u>(300,945)</u>	<u>(842,956)</u>
Net position (deficit), end of year	<u>\$ 31,721</u>	<u>\$ 3,775</u>	<u>\$ 3,078</u>	<u>\$ (540,103)</u>	<u>\$ (292,073)</u>	<u>\$ (793,602)</u>

COUNTY OF SONOMA, CALIFORNIA
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2018
(Dollars in Thousands)

	Insurance	Heavy Equipment Replacement	ERP System	Employee Retirement	Other Postemployment Benefits (OPEB)	Total
Cash flows from operating activities:						
Received from interfund services provided	\$ 38,061	\$ 2,202	\$ 10,515	\$ 89,044	\$ 16,970	\$ 156,792
Payments to suppliers for goods and services	(27,847)	(2,385)	(6,967)	(1,344)	4,606	(33,937)
Payments to employees for services	(2,954)	-	-	(47,573)	(22,387)	(72,914)
Net cash provided by (used in) operating activities	<u>7,260</u>	<u>(183)</u>	<u>3,548</u>	<u>40,127</u>	<u>(811)</u>	<u>49,941</u>
Cash flows from noncapital financing activities:						
Transfers in	23	235	-	-	-	258
Transfers out	(296)	-	(322)	-	-	(618)
Advances to other funds	91	-	(1,410)	-	-	(1,319)
Proceeds from other governments	439	-	-	-	-	439
Principal paid on bonds	-	-	-	(24,260)	-	(24,260)
Special item - transfer of operations	-	-	-	(178)	2,163	1,985
Interest paid	-	-	(14)	(22,004)	-	(22,018)
Net cash provided by noncapital financing activities	<u>257</u>	<u>235</u>	<u>(1,746)</u>	<u>(46,442)</u>	<u>2,163</u>	<u>(45,533)</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	-	(33)	(25)	-	-	(58)
Principal paid on notes payable	-	-	(1,063)	-	-	(1,063)
Interest paid	-	-	(6)	(88)	-	(94)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(33)</u>	<u>(1,094)</u>	<u>(88)</u>	<u>-</u>	<u>(1,215)</u>
Cash flows from investing activities:						
Interest received on investments	888	5	72	247	63	1,275
Net cash provided by (used in) investing activities	<u>888</u>	<u>5</u>	<u>72</u>	<u>247</u>	<u>63</u>	<u>1,275</u>
Net increase (decrease) in cash and cash equivalents	8,405	24	780	(6,156)	1,415	4,468
Cash and cash equivalents, beginning of year	56,246	287	3,739	13,276	-	73,548
Cash and cash equivalents, end of year	<u>\$ 64,651</u>	<u>\$ 311</u>	<u>\$ 4,519</u>	<u>\$ 7,120</u>	<u>\$ 1,415</u>	<u>\$ 78,016</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 4,310	\$ (855)	\$ 666	\$ 57,705	\$ 6,646	\$ 68,472
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	-	643	2,891	-	-	3,534
Net pension activity	(73)	-	-	(16,237)	-	(16,310)
Net OPEB activity	(153)	-	-	-	(12,063)	(12,216)
Miscellaneous	(31)	-	-	-	4,340	4,309
Changes in assets and liabilities:						
Decrease (increase) in:						
Accounts receivable	129	-	2	3	-	134
Prepaid expenses	2	-	-	-	-	2
Increase (decrease) in:						
Accounts payable	1,932	29	(11)	(1,344)	266	872
Compensated absences	(11)	-	-	-	-	(11)
Self-funded insurance	1,155	-	-	-	-	1,155
Net cash provided by (used in) operating activities	<u>\$ 7,260</u>	<u>\$ (183)</u>	<u>\$ 3,548</u>	<u>\$ 40,127</u>	<u>\$ (811)</u>	<u>\$ 49,941</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Cash and investments	\$ 63,401	\$ 311	\$ 4,519	\$ 6,941	\$ 1,415	\$ 76,587
Cash and investments with trustee	1,250	-	-	179	-	1,429
Total cash and cash equivalents	<u>\$ 64,651</u>	<u>\$ 311</u>	<u>\$ 4,519</u>	<u>\$ 7,120</u>	<u>\$ 1,415</u>	<u>\$ 78,016</u>

AGENCY FUND

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

COUNTY OF SONOMA, CALIFORNIA
Agency Fund
Statement of Changes in Fiduciary Assets and Liabilities
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	<u>Balance,</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2018</u>
ASSETS:				
Current assets:				
Cash and investments	\$ 309,381	\$ 1,868,804	\$ (1,824,770)	\$ 353,415
Receivables:				
Taxes	13,737	7,973	(6,992)	14,718
Interest and other	6,965	33,166	(31,119)	9,012
Due from other agencies	3,744	3,556	(3,744)	3,556
Total assets	<u>\$ 333,827</u>	<u>\$ 1,913,499</u>	<u>\$ (1,866,625)</u>	<u>\$ 380,701</u>
LIABILITIES:				
Due to other agencies	<u>\$ 333,827</u>	<u>\$ 1,834,249</u>	<u>\$ (1,787,375)</u>	<u>\$ 380,701</u>
Total liabilities	<u>\$ 333,827</u>	<u>\$ 1,834,249</u>	<u>\$ (1,787,375)</u>	<u>\$ 380,701</u>

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

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

SONOMA VALLEY COUNTY SANITATION DISTRICT

RUSSIAN RIVER COUNTY SANITATION DISTRICT

SOUTH PARK COUNTY SANITATION DISTRICT

OCCIDENTAL COUNTY SANITATION DISTRICT

COUNTY OF SONOMA, CALIFORNIA
Discretely Presented Nonmajor Component Units
Combining Statement of Net Position
June 30, 2018
(Dollars in Thousands)

	Sonoma Valley County Sanitation District	Russian River County Sanitation District	South Park County Sanitation District	Occidental County Sanitation District	Total
ASSETS					
Cash and investments	\$ 17,551	\$ 2,597	\$ 10,693	\$ 2,277	\$ 33,118
Restricted cash and investments	5,221	871	416	-	6,508
Receivables, net	747	332	98	22	1,199
Due from other governments	166	-	-	279	445
Prepaid expenses and deposits	6	-	-	-	6
Capital assets:					
Nondepreciable	12,592	272	2,449	1,274	16,587
Depreciable, net	60,603	22,626	14,847	2,150	100,226
Total Assets	<u>96,886</u>	<u>26,698</u>	<u>28,503</u>	<u>6,002</u>	<u>158,089</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	83	-	101	-	184
Total deferred outflows of resources	<u>83</u>	<u>-</u>	<u>101</u>	<u>-</u>	<u>184</u>
LIABILITIES					
Accounts payable and accrued liabilities	440	169	629	244	1,482
Unearned revenue	-	-	1,090	-	1,090
Interest payable	332	35	10	-	377
Long-term liabilities:					
Due within one year	1,741	402	180	-	2,323
Due in more than one year	20,041	2,813	3,217	-	26,071
Total liabilities	<u>22,554</u>	<u>3,419</u>	<u>5,126</u>	<u>244</u>	<u>31,343</u>
NET POSITION					
Net investment in capital assets	52,701	19,683	15,646	3,424	91,454
Restricted	4,550	868	405	-	5,823
Unrestricted	17,164	2,728	7,427	2,334	29,653
Total net position	<u>\$ 74,415</u>	<u>\$ 23,279</u>	<u>\$ 23,478</u>	<u>\$ 5,758</u>	<u>\$ 126,930</u>

COUNTY OF SONOMA, CALIFORNIA
Discretely Presented Nonmajor Component Units
Combining Statement of Activities
For the Year Ended June 30, 2018
(Dollars in Thousands)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTION/PROGRAM ACTIVITIES:				
Component units:				
Sonoma Valley Sanitation District	\$ 13,511	\$ 15,317	\$ 50	\$ 636
Russian River Sanitation District	6,717	4,747	570	210
South Park Sanitation District	2,899	3,766	66	127
Occidental Sanitation District	2,181	590	1,041	860
Total component units	\$ 25,308	\$ 24,420	\$ 1,727	\$ 1,833

GENERAL REVENUES:

Property Tax

Unrestricted investment earnings

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

Net (Expense) Revenue and Changes in Net Position				
Nonmajor Discrete Component Units				
Sonoma Valley County Sanitation District	Russian River County Sanitation District	South Park County Sanitation District	Occidental County Sanitation District	Total
\$ 2,492	\$ -	\$ -	\$ -	\$ 2,492
-	(1,190)	-	-	(1,190)
-	-	1,060	-	1,060
-	-	-	310	310
<u>2,492</u>	<u>(1,190)</u>	<u>1,060</u>	<u>310</u>	<u>2,672</u>
-	60	-	-	60
<u>258</u>	<u>68</u>	<u>119</u>	<u>30</u>	<u>475</u>
<u>258</u>	<u>128</u>	<u>119</u>	<u>30</u>	<u>535</u>
2,750	(1,062)	1,179	340	3,207
<u>71,665</u>	<u>24,341</u>	<u>22,299</u>	<u>5,418</u>	<u>123,723</u>
<u>\$ 74,415</u>	<u>\$ 23,279</u>	<u>\$ 23,478</u>	<u>\$ 5,758</u>	<u>\$ 126,930</u>

FUNCTION/PROGRAM ACTIVITIES:

Component units:

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

GENERAL REVENUES:

Property Tax
Unrestricted investment earnings

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year



STATISTICAL SECTION

(UNAUDITED)

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

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

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12 (1)</u> <u>as restated</u>	<u>2012-13 (2)</u> <u>as restated</u>
Governmental activities					
Net investment in capital assets	\$ 639,694	\$ 679,921	\$ 759,723	\$ 1,025,895	\$ 1,040,466
Restricted	266,458	249,264	319,824	232,061	234,551
Unrestricted	116,262	85,857	57,518	7,420	55,683
Total governmental activities net position	<u>\$ 1,022,414</u>	<u>\$ 1,015,042</u>	<u>\$ 1,137,065</u>	<u>\$ 1,265,376</u>	<u>\$ 1,330,700</u>
Business-type activities					
Net investment in capital assets	316,361	326,402	329,814	96,064	99,990
Restricted	15,053	13,199	13,259	737	883
Unrestricted	(21,646)	29,617	31,018	(14,689)	(16,116)
Total business-type activities net position	<u>\$ 309,768</u>	<u>\$ 369,218</u>	<u>\$ 374,091</u>	<u>\$ 82,112</u>	<u>\$ 84,757</u>
Total government					
Net investment in capital assets	956,055	1,006,323	1,089,537	1,121,959	1,140,456
Restricted	281,511	262,463	333,083	232,798	235,434
Unrestricted	94,616	115,474	88,536	(7,269)	39,567
Total primary government net position	<u>\$ 1,332,182</u>	<u>\$ 1,384,260</u>	<u>\$ 1,511,156</u>	<u>\$ 1,347,488</u>	<u>\$ 1,415,457</u>

Notes:

- (1) FY 2011-12 net position was restated for the implementation of GASB 61 and restatement of capital assets.
- (2) FY 2012-13 net position was restated for the implementation of GASB 65.
- (3) FY 2013-14 net position was restated primarily for the implementation of GASB 68.
- (4) FY 2015-16 Business Activities net position was restated for SCEIP consolidation with Public Financing Authority Trust Funds (PFA)

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

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

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

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12 (1)</u> <u>as restated</u>	<u>2012-13 (2)</u> <u>as restated</u>
Expenses					
Governmental activities					
General government	\$ 98,084	\$ 102,272	\$ 98,919	\$ 73,075	\$ 87,504
Public protection	260,005	270,306	238,008	229,093	241,671
Public ways and facilities	35,382	32,958	37,790	32,421	33,573
Health and sanitation	137,012	130,761	125,551	111,819	116,742
Public assistance	220,082	233,972	223,126	173,641	186,547
Education	18,933	18,409	16,642	870	605
Recreation and cultural services	15,475	15,290	13,191	12,560	12,465
Interest on long-term debt	31,962	35,320	47,045	43,675	43,801
Total governmental activities expenses	<u>\$ 816,935</u>	<u>\$ 839,288</u>	<u>\$ 800,272</u>	<u>\$ 677,154</u>	<u>\$ 722,908</u>
Business-type activities					
Refuse	36,398	(24,419)	32,712	33,169	32,803
Airport	-	-	-	3,985	4,283
Energy Independence Program	-	-	-	4,487	3,681
Transit	-	-	-	15,617	15,967
Fair	-	-	-	10,901	10,743
Marinas	1,995	1,638	1,933	2,482	2,284
Water Agency	53,009	53,651	50,720	-	-
Sonoma Valley County Sanitation District	11,798	13,242	12,063	-	-
Other business-type activities	38,952	39,758	41,754	1,769	1,885
Total business-type activities expenses	<u>\$ 142,152</u>	<u>\$ 83,870</u>	<u>\$ 139,182</u>	<u>\$ 72,410</u>	<u>\$ 71,646</u>
Total primary government	<u>\$ 959,087</u>	<u>\$ 923,158</u>	<u>\$ 939,454</u>	<u>\$ 677,226</u>	<u>\$ 722,980</u>

Notes:

- (1) FY 2011-12 net position was restated for the implementation of GASB 61 and restatement of capital assets.
- (2) FY 2012-13 net position was restated for the implementation of GASB 65.
- (3) FY 2013-14 Refuse restated expenses for adjustment to closure/post closure liability and abandonment of capital asset.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

2013-14 (3) as restated	2014-15	2015-16	2016-17	2017-18	
					Expenses
					Governmental activities
\$ 89,881	\$ 95,094	\$ 109,637	\$ 104,166	\$ 112,173	General government
243,619	272,963	281,574	310,466	306,078	Public protection
47,887	36,868	38,964	47,670	52,302	Public ways and facilities
118,391	118,085	132,071	135,564	136,228	Health and sanitation
200,026	201,913	212,754	220,772	208,901	Public assistance
840	1,020	1,056	1,118	1,122	Education
13,147	14,482	16,004	33,174	33,943	Recreation and cultural services
37,978	37,598	35,344	29,136	28,219	Interest on long-term debt
<u>\$ 751,769</u>	<u>\$ 778,023</u>	<u>\$ 827,404</u>	<u>\$ 882,066</u>	<u>\$ 878,966</u>	Total governmental activities expenses
					Business-type activities
32,532	26,492	5,494	9,935	4,331	Refuse
4,223	4,743	5,330	7,596	8,821	Airport
2,723	2,566	2,581	2,458	2,253	Energy Independence Program
17,484	16,762	17,923	18,816	19,309	Transit
10,072	13,645	10,661	7,199	11,495	Fair
2,214	2,708	2,213	2,497	2,332	Marinas
-	-	-	-	-	Water Agency
-	-	-	-	-	Sonoma Valley County Sanitation District
1,789	1,235	1,035	1,238	1,092	Other business-type activities
<u>\$ 71,037</u>	<u>\$ 68,151</u>	<u>\$ 45,237</u>	<u>\$ 49,739</u>	<u>\$ 49,633</u>	Total business-type activities expenses
<u>\$ 751,840</u>	<u>\$ 778,091</u>	<u>\$ 872,641</u>	<u>\$ 931,805</u>	<u>\$ 928,599</u>	Total primary government

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

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12 (1)</u> <u>as restated</u>	<u>2012-13 (2)</u> <u>as restated</u>
Program Revenue					
Governmental activities					
Charges for services					
General government	\$ 65,296	\$ 66,710	\$ 43,331	\$ 34,924	\$ 53,062
Public protection	45,817	30,940	31,505	27,092	32,987
Public ways and facilities	3,044	2,365	1,883	7,260	59
Health and sanitation	12,568	11,285	23,004	24,611	8,055
Public assistance	3,705	1,859	1,377	1,256	12,938
Education	620	541	556	62	-
Recreation and cultural services	4,976	2,824	3,337	3,555	4,011
Total charges for services	<u>136,026</u>	<u>116,524</u>	<u>104,993</u>	<u>98,760</u>	<u>111,112</u>
Operating grants and contributions	363,984	403,381	417,770	395,426	406,152
Capital grants and contributions	16,864	31,048	15,293	4,617	11,116
Total governmental activities	<u>516,874</u>	<u>550,953</u>	<u>538,056</u>	<u>498,803</u>	<u>528,380</u>
Business - type activities					
Charges for services					
Refuse	31,877	33,860	32,640	34,234	34,930
Airport	-	-	-	3,650	4,056
Energy Independence Program	-	-	-	1,892	2,110
Transit	-	-	-	2,157	2,193
Fair	-	-	-	9,671	9,455
Marinas	1,279	1,154	1,747	2,172	2,241
Water Agency	44,447	42,528	49,296	-	-
Sonoma Valley County Sanitation District	10,199	10,773	11,529	-	-
Other business-type activities	22,807	24,092	25,698	1,226	1,904
Total charges for services	<u>110,609</u>	<u>112,407</u>	<u>120,910</u>	<u>55,002</u>	<u>56,889</u>
Operating grants and contributions	14,175	12,594	12,611	12,686	10,584
Capital grants and contributions	4,214	9,888	4,771	7,332	2,340
Total business - type activities program revenues	<u>128,998</u>	<u>134,889</u>	<u>138,292</u>	<u>75,020</u>	<u>69,813</u>
Total primary government	<u>\$ 645,872</u>	<u>\$ 685,842</u>	<u>\$ 676,348</u>	<u>\$ 573,823</u>	<u>\$ 598,193</u>
Net (Expense) Revenue					
Governmental activities	\$ (300,061)	\$ (288,335)	\$ (262,216)	\$ (178,351)	\$ (194,528)
Business - type activities	(13,154)	51,019	(890)	2,610	(1,833)
Total primary government net expenses	<u>\$ (313,215)</u>	<u>\$ (237,316)</u>	<u>\$ (263,106)</u>	<u>\$ (175,741)</u>	<u>\$ (196,361)</u>

Notes:

- (1) FY 2011-12 net position was restated for the implementation of GASB 61 and restatement of capital assets.
- (2) FY 2012-13 net position was restated for the implementation of GASB 65.

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

2013-14	2014-15	2015-16	2016-17	2017-18	
					Program Revenue
					Governmental activities
					Charges for services
\$ 46,308	\$ 41,223	\$ 52,021	\$ 40,057	\$ 38,026	General government
29,345	32,776	34,737	35,029	37,181	Public protection
43	371	395	407	4,025	Public ways and facilities
6,275	6,780	6,501	13,938	12,583	Health and sanitation
18,021	8,190	9,173	3,499	1,544	Public assistance
-	-	-	-	-	Education
4,329	4,640	5,193	5,763	5,577	Recreation and cultural services
104,321	93,980	108,020	98,693	98,936	Total charges for services
437,904	426,888	471,383	464,039	514,968	Operating grants and contributions
4,832	7,754	3,102	4,013	3,071	Capital grants and contributions
547,057	528,622	582,505	566,745	616,975	Total governmental activities
					Business - type activities
					Charges for services
37,993	29,343	7,380	6,661	7,223	Refuse
4,285	4,589	4,935	5,764	7,053	Airport
1,957	3,000	2,845	2,658	2,313	Energy Independence Program
2,165	2,000	2,035	1,825	1,957	Transit
9,597	12,353	11,520	9,204	11,268	Fair
2,312	2,858	2,145	2,343	2,264	Marinas
-	-	-	-	-	Water Agency
-	-	-	-	-	Sonoma Valley County Sanitation District
1,711	1,106	1,078	1,158	1,233	Other business-type activities
60,020	55,249	31,938	29,613	33,311	Total charges for services
12,253	12,238	13,232	13,937	15,335	Operating grants and contributions
31,828	21,369	7,712	10,467	2,868	Capital grants and contributions
104,101	88,856	52,882	54,017	51,514	Total business - type activities program revenues
\$ 651,158	\$ 617,478	\$ 635,387	\$ 620,762	\$ 668,489	Total primary government
					Total program revenues
\$ (204,172)	\$ (249,401)	\$ (244,899)	\$ (315,321)	\$ (261,991)	Net (Expense) Revenue
28,182	20,705	7,645	4,278	1,881	Governmental activities
\$ (175,990)	\$ (228,696)	\$ (237,254)	(311,043)	(260,110)	Business - type activities
					Total primary government net expenses

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

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12 (1)</u> <u>as restated</u>	<u>2012-13 (2)</u> <u>as restated</u>
Net (expense) revenue					
Governmental activities	\$ (300,061)	\$ (288,335)	\$ (262,216)	\$ (178,351)	\$ (194,528)
Business-type activities	(13,154)	51,019	(890)	2,610	(1,833)
Total primary government net expense	<u>(313,215)</u>	<u>(237,316)</u>	<u>(263,106)</u>	<u>(175,741)</u>	<u>(196,361)</u>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property	232,997	216,904	210,717	171,431	183,429
Documentary transfer	3,117	3,114	2,960	3,390	4,301
Transient occupancy	7,457	7,139	7,929	8,757	9,705
Grants and other governmental revenues					
not restricted to specific programs	16,337	12,208	15,928	33,028	34,360
Unrestricted investment earnings	25,117	17,979	13,883	14,249	8,068
Gain on sale of capital assets	42	2,113	-	-	-
Other	21,669	19,472	25,850	23,765	20,875
Transfers	(3,987)	(5,315)	(3,998)	2,338	(886)
Special/Extraordinary items	-	-	55,033	15,455	-
Total governmental activities	<u>302,749</u>	<u>273,614</u>	<u>328,302</u>	<u>272,413</u>	<u>259,852</u>
Business-type activities:					
Taxes:					
Property	238	205	206	-	-
Unrestricted investment earnings	2,927	1,229	961	1,697	1,681
Other	572	1,104	578	529	568
Gain on sale of capital assets	134	81	20	-	-
Special items:					
Forgiveness of debt	-	-	-	-	1,343
Transfers	3,987	5,315	3,998	(2,338)	886
Total business-type activities	<u>7,858</u>	<u>7,934</u>	<u>5,763</u>	<u>(112)</u>	<u>4,478</u>
Total primary government	<u>\$ 310,607</u>	<u>\$ 281,548</u>	<u>\$ 334,065</u>	<u>\$ 272,301</u>	<u>\$ 264,330</u>
Changes in net position:					
Governmental activities	2,688	(14,721)	66,086	94,062	65,324
Business-type activities	(5,296)	58,953	4,873	2,498	2,645
Total primary government	<u>\$ (2,608)</u>	<u>\$ 44,232</u>	<u>\$ 70,959</u>	<u>\$ 96,560</u>	<u>\$ 67,969</u>

Notes:

- (1) FY 2011-12 net position was restated for the implementation of GASB 61 and restatement of capital assets.
- (2) FY 2012-13 net position was restated for the implementation of GASB 65.
- (3) FY 2013-14 net position was restated primarily for the implementation of GASB 68.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

2013-14 (3) as restated	2014-15	2015-16	2016-17	2017-18	
\$ (204,712)	\$ (249,401)	\$ (244,899)	\$ (315,321)	\$ (261,991)	Net (expense) revenue
28,182	20,705	7,645	4,278	1,881	Governmental activities
(176,530)	(228,696)	(237,254)	(311,043)	(260,110)	Business-type activities
					Total primary government net expense
					General revenues and other changes in net position:
					Governmental activities:
					Taxes:
193,221	208,316	222,211	233,256	245,274	Property
4,439	4,953	5,541	6,047	6,201	Documentary transfer
11,037	16,759	14,188	17,701	22,237	Transient occupancy
					Grants and other governmental revenues
38,474	39,153	40,686	42,813	48,721	not restricted to specific programs
11,305	6,157	8,331	7,778	10,907	Unrestricted investment earnings
-	-	-	-	-	Gain on sale of capital assets
16,808	22,561	17,583	36,532	38,688	Other
(1,163)	(1,464)	(1,385)	(1,469)	(1,328)	Transfers
-	-	-	-	-	Special/Extraordinary items
274,121	296,435	307,155	342,658	370,700	Total governmental activities
					Business-type activities:
					Taxes:
-	-	-	-	-	Property
2,186	25	370	367	868	Unrestricted investment earnings
548	70	65	(25)	45	Other
-	-	-	-	-	Gain on sale of capital assets
					Special items:
-	-	-	-	-	Forgiveness of debt
1,163	1,464	1,385	1,469	1,328	Transfers
3,897	1,559	1,820	1,811	2,241	Total business-type activities
\$ 278,018	\$ 297,994	\$ 308,975	\$ 344,469	\$ 372,941	Total primary government
					Changes in net position:
69,409	47,034	62,256	27,337	107,342	Governmental activities
32,079	22,264	9,465	6,089	4,122	Business-type activities
\$ 101,488	\$ 69,298	\$ 71,721	\$ 33,426	\$ 111,464	Total primary government

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

	<u>2008-09</u>	<u>2009-10</u>
General Fund		
Reserved for:	\$ 6,466	\$ 3,092
Encumbrances	38,144	28,331
Unreserved:		
Designated	48,277	36,390
Undesignated	28,430	37,107
Total general fund	<u>121,317</u>	<u>104,920</u>
All Other Governmental Funds:		
Reserved for:		
Encumbrances	30,242	21,383
Inventories	696	1,062
Long-term advances	1,062	1,072
Prepaid items and deposits	2,147	2,197
Debt service	114,752	105,636
Unreserved, Reported in:		
Special Revenue Funds:		
Designated	4,504	4,513
Undesignated	220,821	209,472
Capital Projects Funds	16,726	4,261
Total other governmental funds	<u>390,950</u>	<u>349,596</u>

	<u>2010-11</u>	<u>2011-12 (2)</u> <u>as restated</u>	<u>2012-13</u>
General Fund (1)			
Nonspendable	\$ 30,642	\$ 3,451	\$ 5,179
Restricted	188	-	-
Committed	656	243	240
Assigned	35,980	35,655	45,743
Unassigned	41,710	48,496	48,479
Subtotal general fund	<u>109,176</u>	<u>87,845</u>	<u>99,641</u>
All Other Governmental Funds			
Nonspendable	11,962	2,280	2,566
Restricted	338,298	235,047	242,054
Committed	9,330	2,868	3,217
Assigned	24,894	15,775	28,429
Unassigned	(1,271)	(1,329)	(609)
Subtotal all other governmental funds	<u>383,213</u>	<u>254,641</u>	<u>275,657</u>
Total governmental fund balance	<u>\$ 492,389</u>	<u>\$ 342,486</u>	<u>\$ 375,298</u>

Notes:

- (1) During the fiscal year ended June 30, 2011, the County implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned.
- (2) FY 2011-12 net position was restated for the implementation of GASB 61 and restatement of capital assets.

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

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

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

	2008-09	2009-10	2010-11	2011-12 (1) as restated	2012-13
Revenues (by source):					
Taxes	\$ 259,512	\$ 239,365	\$ 238,234	\$ 216,720	\$ 231,920
Licenses, permits and franchise fees	16,508	15,966	17,245	22,053	21,962
Fines, forfeitures and penalties	11,906	18,388	21,872	16,110	24,978
Use of money and property	24,248	17,752	13,706	13,940	7,276
Intergovernmental	410,813	424,796	420,612	388,607	401,810
Charges for services	76,588	77,765	65,293	61,135	74,580
Other	20,629	20,400	28,285	24,122	20,422
Total revenues	<u>820,204</u>	<u>814,432</u>	<u>805,247</u>	<u>742,687</u>	<u>782,948</u>
Expenditures (by function):					
Current:					
General government	86,953	76,465	367,407	72,306	85,869
Public protection	243,073	253,316	226,418	233,356	243,245
Public ways and facilities	24,839	23,123	30,048	27,922	25,991
Health and sanitation	129,817	123,988	120,960	116,802	122,133
Public assistance	210,537	224,337	217,900	181,425	195,708
Education	17,932	17,313	16,019	606	611
Recreation and cultural services	14,061	13,919	12,078	12,284	12,037
Capital outlay	56,743	83,254	41,569	37,105	32,643
Debt service:					
Principal	24,513	24,956	30,771	10,683	12,149
Interest	31,533	33,255	45,749	16,714	17,838
Total expenditures	<u>840,001</u>	<u>873,926</u>	<u>1,108,919</u>	<u>709,203</u>	<u>748,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,797)</u>	<u>(59,494)</u>	<u>(303,672)</u>	<u>33,484</u>	<u>34,724</u>
Other financing sources (uses):					
Transfers in	96,981	94,339	116,232	98,435	79,641
Transfers out	(101,147)	(99,923)	(120,483)	(95,189)	(80,543)
Issuance of long-term debt	33,472	5,404	294,410	107	594
Premium on long term debt issuance	-	-	-	-	-
Proceeds from sale of capital assets	5	1,923	-	5,124	125
Other financing uses	-	-	-	-	-
Total other financing sources and uses	<u>29,311</u>	<u>1,743</u>	<u>290,159</u>	<u>8,477</u>	<u>(183)</u>
Extraordinary item/Special Item			55,033	15,455	
Net change in fund balances	9,514	(57,751)	41,520	57,416	34,541
Fund balances, beginning of year, as restated	502,753	512,267	450,869	285,070	340,757
Fund balances, end of year	<u>\$ 512,267</u>	<u>\$ 454,516</u>	<u>\$ 492,389</u>	<u>\$ 342,486</u>	<u>\$ 375,298</u>
Debt service as a percentage of noncapital expenditures	<u>7.16%</u>	<u>7.36%</u>	<u>7.17%</u>	<u>4.08%</u>	<u>4.19%</u>

Notes:

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

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

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

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

Fiscal Year	Secured (1)	Unsecured (2)	Exempt (3)	Total Taxable Assessed Value (4)	Total Direct Tax Rate (4)
2008-09	\$ 68,603,799	\$ 2,465,232	\$ (2,194,033)	\$ 68,874,998	1.00%
2009-10	67,795,681	2,554,701	(2,313,446)	68,036,936	1.00
2010-11	66,227,140	2,515,625	(2,382,686)	66,360,079	1.00
2011-12	65,715,029	2,550,892	(2,437,205)	65,828,716	1.00
2012-13	65,424,659	2,394,378	(2,514,061)	65,304,976	1.00
2013-14	68,023,890	2,402,413	(2,740,545)	67,685,758	1.00
2014-15	73,289,559	2,476,588	(2,916,461)	72,849,686	1.00
2015-16	78,257,731	2,681,992	(3,116,014)	77,823,709	1.00
2016-17	82,727,351	2,659,027	(3,171,082)	82,215,296	1.00
2017-18	85,835,554	2,758,806	(3,139,460)	85,454,900	1.00

Notes:

- (1) Secured property is generally real property, defined as land, mines, minerals, timber, and improvements such as buildings, structures, crops, trees, and vines.
- (2) Unsecured property is generally personal property including machinery, equipment, office tools, and supplies.
- (3) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.
- (4) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13) the County does not track the estimated actual value of all County properties. Under Prop 13 property is assessed at the 1978 market value with an annual increase limited to the lesser of 2%, the CPI on properties not involved in a change of ownership, or properties that did not undergo new construction.

Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

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

Fiscal Year	County Direct Rates (1)			Overlapping Rates (1)			Total
	County	Other	County Direct Rate	Cities (2)	School Districts (3)	Special Districts	
2008-09	0.21231	0.78769	1.0000	0.06250	0.02659	0.01009	1.09918
2009-10	0.21266	0.78734	1.0000	0.06750	0.02593	0.01069	1.10412
2010-11	0.21353	0.78647	1.0000	0.07500	0.02571	0.01442	1.11513
2011-12	0.21313	0.78687	1.0000	0.07500	0.02607	0.01266	1.11373
2012-13	0.21326	0.78674	1.0000	0.06500	0.02597	0.01174	1.10271
2013-14	0.21332	0.78668	1.0000	0.05200	0.02603	0.01259	1.09061
2014-15	0.21282	0.78718	1.0000	0.05700	0.02561	0.01170	1.09431
2015-16	0.21305	0.78695	1.0000	0.10700	0.02440	0.01263	1.14403
2016-17	0.21333	0.78667	1.0000	0.10700	0.02440	0.02440	1.15580
2017-18	0.21352	0.78648	1.0000	0.10700	0.02438	0.01152	1.14290

Notes:

- (1) County Direct Rates are ad valorem taxes levied by the County and 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 shown represent a weighted average of the nine incorporated cities within the County of Sonoma.
- (3) Rates shown represent a weighted average of the various school district tax rate areas within the County of Sonoma.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

COUNTY OF SONOMA, CALIFORNIA
 Principal Revenue Taxpayers (Unaudited)
 June 30, 2018 and June 30, 2009
 (Dollar Amounts in Thousands)

June 30, 2018:

June 30, 2009:

Taxpayer	Total Taxes (1)	Rank	Percentage of Total County Taxes	Total Taxes (1)	Rank	Percentage of Total County Taxes
Pacific Gas & Electric Co.	\$ 14,312	1	1.36%	\$ 6,728	2	0.85%
Geysers Power Co. LLC	13,104	2	1.25	7,581	1	0.96
Keysight Technologies Inc. (2)	2,410	3	0.23	1,859	4	0.23
Pacific Bell Telephone Co.	1,884	4	0.18	1,932	3	0.24
Enclave Apartments Property LLC	1,643	5	0.16	-		-
Jackson Family Investments III LLC	1,340	6	0.13	-		-
Ferrari-Carano Vineyards & Winery	1,271	7	0.12	-		-
CWI-Fairmont Sonoma Hotel LLC	1,207	8	0.12	-		-
Foley Family Wines Inc.	1,199	9	0.12	-		-
Lytton Rancheria of California	1,163	10	0.11	-		-
SC Sonoma Development LLC	-		-	921	5	0.12
SMI Real Estate LLC	-		-	903	6	0.11
Quarry Heights LLC	-		-	857	7	0.11
Constellation Wines US Inc.	-		-	799	8	0.10
EMI Santa Rosa LTD Partnership	-		-	790	9	0.10
Gallo Vineyards Inc.	-		-	759	10	0.10
Total	<u>\$ 39,533</u>		<u>3.78%</u>	<u>\$ 23,129</u>		<u>2.92%</u>
Total taxes of all taxpayers (3)	<u>\$ 1,051,715</u>			<u>\$ 792,559</u>		

Notes:

- (1) Taxable Assessed Secured amounts.
- (2) Keysight Technologies separated from Agilent in 2014.
- (3) Obtained from Property Tax Statistics Summary.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector
 Sonoma County Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2009

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

Fiscal Year	Taxes Levied (1)	Collections within the Fiscal Year of the Levy (2)		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2008-09	\$ 688,750	\$ 658,445	95.6%	\$ 29,835	\$ 688,280	99.9%
2009-10	680,369	656,556	96.5%	23,093	679,649	99.9%
2010-11	663,601	645,684	97.3%	17,049	662,733	99.9%
2011-12	658,287	642,641	97.6%	14,723	657,364	99.9%
2012-13	653,050	641,750	98.3%	10,358	652,108	99.9%
2013-14	676,858	667,922	98.7%	7,920	675,842	99.8%
2014-15	728,497	721,075	99.0%	6,179	727,254	99.8%
2015-16	778,237	770,592	99.0%	5,795	776,387	99.8%
2016-17	822,153	815,344	99.2%	4,170	819,514	99.7%
2017-18	852,241	844,872	99.1%	-	844,872	99.1%

Notes:

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

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

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

Governmental Activities						
Fiscal Year	Pension Obligation Bonds	Certificates of Participation	Long-Term Contract Payable	Loans Payable	Notes Payable	Bonds Payable
2008-09	\$ 262,225	\$ 48,313	\$ 109,512	\$ 79,220	\$ 850	\$ 111,840
2009-10	246,795	45,058	106,759	78,350	800	111,575
2010-11	515,455	42,082	103,916	77,860	4,350	111,195
2011-12	495,220	36,990	100,981	77,356	3,525	93,845
2012-13	472,255	32,471	-	75,856	1,925	90,700
2013-14	459,165	28,264	-	75,513	875	87,425
2014-15	443,565	25,384	-	76,246	-	84,020
2015-16	425,250	22,356	-	74,490	-	48,865
2016-17	404,185	20,212	-	72,423	-	43,645
2017-18	379,925	16,538	5,958	69,633	3,360	38,180

Business-Type Activities						
Fiscal Year	Certificates of Participation	Sewer Bonds	Water Bonds	Capital Leases	Notes and Loans Payable	Energy Independence Bonds
2008-09	\$ 8,830	\$ 25,923	\$ 25,030	\$ 16,101	\$ -	\$ -
2009-10	7,515	24,663	24,470	15,098	-	29,637
2010-11	6,135	23,350	23,895	15,125	1,441	44,295
2011-12	4,700	21,995	23,295	13,812	1,391	46,614
2012-13	3,200	-	-	669	810	47,648
2013-14	1,635	-	-	266	15,700	45,988
2014-15	-	-	-	-	8,419	42,449
2015-16	-	-	-	-	7,217	38,250
2016-17	-	-	-	-	4,215	33,556
2017-18	-	-	-	-	448	30,307

Ratios based on Total Primary Debt				
Fiscal Year	Population (1)	Percentage of Assessed Value (2)	Percentage of Personal Income	Per Capita (3)
2008-09	486,630	1.26%	3.71%	1,736
2009-10	493,285	1.16%	3.65%	1,605
2010-11	487,125	1.61%	5.05%	2,191
2011-12	487,011	1.55%	4.77%	2,097
2012-13	490,423	1.22%	3.61%	1,628
2013-14	490,486	1.08%	3.12%	1,497
2014-15	496,253	0.96%	2.83%	1,404
2015-16	501,959	0.82%	2.38%	1,274
2016-17	505,120	0.73%	2.23%	1,196
2017-18	503,332	0.67%	2.00%	1,132

Notes:

- (1) Population Estimate as of January 1.
- (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. This ratio is calculated using population for the latest calendar year for each corresponding fiscal year.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

Governmental Activities					
Special		Unamortized			
Assessment Bonds	Capital Leases	Premiums	Subtotal		Fiscal Year
\$ 5,773	\$ 1,761	\$ 4,422	\$ 623,916		2008-09
5,181	6,364	4,224	605,106		2009-10
4,428	5,493	4,026	868,805		2010-11
4,130	4,641	3,828	820,516		2011-12
-	4,315	3,630	681,152		2012-13
-	3,728	3,432	658,402		2013-14
-	3,390	3,234	635,839		2014-15
-	2,862	6,550	580,373		2015-16
-	2,419	5,623	548,507		2016-17
-	4,113	4,696	522,403		2017-18

Business-Type Activities					
Landfill Closure and Postclosure	Advances From Other Governments	Unamortized Loss	Subtotal	Total Primary Government	Fiscal Year
\$ 108,000	\$ 38,405	\$ (1,416)	\$ 220,873	\$ 844,789	2008-09
50,225	36,186	(1,276)	186,518	791,624	2009-10
51,237	34,124	(1,135)	198,467	1,067,272	2010-11
51,979	37,966	(995)	200,757	1,021,273	2011-12
52,778	12,358	(100)	117,363	798,515	2012-13
-	12,066	-	75,655	734,057	2013-14
-	9,817	-	60,685	696,524	2014-15
4,834	8,799	-	59,100	639,473	2015-16
9,993	7,829	-	55,593	604,100	2016-17
9,831	6,595	-	47,181	569,584	2017-18

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

Fiscal Year	Assessed Value (1)	Legal Debt Limit (2)	Debt Applicable to Limit (3)	Legal Debt Margin (4)	Legal Debt Margin/Debt Limit
2008-09	\$ 68,874,998	\$ 1,377,500	\$ -	\$ 1,377,500	100%
2009-10	68,036,936	1,360,739	-	1,360,739	100%
2010-11	66,360,079	1,327,202	-	1,327,202	100%
2011-12	65,828,716	1,316,574	-	1,316,574	100%
2012-13	65,304,976	1,306,100	-	1,306,100	100%
2013-14	67,685,758	1,353,715	-	1,353,715	100%
2014-15	72,849,686	1,456,994	-	1,456,994	100%
2015-16	77,823,709	1,556,474	-	1,556,474	100%
2016-17	82,215,296	1,644,306	-	1,644,306	100%
2017-18	85,454,900	1,709,098	-	1,709,098	100%

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) The legal debt limit is 2.00% of assessed value.
- (3) Debt applicable to the limit only includes general obligation bonds, of which the county has none.
- (4) The legal debt margin is the County's available borrowing authority under state finance statutes, and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

COUNTY OF SONOMA, CALIFORNIA
 Schedule of Direct And Overlapping Debt (Unaudited)
 June 30, 2018
 (Dollar Amounts in Thousands)

2017-18 Taxable Assessed Valuation: \$ 85,454,900

Overlapping General Obligation Debt and Tax Assessment Debt (1)	Percentage Applicable to Sonoma County taxable assessed valuation	Debt Outstanding
High School Districts	100%	\$ 258,489
Unified School Districts	100%	437,199
Elementary Districts	100%	290,334
Santa Rosa Junior College	100%	252,970
Sonoma County Water Agency	100%	81,277
Total Overlapping General Obligation Debt and Tax Assessment Debt		<u>\$ 1,320,269</u>

Direct General Obligation Debt (1)	Debt Outstanding	Percentage Applicable to Sonoma County taxable assessed valuation	Debt Outstanding applicable to taxable assessed valuation
Sonoma County Pension Obligation Bonds	\$ 379,925	100.0%	\$ 379,925
Sonoma County Certificates of Participation	16,538	100.0%	16,538
Sonoma County Long-Term Contract Payable	5,958	100.0%	5,958
Sonoma County Loans Payable (2)	69,633	0.04%	28
Sonoma County Notes Payable (3)	3,360	0.00%	-
Sonoma County Bonds Payable (4)	42,876	0.00%	-
Sonoma County Capital Leases	4,113	100.0%	4,113
Total Direct Debt	<u>\$ 522,403</u>		<u>\$ 406,562</u>

Total Combined Overlapping and Direct Debt **\$ 1,726,831**

Ratio of 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.54%
Total Direct Debt	0.48%
Total Combined Overlapping and Direct Debt	2.02%

Notes:

- (1) Direct debt is an obligation of the County whereas overlapping debt is an obligation of other governments
- (2) Tobacco securitization payable from settlement revenue.
- (3) Community Development Commission receivable.
- (4) Open Space bonds payable from Measure F sales tax revenue.

Source:

Sonoma County Water Agency FY2018 CAFR
 Sonoma County Auditor-Controller-Treasurer-Tax Collector

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

<u>Calendar Year</u>	<u>Estimated Population</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2009	486,630	\$ 22,787,716	\$ 46,828	71,049	10.1%
2010	493,285	21,701,296	43,993	71,010	10.6%
2011	487,125	21,142,471	43,403	70,666	10.1%
2012	487,011	21,417,425	43,977	70,688	9.0%
2013	490,423	22,126,957	45,118	70,637	7.1%
2014	490,486	23,548,182	48,010	70,932	5.7%
2015	496,253	24,606,709	49,585	71,096	4.3%
2016	501,959	26,874,652	53,540	71,131	4.1%
2017	505,120	27,034,022	53,520	70,940	3.6%
2018	503,332	28,457,348	56,538	70,449	2.4%

Incorporated Cities Population:

Cloverdale	9,134
Cotati	7,716
Healdsburg	12,061
Petaluma	62,708
Rohnert Park	43,598
Santa Rosa	178,488
Sebastopol	7,786
Sonoma	11,390
Town of Windsor	28,060
Total Incorporated	<u>360,941</u>
Total Unincorporated Areas	<u>142,391</u>
Total Population	<u><u>503,332</u></u>

Notes:

(1) Personal Income of all County residents in thousands and estimated as of November 2017.

Sources:

State of California, Department of Finance, E-1 Population Estimates for Cities, Counties, and the State - January 1, 2017 and 2018

US Department of Commerce, Bureau of Economic Analysis - Regional Data of GDP and Personal Income (BEARFACTS) Estimates based on 2017 data

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

State of California Employment Development Department: Labor Force Statistics

Economic Development Dept. -Local Area Unemployment Map for Counties, as of June 2018

COUNTY OF SONOMA, CALIFORNIA
 Major Employers (Unaudited)
 June 30, 2018 and June 30, 2009

Employer (1)	June 30, 2018		June 30, 2009		June 30, 2009	
	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
County of Sonoma (2)	3,857	1	1.51%	-		0.00%
Kaiser Permanente	3,508	2	1.37	2,400	1	1.02
St. Joseph Health	2,500	3	0.98	1,781	2	0.76
Graton Resort and Casino (3)	2,000	4	0.78	-		-
Santa Rosa City Schools (2)	1,691	5	0.66	-		-
City of Santa Rosa (2)	1,307	6	0.49	-		-
Keysight Technologies (4)	1,300	7	0.51	1,050	5	0.44
Jackson Family Wines	1,152	8	0.45	640	10	0.27
Sutter Santa Rosa Regional Hospital	1,050	9	0.41	1,097	3	0.46
Amy's Kitchen	988	10	0.39	900	7	0.38
Safeway	-			1,082	4	0.46
Medtronic CardioVascular	-			1,000	6	0.42
River Rock Casino	-			660	8	0.28
Wal-Mart Stores	-			650	9	0.28
Ten largest Employer's	19,353		7.56%	11,260		4.77%
All other employer's	236,747		92.44%	224,940		95.23%
Total Employers (1)	256,100		100%	236,200		100.00%

Notes:

- (1) Private sector employers' numbers and total number of employees as of October 2017.
- (2) Governmental entities were not factored into the 2009 schedule.
- (3) Estimate as of March 2016.
- (4) Keysight Technologies was named Agilent in 2009.

Source:

Sonoma County Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2009
 North Bay Business Journal - Private Sector Employers in Sonoma County, October 2017
 State of California Employment Development Department: Labor Force Statistics Total Employment Oct-2017
 City of Santa Rosa
 Santa Rosa Junior College

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

FTE'S:	2008-09	2009-10	2010-11	2011-12	2012-13
General Government					
Board of Supervisors / County Administrator	36	33	33	28	32
General Services	133	126	119	114	116
County Clerk-Assessor-Recorder-PA	127	119	112	111	114
Auditor-Controller / Treasurer-Tax Collector	108	108	105	93	97
County Counsel	36	37	37	36	36
Human Resources	65	62	56	47	50
Information Systems	140	137	123	107	107
Economic Development	9	9	8	8	11
Agricultural Preservation and Open Space District	26	26	29	29	28
Public Protection					
District Attorney	129	129	124	113	114
Public Defender	55	57	54	50	52
Sheriff	732	711	660	624	634
Probation	312	318	301	279	278
Permit and Resource Management	168	140	121	101	102
Emergency Services	28	26	25	25	27
Child Support Services	144	129	115	108	102
Agricultural Commissioner	73	68	37	43	37
Northern Sonoma County Air Pollution Control	6	6	6	6	6
Public Assistance					
Human Services and IHSS	659	642	671	666	698
Health Services					
H.S.-Administration	58	50	48	56	59
Prevention & Planning	22	17	-	-	-
Environmental Health	36	34	-	-	-
Public Health	228	180	211	211	202
Mental Health	173	173	158	172	190
Alcohol, Drug & Tobacco	77	61	40	39	41
Special Revenue Funds	6	6	6	6	7
County Medical Services Program	-	-	-	-	26
Public Ways & Facilities					
Roads	172	149	128	128	128
Cultural & Recreational					
Regional Parks (1)	151	148	134	126	117
Education					
U.C. Cooperative Extension	10	8	6	5	5
Enterprise Funds					
Integrated Waste Enterprise Fund (2)	59	42	39	40	41
Airport Enterprise Fund	9	13	13	15	15
Transit	8	7	7	7	7
Fairgrounds	39	37	38	37	34
Discrete Component Units					
Community Development Commission	41	41	41	43	34
Sonoma County Water Agency	226	226	231	230	243
Library (3)	138	138	138	138	138
	<u>4,439</u>	<u>4,213</u>	<u>3,974</u>	<u>3,841</u>	<u>3,928</u>

Notes:

- (1) Regional Parks number of extra help employees not included after FY13-14.
- (2) Operation of the Refuse landfill transferred to 3rd party April 2016.
- (3) Library is not included in the County CAFR reporting after FY2013-14 .

Source:

Sonoma County Auditor Controller Treasurer Tax-Collector, Payroll Division

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

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

Function/Program	2008-09	2009-10	2010-11	2011-12	2012-13
Law & Justice					
Filed Felonies/New Cases/New VOPs - DA/PD	2,550	2,533	2,196	2,066	2,321
Misdemeanor/Felony Court Appearances - DA/PD	145,343	126,841	139,428	124,854	123,008
Public Safety					
Fire Prevention Inspections (1)	-	-	-	-	-
Dispatch Calls - Sheriff	140,549	132,978	124,158	126,882	126,959
Adult Detention Facility Bookings - Sheriff	19,661	20,890	17,903	18,000	17,773
Juvenile Hall Average Daily Population	86	85	90	84	80
Health & Public Assistance					
Birth Certificates Registered - Health Services	5,704	5,880	5,532	5,188	5,058
Emergency Medical Responses - Health Services	55,364	54,000	53,417	43,278	45,980
Total Collections - Child Support Enforcement	\$ 30,338	\$ 29,743	\$ 30,363	\$ 28,574	\$ 28,372
Community Resources & Public Facilities -					
Permit & Resource Management					
Code Enforcement Cases	1,453	1,203	870	850	877
Customers Served (Public Counter)	29,552	35,060	33,988	30,389	-
Building Permits Issued	25,011	15,914	16,340	16,690	-
Integrated Waste					
Tonnage - Transportation & Public Works	263,087	240,000	240,000	240,000	230,837
Diverted Tonnage - Transportation & Public Works	108,076	106,625	107,356	110,000	110,000
Regional Parks					
Park Visitors	4,766,850	4,605,999	4,064,068	5,383,600	5,843,143
Veterans/Community Center (3):					
Events	4,095	4,145	4,397	3,655	4,788
Attendance	360,950	387,500	319,317	280,885	312,570

Notes:

(1) Fire operating indicators changed to Fire Prevention Inspections in FY 2014-15.

(2) 17-18 Waste Tonnage substantially higher due to October 2017 fire damage waste collection (concession fees not collected on fire waste)

(3) Starting in 16-17 the County is only tracking Veteran buildings in Cotati, Guerneville, Petaluma, and Sonoma. All other buildings operated by 3rd party organizations, managing the event booking without County involvement.

- Long dash Indicates historical data was not available at time of reporting, the operating indicator has changed, or these statistics are no longer available.

Source:

Sonoma County Departments

<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	Function/Program
					Law & Justice
2,511	2,706	2,229	2,370	2,553	Filed Felonies/New Cases/New VOPs - DA/PD
130,135	-	149,121	99,714	30,572	Misdemeanor/Felony Court Appearances - DA/PD
					Public Safety
-	1,417	1,321	1,393	1,737	Fire Prevention Inspections (1)
125,149	115,351	114,980	111,568	114,599	Dispatch Calls - Sheriff
17,703	16,881	15,953	15,987	16,516	Adult Detention Facility Bookings - Sheriff
76	72	60	54	41	Juvenile Hall Average Daily Population
					Health & Public Assistance
5,166	5,224	5,380	4,997	4,715	Birth Certificates Registered - Health Services
50,634	55,157	50,567	66,680	70,310	Emergency Medical Responses - Health Services
\$ 28,699	\$ 29,038	\$ 31,063	\$ 34,120	\$ 35,220	Total Collections - Child Support Enforcement
					Community Resources & Public Facilities -
					Permit & Resource Management
899	955	1,058	-	-	Code Enforcement Cases
35,193	35,649	33,458	-	-	Customers Served (Public Counter)
16,517	17,090	14,704	-	-	Building Permits Issued
					Integrated Waste
267,251	266,913	292,867	297,282	1,216,047 (2)	Tonnage - Transportation & Public Works
109,000	119,566	102,302	85,696	85,365	Diverted Tonnage - Transportation & Public Works
					Regional Parks
5,545,143	5,603,743	5,376,723	5,430,330	5,400,000	Park Visitors
					Veterans/Community Center (3):
1,910	2,912	3,793	1,583	2,078	Events
199,883	255,018	343,136	135,182	207,640	Attendance

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

Function	2008-09	2009-10	2010-11	2011-12	2012-13
Sheriff:					
Stations	3	3	3	3	3
Sub-Stations	4	5	5	5	5
Patrol Units	124	140	132	155	179
Helicopter	1	1	1	1	1
Marine Craft	4	4	4	5	5
Streets And Highways:					
Streets (miles)	1,381	1,382	1,382	1,382	1,382
Bridges (longer then 20 feet)	328	326	326	332	330
Traffic Lights - County Only	34	35	35	35	37
Traffic Lights - Shared With Cities	4	3	3	3	3
Traffic Lights - Shared With State	23	23	24	24	26
Total Traffic Lights	<u>61</u>	<u>61</u>	<u>62</u>	<u>62</u>	<u>66</u>
Parks And Recreation:					
Total Acreage Open to Public (1)	7,776	8,855	8,855	49,882	57,980
Water Agency:					
Water Mains (miles)	110	110	110	90	90
Chlorination Facilities	3	3	3	3	3
Pumping Plants/Booster Stations	21	21	21	21	21
Production Wells	9	9	9	9	9
Tank Storage Capacity (thousands of gallons)	128,800	128,800	128,800	133,000	128,800
Sanitation:					
Sanitary Sewers (miles)	250	250	250	250	252
Treatment Capacity (thousands of gallons)	13,439	13,439	13,439	13,439	13,439
Transit:					
Fleet (including buses and vans)	71	88	76	82	81

Notes:

- (1) Total Acreage tracked by the County. Regional Parks assumed the management of Annadel State Park from the state of California in FY 2011-12. The State reassumed the management back from Regional Parks FY 2013-14.
- (2) Roseland, Larkfield, and Amarosa sub-stations were closed in 17-18 due to budgetary constraints.

Source:

Sonoma County Departments

<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	
					Function
					Sheriff:
3	3	3	3	3	Stations
5	5	5	5	2 ⁽²⁾	Sub-Stations
186	161	157	159	146	Patrol Units
1	1	1	1	1	Helicopter
5	5	5	5	5	Marine Craft
					Streets And Highways:
1,382	1,382	1,379	1,379	1,368	Streets (miles)
332	332	328	328	328	Bridges (longer then 20 feet)
38	38	38	40	38	Traffic Lights - County Only
3	3	3	3	3	Traffic Lights - Shared With Cities
27	30	30	30	30	Traffic Lights - Shared With State
<u>68</u>	<u>71</u>	<u>71</u>	<u>73</u>	<u>71</u>	Total Traffic Lights
					Parks And Recreation:
11,372	9,403	11,037	11,036	11,071	Total Acreage Open to Public (1)
					Water Agency:
90	90	90	85	85	Water Mains (miles)
3	3	3	3	3	Chlorination Facilities
21	21	21	21	21	Pumping Plants/Booster Stations
9	9	9	9	9	Production Wells
128,800	128,800	128,800	129,000	129,000	Tank Storage Capacity (thousands of gallons)
					Sanitation:
230	230	230	230	230	Sanitary Sewers (miles)
13,439	13,439	13,439	13,439	13,439	Treatment Capacity (thousands of gallons)
					Transit:
81	80	83	80	83	Fleet (including buses and vans)



GLOSSARY



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

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

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

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

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

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

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

ASSIGNED FUND BALANCE. Amounts constrained by the County's intent to be used for specific purposes. The intent can be 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, highly liquid investments that are both (1) readily convertible to known amounts of cash and (2) so near their maturity that they present insignificant risk of changes in value due to changes in interest rates.

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

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

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

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

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

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

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

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

DEFERRED OUTFLOWS OF RESOURCES. A consumption of net position that is 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.

EXCHANGE-LIKE TRANSACTION. Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

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

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

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

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

FINANCIAL RESOURCES. Resources that are or will become available for spending. Financial resources include 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.

INDIRECT EXPENSES. Expenses that cannot be specifically associated with a given service, program, or department and thus, cannot be clearly associated with a particular functional category.

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

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

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

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

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

LEGAL LEVEL OF BUDGETARY CONTROL. The level at which a government's management may not reallocate resources without approval from the legislative body.

LIABILITIES. Present obligations to sacrifice resources that the government has little or no discretion to avoid.

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.

MODIFIED ACCRUAL BASIS OF ACCOUNTING. Basis of accounting adapted to the governmental fund-type measurement focus that modifies accrual basis accounting by 1) revenues not recognized until they are measurable and available; and 2) expenditures recognized when the fund liability is liquidated, rather than incurred. Governmental funds and agency funds are accounted for using the modified accrual basis of accounting.

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 (a) not spendable in form or (b) legally contractually required to be maintained intact.

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

OTHER FINANCING SOURCES. Current financial resources increase reported separately from revenue to avoid distorting revenue trends, such as long-term debt proceeds, amounts equal to the present value of minimum lease payments arising from capital leases, 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.

PROJECTED BENEFIT PAYMENTS. All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.

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

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

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 (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED FUND BALANCE. Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED NET POSITION. A component of net position whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RETAINED EARNINGS. An equity account reflecting the accumulated earnings of an enterprise or internal service fund.

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. (1) Increases in the net current assets of a governmental fund type from other than expenditure refunds and residual equity transfers. Also, general long-term debt proceeds and operating transfers in are classified as "other financing sources," rather than as

revenues. (2) Increases in the net total assets of a proprietary fund type from other than expense refunds, capital contributions, and residual equity transfers. Also, operating transfers in are classified separately from revenues.

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.

TAX ABATEMENT. A reduction of or exemption from taxes granted to encourage certain activities.

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

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

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