

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION

**BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020



CLAconnect.com

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

**SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020**

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
STATEMENT OF NET POSITION	9
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION	11
STATEMENT OF CASH FLOWS	12
NOTES TO FINANCIAL STATEMENTS	14

REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION

SCHEDULE OF THE PENSION PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS	42
SCHEDULE OF THE PENSION PLAN'S CONTRIBUTIONS	43
SCHEDULE OF PROPORTIONATE SHARE OF OPEB LIABILITY AND RELATED RATIOS	44
SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS TO OPEB PLAN	45

SUPPLEMENTARY FINANCIAL INFORMATION

COMBINING STATEMENT OF NET POSITION	47
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION	48
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	49
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	51
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	53
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	55
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	56

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Sonoma County Community Development Commission
Santa Rosa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Sonoma County Community Development Commission as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the entity'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 an opinion on these financial statements based on our audit. 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 auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sonoma County Community Development Commission as of June 30, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-8, the Schedule of the Pension Plan's Proportionate Share of the Net Pension Liability (Asset) and Related Ratios on page 42, the Schedule of the Pension Plan's Contributions on page 43, the Schedule of Proportionate Share of OPEB Liability and Related Ratios on page 44 and the Schedule of Contributions to OPEB Plan on page 45 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 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 Sonoma County Community Development Commission's basic financial statements. The Combining Statement of Net Position and Combining Statement of Revenue, Expenses, and Changes in Fund Net Position are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Combining Statement of Net Position and Combining Statement of Revenue, Expenses, and Changes in Fund Net Position, and the Schedule of Expenditures of Federal Awards 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. In our opinion, the Combining Statement of Net Position and Combining Statement of Revenue, Expenses, and Changes in Fund Net Position, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2020 on our consideration of the Sonoma County Community Development Commission'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 Sonoma County Community Development Commission'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 Sonoma County Community Development Commission's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Roseville, California
November 20, 2020

**SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The Sonoma County Community Development Commission (the "Commission") provides housing assistance to low income families and individuals and funds community development projects and activities. The Commission provides staffing services for HOME SONOMA COUNTY – Sonoma County's homeless services system of care. The Commission also provides staffing services for the Sonoma County Successor Agency to the former Sonoma County Community Redevelopment Agency and administers the Low Moderate Income Housing Asset Fund per ABx1 26 and AB1484. The Commission's largest funding source is the U.S. Department of Housing and Urban Development (HUD).

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB), Statement No. 34 (GASB 34) Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. The MD&A is meant to be read in conjunction with the Basic Financial Statements.

For accounting purposes, the Commission's funds are classified as enterprise funds. Enterprise funds account for activities similar to those found in the private business sector where the determination of net income is useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting, in which all assets and liabilities associated with the operation of the funds are included on the balance sheet. The focus of enterprise funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

The Commission's Programs

Under the Housing Choice Voucher Program, the Commission's Rental Assistance division administers contracts with independent landlords that own rental properties. A Housing Assistance Payment is made by the Commission to a landlord to subsidize a low income family or individual's rent. This program is administered under a contract with HUD, who provides funding for this purpose. The Housing Choice Voucher Program is 59.7% of the Commission's revenues and 63.2% of the Commission's expenses.

The Commission's other HUD-funded programs include the Community Development Block Grant, the HOME Investment Partnerships Program, the Emergency Solutions Grant and the McKinney-Vento Continuum of Care. These programs help provide affordable housing to low income individuals and families, rehabilitate homes of low income individuals that are in ill repair, and provide homeless intervention and prevention services. These programs are 9.3% of the Commission's revenues and expenses.

The Commission also maintains other federal, state and local programs to help support their objectives of affordable and safe housing to low income individuals.

**SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Financial Highlights

The following financial highlights are provided in an effort to describe, in terms of dollar amounts, the resources and operations of the Sonoma County Community Development Commission.

- The Commission's revenues are primarily derived from federally supported activities, which accounted for 71% of current fiscal year revenues.
- Total assets increased by \$5,351,577 from prior year and liabilities decreased by \$2,068,589. The majority of the Commission's assets are cash, investments and notes receivable. Cash and investments accounted for 21% of total assets. Loans and related interest represents 63.27% of the agency's assets. The fiscal year ended with total assets of \$131,442,041 and liabilities of \$10,113,849. Total liabilities amount to 7.7% of total assets.
- The total net position of the Commission increased by \$5,731,772 from the June 30, 2019 balance of \$115,309,614, to the June 30, 2020 balance of \$121,041,386.

Overview of the Financial Statements

The Commission's Financial Report is comprised of the Independent Auditors' Report, Management's Discussion and Analysis, the Basic Financial Statements, Supplementary Information, and Compliance Reports. The Commission is classified as an enterprise fund, and accordingly, uses the full accrual method of accounting. Enterprise accounting reports information similar to private sector companies to offer short and long term financial information about the Commission's activities.

The Basic Financial Statements

The Statement of Net Position provides information about the financial position of the Commission as a whole on the full accrual basis, similar to that used in the private sector. The Statement of Net Position presents information on all of the Commission's assets and deferred outflows of resources and liabilities and related deferred inflows of resources, with the difference between them reported as Net Position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Position provides information about the Commission's revenues and expenses on the full accrual basis, with emphasis on measuring net revenues and expenses of each of the Commission's programs. The Statement of Revenues, Expenses and Changes in Fund Net Position explains the change in net position during the most recent fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The Statement of Cash Flows presents the change in the Commission's cash and cash equivalents during the most recent fiscal year.

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

**SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Financial Analysis

The Commission's total net position from business type activities increased during the current fiscal year in the amount of \$5,731,772. The year-to-year change in total net position is a result of the net change of revenues and expenses during the year. The following table represents a comparative analysis of the net position of the business type activities at June 30, 2020 and 2019.

	2020	2019	Change	
			Amount	Percentage
Current Assets	\$ 32,772,503	\$ 38,800,571	\$ (6,028,068)	-16%
Noncurrent Assets	98,669,538	87,289,893	11,379,645	13%
Total Assets	131,442,041	126,090,464	5,351,577	4%
Deferred Outflows of Resources	1,079,181	2,089,898	(1,010,717)	-48%
Current Liabilities	4,859,191	3,002,163	1,857,028	62%
Noncurrent Liabilities	5,254,658	9,180,275	(3,925,617)	-43%
Total Liabilities	10,113,849	12,182,438	(2,068,589)	-17%
Deferred Inflows of Resources	1,365,987	688,310	677,677	98%
Net Position:				
Investment in Capital Assets	10,554,902	8,416,245	2,138,657	25%
Restricted	-	11,973,438	(11,973,438)	-100%
Unrestricted	110,486,484	94,919,931	15,566,553	16%
Total Net Position	\$ 121,041,386	\$ 115,309,614	\$ 5,731,772	5%

Analysis of Net Position— Various Commission activities contributed to the total increase in net position. The following table shows the change in net assets by program.

<u>Program</u>	<u>Change in Net Position</u>
HUD Funding (including Housing Choice Vouchers)	\$ (692,172)
County Fund for Housing	7,259,167
All Other Commission Funds	(835,223)
	<u>\$ 5,731,772</u>

The Commission administers multiple HUD funded programs, including the Sonoma County Housing Authority, whose largest program is the Housing Choice Voucher Program. The net position of HUD funded programs decreased by \$692,172 during the fiscal year ended June 30, 2020, with an ending Net Position of \$15,487,806. This decrease was due to increased funds spent on new and existing programs along with increased rental assistance, using net position reserves.

The County Fund for Housing receives revenue through Sonoma County's Permit and Resource Management Department and occasionally the County's general funds. During fiscal year 2019-2020, the County increased funding to County Fund for Housing for shelters, congregate housing, leases and short term housing services. These funds have been received from the County and committed to projects, but have not yet been spent for their intended purposes.

**SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Changes in other Commission activities were due to increased funding from federal, state and local sources and related spending in response to the Sonoma County wild fires and COVID relief related to housing and homelessness. The remaining changes in all other funds of the Commission are due to normal business activities.

The following table is a comparative analysis of the Statement of Revenues, Expenses and Changes in Net Position for fiscal years ended June 30, 2020 and 2019.

	2020	2019	Change	
			Amount	Percentage
Operating Revenues	\$ 65,135,903	\$ 66,535,250	\$ (1,399,347)	-2%
Operating Expenses	(62,018,176)	(52,826,074)	(9,192,102)	17%
Operating Income	3,117,727	13,709,176	(10,591,449)	-77%
Nonoperating Revenues (Expenses)	2,413,295	2,488,076	(74,781)	-3%
Capital Contributions and Net Transfers	200,750	-	-	
Change in Net Position	<u>\$ 5,731,772</u>	<u>\$ 16,197,252</u>	<u>\$ (10,666,230)</u>	-66%
Beginning Net Position	\$ 115,309,614	\$ 99,112,362	\$ 16,197,252	16%
Change in Net Position	<u>5,731,772</u>	<u>16,197,252</u>	<u>(10,465,480)</u>	-65%
Ending Net Position	<u>\$ 121,041,386</u>	<u>\$ 115,309,614</u>	<u>\$ 5,731,772</u>	5%

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2020, investment in capital assets for its business-type activities was \$11,302,278 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, equipment.

	2020	2019	Change	
			Amount	Percentage
Land	\$ 6,750,000	\$ 6,750,000	\$ -	0%
Building and Improvements	5,745,024	3,642,015	2,103,009	58%
Equipment	281,227	80,477	200,750	249%
Accumulated Depreciation	(1,473,973)	(1,190,871)	(283,102)	24%
Capital Assets (Net)	<u>\$ 11,302,278</u>	<u>\$ 9,281,621</u>	<u>\$ 2,020,657</u>	22%

The Commission's capital assets were comprised of a parcel of land, a shopping center, four single-family homes and a rent-restricted affordable apartment complex at the beginning of the fiscal year.

Debt Administration

At June 30, 2020, the Commission had total long-term debt obligations outstanding of \$747,376 consisting of \$747,376 of a USDA Rural Rental Housing Loan. Additional information on the Commission's long-term liabilities can be found in the Notes to the Financial Statements section of this report, Note 11 – Long Term Liabilities.

**SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Expendable Net Position

The expendable net position is a measure of the Commission's liquidity. If all current assets, less materials inventory, are converted to cash and the Commission pays all current liabilities, the amount of cash remaining is the expendable net position. The number of months of expendable net position is calculated by dividing expendable net position by monthly operating expenses. See the table below for an analysis of the Commission's expendable net positions:

	2020	2019	Change	
			Amount	Percentage
Expendable Net Position	\$ 27,913,312	\$ 35,798,408	\$ (7,885,096)	-22%
Number of Months of Expendable Net Position	5.40	8.13	(2.73)	-34%

Economic Factors and Next Year's Budget

The Commission will continue to rely primarily on federal funding, specifically HUD, for Community Development and Rental Assistance Programs. These programs may be adversely effected by Federal budget cuts in the future. California continues to face significant economic and budgetary uncertainties, increased by the current homelessness crisis, multiple and wide-spread natural disasters and COVID-19, which may affect the Commission's state funded programs and the ability of individuals and non-profits to pay their Commission-sponsored loans.

Request for Information

This annual report is intended to provide citizens with a general overview of the Commission's finances. Questions about this report should be directed to the Commission's Executive Director at 1440 Guerneville Road, Santa Rosa, CA 95403.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents:	
Unrestricted	\$ 27,545,710
Restricted	700,659
Accounts Receivable, Net	4,217,069
Prepays	259,252
Deposits with Others	8,729
Interest Receivable	41,084
Total Current Assets	<u>32,772,503</u>

NONCURRENT ASSETS

Capital Assets, Net	
Non-depreciable	6,750,000
Depreciable Assets, Net	4,552,278
Long-Term Notes and Related Interest Receivable, Net	83,167,260
Land Held for Resale	4,200,000
Total Noncurrent Assets	<u>98,669,538</u>
 Total Assets	 <u>131,442,041</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension	723,846
OPEB	355,335
Total Deferred Outflows of Resources	<u>1,079,181</u>

LIABILITIES

CURRENT LIABILITIES

Accounts Payable:	
Vendors	4,232,692
Other Governments	-
Other Liabilities	356,960
Debt - Current Portion	7,106
Unearned Revenue	10,498
Compensated Absences	251,935
Total Current Liabilities	<u>4,859,191</u>

NONCURRENT LIABILITIES

Compensated Absences	7,792
Debt	740,270
Net Pension Liability	2,103,000
Net OPEB Obligation	2,403,596
Total Noncurrent Liabilities	<u>5,254,658</u>
 Total Liabilities	 <u>10,113,849</u>

See accompanying Notes to Financial Statements.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2020

DEFERRED INFLOWS OF RESOURCES

Pension	1,091,320
OPEB	<u>274,667</u>
Total Deferred Inflows of Resources	<u>1,365,987</u>

NET POSITION

Net Investment in Capital Assets	10,554,902
Restricted	-
Unrestricted	<u>110,486,484</u>
Total Net Position	<u><u>\$ 121,041,386</u></u>

See accompanying Notes to Financial Statements.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2020

REVENUES

Operating Revenues:	
Intergovernmental Revenue	\$ 64,294,892
Service Charges	282,048
Rent and Concession, Net	434,243
Program Revenue	5,850
Licenses and Permits	8,320
Contributions and Donations	-
Other Revenues	110,550
Total Operating Revenues	<u>65,135,903</u>

EXPENSES

Operating Expenses:	
Salary and Benefits	6,166,154
Administration - Service and Supplies	2,971,781
Rents and Leases	218,902
Insurance	44,255
Program Delivery	48,898,698
Maintenance and Operations	235,233
Utilities	59,485
Intergovernmental Expenses - County Charges	472,495
Taxes and Assessments	5,098
Depreciation	145,470
Other Expenses	2,800,605
Total Operating Expenses	<u>62,018,176</u>

OPERATING INCOME	<u>3,117,727</u>
-------------------------	------------------

NONOPERATING REVENUE (EXPENSE)

Investment Income	2,485,481
Interest Expense	(72,186)
Total Nonoperating Revenues (Expenses)	<u>2,413,295</u>

INCOME BEFORE CONTRIBUTIONS	5,531,022
------------------------------------	-----------

Capital Grants and Contributions	<u>200,750</u>
----------------------------------	----------------

CHANGE IN NET POSITION	5,731,772
-------------------------------	-----------

Net Position - Beginning of Year	<u>115,309,614</u>
----------------------------------	--------------------

NET POSITION - END OF YEAR	<u><u>\$ 121,041,386</u></u>
-----------------------------------	------------------------------

See accompanying Notes to Financial Statements.

**SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers and Users	\$ (781,458)
Receipts from Grants	62,467,240
Payments to Suppliers of Goods and Services	1,822,529
Payments for Personnel and Related Benefits	(9,474,830)
Payments for Housing Assistance	(48,898,698)
Principal and Interest Payments Received from Notes Receivable	2,444,397
Cash Loans Provided to Other Housing Agencies and Low Income Individuals	(9,226,478)
Other Receipts (Payments)	<u>(2,690,055)</u>
Net Cash Provided by Operating Activities	(4,337,353)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments for the Acquisition of Capital Assets	(2,077,209)
Payments on Debt - Principal	(2,526,168)
Payments on Debt - Interest	<u>(72,186)</u>
Net Cash Used by Financing Activities	(4,675,563)

NET DECREASE IN CASH (9,012,916)

Cash - Beginning of Year 37,259,285

CASH - END OF YEAR \$ 28,246,369

See accompanying Notes to Financial Statements.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2020

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating Income	\$ 3,117,727
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Noncash Items:	
Depreciation	145,470
Pension Expense	
OPEB Expense	
(Increase) Decrease in Assets and Deferred Outflows:	
Accounts Receivable	(2,985,168)
Program Loans Receivable	(6,782,081)
Prepaid Expenses	20,726
Deferred Outflows of Resources - OPEB	(6,210)
Deferred Outflows of Resources - Pension	1,016,927
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	2,837,271
Other Liabilities	(354,403)
Net Pension Liability	(2,024,132)
Net OPEB Liability	(47,181)
Deferred Inflows of Resources - OPEB	(358,718)
Deferred Inflows of Resources - Pension	1,036,395
Compensated Absences	46,024
Net Cash Provided by Operating Activities	<u><u>\$ (4,337,353)</u></u>

See accompanying Notes to Financial Statements.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial statements of Sonoma County Community Development Commission (the Commission) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Commission has previously implemented GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis-for State and Local Governments*. Certain significant changes in the statements are as follows: The financial statements will include a Management's Discussion and Analysis (MD&A) section providing an analysis of the Commission's overall financial position and results of operations.

Sonoma County Community Development Commission is a special-purpose government engaged only in business-type activities and, therefore, presents only the financial statements required for proprietary (enterprise) fund, in accordance with GASB Statement 34, paragraph 138 and GASB 63. For these governments, basic financial statements and required supplemental information consist of:

- Management Discussion and Analysis (MD&A)
- Enterprise fund financial statements consisting of:
 - Statement of Net Position
 - Statement of Revenues, Expenses & Changes in Fund Net Position
 - Statement of Cash Flows
- Notes to Financial Statements
- Required supplemental information other than MD&A

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has contracted with the Commission to administer certain HUD funds.

A. Reporting Entity

The Commission was established as a separate public and corporate entity pursuant to Section 34110 of the California Health and Safety Code. The Commission is governed by the Board of Commissioners who are appointed by the Elected Board of Supervisors of Sonoma County. The exercise of this oversight responsibility causes the Commission to be an integral part of the County of Sonoma's (the County) reporting entity. Therefore, the Commission's basic financial statements are expected to be included as a component unit in the County's annual financial report for the fiscal year ended June 30, 2020.

The Commission's financial statements include activities over which the Board of Commissioners has oversight and budgeting responsibility. Sonoma County Commission is included in the reporting entity.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Introduction (Continued)

A. Reporting Entity (Continued)

GASB established criteria for determining the governmental reporting entity's status as either a primary government or component unit of a primary government. Under provisions of this statement, the Commission is considered a component unit of the County, although it is a legally separate special-purpose government, it does not have a separately elected governing body from that of the County and is not fiscally independent of other state and local governments. Fiscally independent means that the Commission may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt.

The core service areas of the Commission are as follows:

Rent Assistance – Administering various rent assistance programs the largest of which is the *Housing Choice Vouchers (HCV) Program* - Designed to aid very low-income families in obtaining decent, safe, and sanitary rental housing. The Commission administers contracts with independent landlords that own property and rent that property to families that have applied for housing assistance through the Commission. The Commission subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Commission to structure a lease that sets the participants' rent at 30% of household income.

Housing & Neighborhood Investments – Financing New and Preserving Existing homes for people with modest means. The three most significant financing programs are:

Community Development Block Grant Program - The primary objective of the HUD funded Community Development Block Grants (CDBG)/Entitlement Grants program (large cities and urban counties) (24 CFR part 570 subpart D) is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income.

County Fund for Housing – Established in 2003 by the County of Sonoma with local funding, County Fund for Housing (CFH) resources shall be used to provide loans and grants to qualified developers, public entities and individuals to create, maintain, or expand the County's affordable housing stock for low, very low, and extremely low-income households.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Introduction (Continued)

Hazard Mitigation Grant Program - The Hazard Mitigation Grant Program (HMGP) is a cost-shared program administered by the Federal Emergency Management Agency (FEMA), Department of Homeland Security. The program's purpose is to mitigate the vulnerability of life and property to future disasters during the recovery and reconstruction process following a disaster. HMGP provides funds to implement projects to reduce risk from future hazard events.

Ending Homelessness – As both a funding agency and a convener of county wide planning efforts, the Commission acts as the Lead Agency in a partnership with service agencies, advocates, and the community with the goal of making homelessness increasingly rare and brief.

B. Basic Financial Statements/Funds

All activities of Sonoma County Community Development Commission are reported in proprietary fund types. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is secured by the Commission's capital assets and by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

In the Statement of Net Position, equity is classified as net position and displayed in three components:

- a) Net Investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any notes or other borrowings attributable to those capital assets.
- b) Restricted net position - Consists of net position with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
- c) Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted net positions are available for use, generally it is the Commission's policy to use restricted resources first.

C. Accrual Basis of Accounting

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Introduction (Continued)

Proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

D. Budgetary Data

Enterprise fund service delivery levels are determined by the extent of consumer demand. Because enterprise fund revenues and expenses fluctuate with changing service delivery levels, generally accepted accounting principles do not require the financial statements to include budgetary comparisons and, accordingly, these comparisons have not been included.

Budgets are prepared for regulatory purposes in accordance with Sonoma County Community Development Commission's contract with HUD. The Commission prepares annual budgets for each program. Prior to the beginning of each budget year, the Commission's annual budget is approved by its governing body. Budgetary amendments require approval by the governing body. All budgetary appropriations lapse at the end of each year.

E. Financial Statement Accounts & Other Accounting Matters

Revenues - All Sonoma County Community Development Commission revenues are subject to accrual. These revenues consist of user charges for rents, utilities, repairs and other miscellaneous charges. Monies received from customers for security deposits are recorded as a liability upon receipt. Subsidies and grants, which finance current operations, are reported as operating revenues. Subsidies and grants, which finance capital operations, gain/loss on sale of fixed assets, and interest income/expense, are reported as nonoperating revenues. All revenues generated by a program are only used for that program's purposes.

Revenues for government-mandated and voluntary exchange transactions, are recorded when all applicable eligibility requirements, including time requirements, are met. Resources received before all eligibility requirements are met are reported as deferred inflows of resources or unearned revenues.

In accordance with GASB standards, for the fiscal year ended June 30, 2020, dwelling income and other rental related fees of \$434,243 have been reported with no concessions.

Expenses - Expenses are recognized when the liability is incurred. Inventory costs are reported in the period when inventory items are purchased due to triviality of inventory balances.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Introduction (Continued)

E. Financial Statement Accounts & Other Accounting Matters (Continued)

Cash and Equivalents, and Investments

- a) Cash and Equivalents. The Commission defines cash to include certificates of deposit, money market funds, savings accounts, demand deposits, and other short-term securities with original maturities of three months or less; consequently, the cost, carrying value, and market value are equivalent.
- b) Investments. Investments, if any, would be carried at fair market value, except for U.S. Treasury Bills, which would be carried at amortized cost.

The majority of the Commission's cash and investments are pooled with the Sonoma County Treasurer in the County Treasury Investment Pool (the Treasury Pool), which is an external investment pool.

The Commission also has cash deposits with banks and investments which are held by outside trustees. The Sonoma County Treasurer acts as a disbursing agent for the Commission. The fair value of the investments in the Sonoma County Treasury pool is determined quarterly. Realized and unrealized gains or losses and interest earned on pooled investments are allocated quarterly to the appropriate funds based on their respective average daily balance for that quarter.

During the fiscal year and at year-end, all cash was held in the form of interest bearing accounts. The deposits and the above-described investments with an original maturity of 90 days or less are considered cash and cash equivalents for the Statement of Cash Flows.

Restricted Cash - Restricted cash consists of cash set aside by HUD for the Housing Choice Voucher Program, cash and investments that are held in trust, reserves and escrows, as well as other cash and investments that are restricted for specific purposes.

Accounts Receivable - Accounts receivable consists of all amounts earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and periodic aging of accounts receivable.

When applicable, included in accounts receivable are Due From Other Governments which represent amounts due to the Commission and revenues earned or accrued in the current period. These include amounts due from grantors for grants for specific programs. All amounts are deemed to be fully collectible, therefore no allowance for uncollectable amounts have been recorded.

Assets Held for Sale - If any, an asset which the Commission is not using in operations and that is intended to sell is classified on the Statement of Net Position as "Assets Held for Resale." The carrying value of an asset is the lower of the asset's cost or its net realizable value.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Introduction (Continued)

E. Financial Statement Accounts & Other Accounting Matters (Continued)

Notes and Related Interest Receivable - As part of the Commission's housing rehabilitation programs and low- income housing development programs, the Commission makes certain loans to homeowners, nonprofit agencies, and for-profit entities. The Commission accrues interest on these loans based on the loan agreement.

The Commission's notes receivable are primarily "second mortgages" which follow a first lender in order of security interest. It is the Commission's practice to primarily make only fixed simple interest rate loans with 20 to 30 year amortization periods.

The Commission performs an analysis of notes receivable annually to estimate the potential for uncollectible notes and interest receivable. This analysis involves consideration of the notes risk of default and, should a default take place, the probability that the value of the property on which the note is secured will be less than the related outstanding debt.

Capital Assets - Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of exhaustible capital assets is charged as an expense against operations utilizing the straight-line method. Accumulated depreciation is reported on the Statement of Fund Position. The estimated useful lives for each major class of depreciable fixed assets are as follows:

<u>Asset Class</u>	<u>Estimated Lives</u>
Buildings and Improvements	30 to 50
Machinery and Equipment	3 to 15

Compensated Absences - Compensated absences are absences for which employees will be paid, i.e., vacation and other approved leaves, with the exception of those employees that are terminated on grounds of gross misconduct. The Commission accrues the liability for those absences for which the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Regular Commission employees earn from 10 to 20 vacation days a year, depending upon their length of employment, and 13 sick days a year. Employees can carry forward up to the equivalent number of vacation days earned in the immediately preceding thirty-six month period and an unlimited number of unused sick leave days.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Introduction (Continued)

E. Financial Statement Accounts & Other Accounting Matters (Continued)

Compensated Absences (Continued)

Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave. The monetary equivalent of 25% of all unused sick leave is used in the calculation of retirement benefits, but not paid to the employee upon separation.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tenant Security Deposits -. Security deposits consist of amounts held in trust with Sonoma County Community Development Commission in order for tenants to secure apartment leases.

Deferred Inflows/Outflows of Resources - In accordance with GASB 63, in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Commission had deferred outflows of resources consisting of pension and Other Post Employment Benefits (OPEB) activities, for further details about the nature and types of deferred outflows of resources please see Note 7 related to the pension and Note 8 related to OPEB.

Also, in addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Commission deferred inflows of resources consist of pension and OPEB activities, for further details about the nature and types of deferred inflows of resources please see Note 7 related to the pension and Note 8 related to OPEB.

**SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Introduction (Continued)

E. Financial Statement Accounts & Other Accounting Matters (Continued)

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Pension Plans (CEPP) and additions to/deductions from CEPP's fiduciary net position have been determined on the same basis as they are reported by the Sonoma County Employee's Retirement System (SCERA) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County of Sonoma's OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the Sonoma County Employee's Retirement System (SCERA) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Income Taxes - The Commission is not subject to federal or state income taxes.

Interfund Eliminations - All interfund receivables and payables between program and (if applicable) blended component units have been eliminated in the financial statements. As have any inter-program or company revenues and expenses.

Leasing Activities - The Commission is the lessor of dwelling units to eligible residents. The rents under the leases are determined generally by the residents' income as adjusted for eligible deductions regulated by HUD, although the residents may opt for a flat rent. Leases may be cancelled at any time or renewed annually. The Commission may cancel the leases only for a cause. Revenues associated with these leases are recorded in the accompanying financial statements and related schedules within dwelling rent revenue.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 CASH AND EQUIVALENTS, AND INVESTMENTS

Cash and equivalent, and investments were comprised of the following categories as of June 30, 2020:

Unreserved:	
Petty Cash	\$ 425
Checking and Money Market Accounts	27,545,285
Subtotal	<u>27,545,710</u>
Reserved:	
Deposits held in Trust - Tenant Security	17,918
Reserves and Escrows	682,741
Subtotal	<u>700,659</u>
 Total Cash and Investments	 <u><u>\$ 28,246,369</u></u>

Sonoma County Pooled Cash

The Commission follows the practice of pooling cash and investment of funds with the County Treasurer except for funds required to be held by outside fiscal agents or trustees under the provisions of bond indentures and grant agreements. The Treasury Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool.

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on the average daily balances by fund during the quarter. Interest income from cash and investments with fiscal agents or trustees is credited directly to the related fund.

Nonpooled Cash and Investments

The following schedule shows the pooled and nonpooled cash amounts as of year-end:

Cash Inside Sonoma County Treasurer's Pool	\$ 23,173,251
Cash Outside Sonoma County Treasurer's Pool	5,073,118
Total Cash and Investments	<u><u>\$ 28,246,369</u></u>

Investment Guidelines

The Commission's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity, and maximum rate of return. 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.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 CASH AND EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Permitted Investments

- U.S. Treasury and Federal Agency securities
- Bonds issued by local agencies
- Registered State Warrants and Municipal Notes
- Negotiable certificates of deposit
- Bankers' acceptances
- Commercial paper
- Medium-term corporate notes
- Local Agency Investment Fund (Slate Pool) demand deposits
- Repurchase agreements
- Shares of a mutual fund average life
- Collateralized mortgage obligations
- Joint power agreements

A copy of the County Investment Policy is available upon request from the Treasurer at 585 Fiscal Drive, Room 1001F, Santa Rosa, California, 95403.

Investment in County Treasurer's Pooled Cash

As of June 30, 2020, the Commission's cash and investments balance managed by the County Treasurer was \$23,173,251. At that time, the weighted average maturity of the investments in the pool was less than two years. The credit rating and other information regarding the Treasury pool for the year is disclosed in Sonoma County's 2019-2020 Comprehensive Annual Financial Report.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Commission manages its exposure is to spread its cash between several financial institutions. The majority of the Commission's cash and investments are held by the Treasury Pool, which has a weighted average maturity of less than two years.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 CASH AND EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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.

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of cash, deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral. Under California law this collateral is held in the Commission's name and places the Commission ahead of general creditors of the institution. The Commission has waived the collateral requirements for the portion of deposits covered by federal deposit insurance.

As of June 30, 2020, \$5,073,118 of the Commission's cash with financial institutions outside of the Sonoma County Treasurer's Pool was federally insured and the remaining cash not covered by the FDIC was fully collateralized by pledged securities per written agreements with the financial institutions utilized by the Commission and therefore not exposed to custodial risk.

Concentration of Credit Risk

The investment policy of the Commission contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Commission has no investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represent 5% or more of total investments.

Credit Risk

Generally, 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. The Commission follows the County's policy to purchase investments with the minimum ratings required by the California Government Code. The Commission does not currently hold any investments to report.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2020:

Fraud Recovery	\$ 434,881
Less: Allowance	<u>(383,124)</u>
Fraud Recovery, Net	51,757
Due from Other Governments	2,984,688
Density Bonus	1,159,953
Miscellaneous Other	<u>20,671</u>
Accounts Receivable, Net	<u><u>\$ 4,217,069</u></u>

NOTE 4 LONG-TERM NOTES RECEIVABLE AND INTEREST RECEIVABLE

The Commission holds various types of notes receivable. Some require monthly principal reduction, and others have balloon payments at the end of the term of the note. Interest rates on the loans range from zero to ten percent per annum. Long-term notes receivable and interest receivable consisted of the following at year-end:

Long-Term Notes Receivable	\$ 80,441,831
Interest Receivable on Notes	17,099,604
Less: Allowance for Uncollectible Notes and Interest	<u>(14,374,175)</u>
Long-Term Notes Receivable, Net	<u><u>\$ 83,167,260</u></u>

NOTE 5 CAPITAL ASSETS

A summary of the activity for capital assets for the year ended June 30, 2020 is as follows:

	<u>July 1, 2019</u>	<u>Additions and Transfers In</u>	<u>Deletions and Transfers Out</u>	<u>June 30, 2020</u>
Nondepreciable Capital Assets:				
Land	<u>\$ 6,750,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,750,000</u>
Subtotal	6,750,000	-	-	6,750,000
Depreciable Capital Assets:				
Buildings and Improvements	3,667,815	2,077,209	-	5,745,024
Equipment	<u>80,477</u>	<u>200,750</u>	<u>-</u>	<u>281,227</u>
Subtotal	<u>3,748,292</u>	<u>2,277,959</u>	<u>-</u>	<u>6,026,251</u>
Total Capital Assets	10,498,292	2,277,959	-	12,776,251
Less: Accumulated Depreciation	<u>(1,328,503)</u>	<u>(145,470)</u>	<u>-</u>	<u>(1,473,973)</u>
Capital Assets, Net	<u><u>\$ 9,169,789</u></u>	<u><u>\$ 2,132,489</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,302,278</u></u>

Depreciation expense of \$145,470 has been recognized during the year ended June 30, 2020.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 OTHER LIABILITIES

Other current liabilities of the Commission were comprised of the following as of June 30, 2020:

FSS Escrow Deposits	\$ 204,105
Tenant Security Deposits	135,336
Other Deposits Held in Trust	<u>17,519</u>
Total Other Liabilities	<u><u>\$ 356,960</u></u>

NOTE 7 PENSION PLAN

General Information about the Pension Plan

Plan Descriptions

Plan Administration - The Sonoma County Employees' Retirement Association (SCERA) was established by the County of Sonoma on January 1, 1946. SCERA is administered by the Board of Retirement to provide retirement, disability and survivor benefits for its members under the California State Government Code, Section 31450 et. seq. (County Employees' Retirement Law of 1937 "CERL") and the California Public Employees' Pension Reform Act of 2013 (PEPRA). SCERA is a cost-sharing multiple employer public employee retirement system whose main function is to provide retirement, disability and survivor benefits to the General and Safety members employed by the County of Sonoma. SCERA also provides retirement allowances and other benefits to the employee members of the Superior Court of California - County of Sonoma and Valley of the Moon Fire District. Within the County General classification, there are 15 units/departments.

The management of SCERA is vested with the Sonoma County Board of Retirement. The Board consists of nine voting trustees and one alternate trustee. Four trustees are appointed by the Board of Supervisors, one of whom may be a County Supervisor; two active trustees are elected by the General members; one active trustee is elected by the Safety members; and one trustee and one alternate trustee are elected by the retired members. The County Treasurer is an ex-officio trustee. All trustees serve three-year terms, with the exception of the County Treasurer, who serves during their tenure in office.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 PENSION PLAN (CONTINUED)

Benefits Provided - SCERA provides member benefits as defined by law upon retirement, death, or disability to eligible employees. Members include employees in a permanent position of at least half time in the County of Sonoma or participating agencies. Membership becomes effective on the first day of entrance into eligible service. There are separate retirement plans for General and Safety member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and certain probation officers. All other employees are classified as General members.

There are currently two tiers applicable to both General and Safety members. Members with membership dates before January 1, 2013 are included in General Plan A or Safety Plan A. Any new member who becomes a member on or after January 1, 2013 is designated as General Plan B or Safety Plan B and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq. and Assembly Bill (AB) 197.

Plan Descriptions (Continued)

Benefits Provided (Continued) - General members hired prior to January 1, 2013 are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General members who are first hired on or after January 1, 2013 are eligible to retire once they have attained the age of 52, and have acquired five years of retirement service credit. Safety members hired prior to January 1, 2013 are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age. Safety members who are first hired on or after January 1, 2013 are eligible to retire once they have attained the age of 50, and have acquired five years of retirement service credit. The retirement benefit the member will receive is based upon age at retirement, final compensation, years of retirement service credit and retirement plan and tier. For Plan A members, final compensation is defined as the highest 12 consecutive months of compensation earnable. 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 tables wage base limit in 2013, (or 120% for non-Social Security integrated positions), adjusted for inflation.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

General Plan A benefit is calculated pursuant to the provisions of California Government Code Section 31676.17. The monthly allowance is equal to 1/50th of final compensation times years of accrued retirement service credit times age factor from Section 31676.17. General Plan B benefit is calculated pursuant to the provisions found in California Government Code Section 7522.20(a). The monthly allowance is equal to the final compensation times years of accrued retirement service credit times age factor from Section 7522.20(a).

Safety Plan A benefit is calculated pursuant to the provisions of California Government Code Section 31664.1. The monthly allowance is equal to 3% of final compensation times years of accrued retirement service credit times age factor from Section 31664.1. Safety Plan B benefit is calculated pursuant to the provisions found in California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation times years of accrued retirement service credit times age factor from Section 7522.25(d).

For members enrolled in Plan A, the maximum monthly retirement allowance is 100% of final compensation.

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

Allocation of Net Pension Liability and Pension Expense to Individual Plans

At June 30, 2020, the Commission reported a liability of \$2,103,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At December 31, 2019, the Commission's proportion was 0.929%, which was an increase of 0.094% from its proportion measured as of December 31, 2018 of 0.835%.

The following table shows the Plans' proportionate share of the risk pool collective net pension liability over the measurement period.

	Plan Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Plan Net Pension Liability (Asset) (c)=(a)-(b)
Balance at June 30, 2019	\$ 25,651,843	\$ 21,524,711	\$ 4,127,132
Balance at June 30, 2020	29,201,471	27,098,471	2,103,000
Total Net Change	<u>\$ 3,549,628</u>	<u>\$ 5,573,760</u>	<u>\$ (2,024,132)</u>

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 PENSION PLAN (CONTINUED)

For the year ended June 30, 2020, the Commission recognized pension expense of \$29,190. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits. At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 65,678	\$ (268,118)
Changes in Assumptions	148,012	-
Net Difference Between Projected and Actual Earnings on Retirement Plan Investments	-	(798,899)
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	215,268	(24,303)
Contributions Subsequent to Measurement Date	294,888	-
Total	<u>\$ 723,846</u>	<u>\$ (1,091,320)</u>

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

Allocation of Net Pension Liability and Pension Expense to Individual Plans (Continued)

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$294,888 reported as deferred outflows of resources related to pensions resulting from Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ (211,926)
2022	(148,607)
2023	97,135
2024	(398,964)
Thereafter	-
Total	<u>\$ (662,362)</u>

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 PENSION PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.00 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.00%) or 1 percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan Net Pension Liability (Assets)	<u>\$ 5,468,093</u>	<u>\$ 2,103,000</u>	<u>\$ (691,692)</u>

Subsequent Events Related to Pension

There were no subsequent events that would materially affect the results presented in this disclosure.

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

In preparing an actuarial valuation, the actuary employs generally accepted actuarial methods and assumptions to evaluate the System's assets, liabilities, and future contribution requirements. The actuary utilizes member data and financial information provided by the System with economic and demographic assumptions made about the future to estimate the System's financial status as of a specified point in time. Examples of estimates include assumptions about future employment, mortality, future investment returns, future salary increases, expected retirements and other relevant factors. Actuarially determined amounts are subject to continual review or modification. The Board reviews the economic and demographic assumptions of the System every three years.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 PENSION PLAN (CONTINUED)

The actuarial assumptions used to determine the total pension liability as of measurement date December 31, 2019 were based on the results of the most recent Actuarial Experience Study which covered the period from January 1, 2012 through December 31, 2014. Key methods and assumptions used in the latest actuarial valuation and the total pension liability are presented below:

Valuation Date	Actuarially determined contribution rates for the first six months of calendar year 2019 (i.e., the second half of the fiscal year 2018-2019) are calculated based on the December 31, 2015 valuation. Actuarially determined contribution rates for the last six months of calendar year 2019 (i.e., the first half of fiscal year 2019-2020) are calculated based on the December 31, 2016 valuation.
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll for total unfunded actuarial accrued liability.

Remaining Amortization Period

December 31, 2015 Valuation	20 years (declining) for outstanding balance of the December 31, 2007 UAAL and for UAAL established on each subsequent valuation plus 20 years (declining) with 12 years remaining as of December 31, 2015 for UAAL established as a result of including as pensionable salary a cash allowance.
December 31, 2016 Valuation	20 years (declining) for outstanding balance of the December 31, 2007 UAAL and for UAAL established on each subsequent valuation plus 20 years (declining) with 11 years remaining as of December 31, 2016 for UAAL established as a result of including as pensionable salary a cash allowance.
Asset Valuation Method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on valuation value of assets and is recognized over a five-year period. The valuation value of assets is the actuarial value of assets reduced by the value of the nonvaluation reserves and designations.

**SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 PENSION PLAN (CONTINUED)

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

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability
(Continued)**

Actuarial Assumptions

December 31, 2019 Valuation

Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation.
Inflation Rate	2.75%
Across the Board Salary Increase	0.50%
Projected Salary Increases	General: 3.75% - 8.75% and Safety: 4.00% - 10.75%, varying by service, including inflation
Cost of Living Adjustments	0.00% of retirement income
Other Assumptions	Same as those used in the December 31, 2015 funding actuarial valuation.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.00% as of December 31, 2019. 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 for 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, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2019.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 PENSION PLAN (CONTINUED)

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

Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building block method in which 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 (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the table below. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocations. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	17.97 %	5.34 %
Small Cap U.S. Equity	5.45	6.08
Developed International Equity	16.71	6.80
Emerging Market Equity	5.57	8.75
U.S. Core Fixed Income	14.75	1.12
Global Equity	15.55	6.44
Real Estate	10.00	4.58
Farmland	5.00	6.81
Bank Loans	3.00	3.55
Unconstrained Bonds	3.00	3.22
Infrastructure	3.00	6.70
	<u>100.00 %</u>	

Payable to the Pension Plan.

At June 30, 2020, the Commission had no amounts payable for outstanding annual required contribution payments to the pension plan.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 OTHER POSTEMPLOYMENT HEALTH BENEFITS

The County of Sonoma administers a post-employment healthcare plan. In accordance with the County Salary Resolution No. 95-0926 and the Commission's employees are covered under this plan. The County of Sonoma administers the OPEB Plan – a single employer OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for regular full-time and public safety employees of the County hired before 2009. Management of the OPEB plan is governed by the County's Board of Supervisors, which consists of five members. The plan issues separate public financial statements that can be obtained from the County of Sonoma at 575 Administration Drive, Room 100A, Santa Rosa, CA 95403.

Benefits Provided

Retirees are eligible for medical and drug benefits provided under two self-insured indemnity plans administered by Anthem Blue Cross (County Health Plan PPO or County Health Plan EPO). In addition, retirees not yet eligible for Medicare can enroll in any of the three Kaiser Plans, while retirees eligible for Medicare can enroll in a Kaiser HMO or a UHC AARP HMO. Medicare Part B premiums are reimbursed by the County to eligible retired members at a fixed contribution of \$96.40 per month, but not to dependents. In addition, retirees are eligible for dental benefits from Delta Dental at full cost to the retiree. Since these benefits are fully paid by the retirees, they were excluded from the valuation.

Duration of Coverage: Lifetime, subject to continuing support by the Board of Supervisors

Dependent Benefits: Same as retirees.

Dependent Coverage: Benefits are available for dependents. However, the County does not subsidize coverage for all dependents.

County Contributions

Retirees may elect to enroll in any County offered medical plan and shall pay for all costs in excess of the County contribution dollar amount. For plans with premiums under \$500, the County will pay the full cost of the coverage up to \$500 per month. Most retirees are responsible for the full cost of dental coverage. The OPEB plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the County and the bargaining units. For the fiscal year ended June 30, 2020, the Commission's contribution to the plan was \$290,143.

Net OPEB Liability

At June 30, 2020, the Commission reported a net OPEB liability of \$2,403,596 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net OPEB liability was based on a projection of the Commission's long-term share of contributions to the OPEB plan relative to the projected contributions of all OPEB Plan participants, actuarially determined. At June 30, 2019, the Commission's proportion was 0.988%.

**SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 OTHER POSTEMPLOYMENT HEALTH BENEFITS (CONTINUED)

Actuarial Assumptions

The Commission's net OPEB liability was measured as of June 30, 2019 and determined based on the total OPEB liability from actuarial valuations as of June 30, 2018 based on the following actuarial methods and assumptions:

Investment Rate of Return	<u>June 30, 2019</u> : 6.50%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Rates	County Health Plan Medical trends grade down from 7.0% in 2019/20 down to 4.50% over 5 years. County Health Plan Drug trends grade from 6.50% in 2019/20 down to 4.50% over 4 years. HOM Medical/Drug trends grade from 6.50% in 2019/20 down to 4.50% over 8 years. ASO fees assumed trend is 5.00% in 2018/19, then 4.50% thereafter.
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.75%
Across the Board Salary Increase	0.50%
Projected Salary Increases	3.25%
Other Assumptions	See analysis of actuarial experience shown in 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).

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 OTHER POSTEMPLOYMENT HEALTH BENEFITS (CONTINUED)

Target Asset Allocation

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 rates 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 assumption are summarized in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	30.00 %	6.70 %
Mid Cap U.S. Equity	4.00	6.70
Small Cap U.S. Equity	8.00	6.70
International Equity	8.00	7.70
Global Equity	6.00	7.70
U.S. Core Fixed Income	31.00	2.10
Alternatives	8.00	3.90
Cash	1.00	1.10
Real Estate	4.00	5.20
	<u>100.00 %</u>	

Discount Rate

The discount rates used to measure the OPEB Liability was 6.50% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at rates proportional to the actuarially determined contribution rates.

Discount Rate and Trend Sensitivity

The following represents the Net OPEB liability of the Commission as of June 30, 2020, calculated using the discount rate of 6.50%, as well as the Net OPEB Liability of the Commission if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease 5.50%</u>	<u>Current Discount Rate 6.50%</u>	<u>1% Increase 7.50%</u>
Net OPEB Liability	<u>\$ 2,331,155</u>	<u>\$ 2,403,596</u>	<u>\$ 1,900,895</u>

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 OTHER POSTEMPLOYMENT HEALTH BENEFITS (CONTINUED)

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

The following presents the net OPEB liability of the Commission as of June 30, 2020, calculated using the trend rate that is 1% higher, as well as using trend rate 1% lower than the current trend rates:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net OPEB Liability	\$ 2,331,155	\$ 2,403,596	\$ 1,900,895

Changes in the OPEB Liability

The changes in the net OPEB liability for the Commission are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Pension (b)	Net Liability (Asset) (c)=(a)-(b)
Balance at June 30, 2019	\$ 3,017,201	\$ 566,424	\$ 2,450,777
Balance at June 30, 2020	3,071,073	667,477	2,403,596
Total Net Change	\$ 53,872	\$ 101,053	\$ (47,181)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the Commission recognized OPEB expense of \$(412,109). As of fiscal year ended June 30, 2020, the Commission reported deferred outflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Differences Between Expected and Actual Experience	\$ 8,138	\$ (3,284)
Changes in Assumptions	-	(250,321)
Net Difference Between Projected and Actual Earnings on Retirement Plan Investments	-	(12,805)
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	57,054	(8,257)
Contributions Subsequent to Measurement Date	290,143	-
Total	\$ 355,335	\$ (274,667)

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 OTHER POSTEMPLOYMENT HEALTH BENEFITS (CONTINUED)

The \$290,143 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB expense will be recognized as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ (206,292)
2022	(467)
2023	(1,683)
2024	(1,033)
Thereafter	-
Total	<u>\$ (209,475)</u>

NOTE 9 CONTINGENT LIABILITIES

Insurance

The Commission, as a component unit of the County, is named insured on all general and automobile liability coverage maintained by the County of Sonoma. The County maintains a self-insured retention of \$1,000,000 per occurrence which is accounted for in the County's Risk Management Internal Service Fund. Excess liability coverage is maintained through participation in the California State Association of Counties, Excess Insurance Commission (CSAC-EIA), and Excess Liability Program. Limits of this coverage are \$15,000,000. The Commission is covered under this program for general liability, auto liability, public employee faithful performance/dishonesty and property insurance. The Commission paid an annual premium to the County for the above insurance coverage in the amount of \$34,472. Settlements have not exceeded coverage for each of the past three fiscal years. The Commission maintains worker's compensation insurance through the County of Sonoma.

Grants

The Commission has received funds from various federal, state, and local grant programs. It is possible that at some future date it may be determined that the Commission was not in compliance with applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Commission does not expect such disallowed amounts, if any, to materially affect the financial statements.

NOTE 10 RELATED-PARTY TRANSACTIONS

In fiscal year 2012-2013, the Commission received a multifamily project from the Sonoma City Redevelopment Agency dissolution called "Village Green." Currently, the Commission is making the principal and interest payments on the mortgage, then Sonoma City repays the Commission.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 LONG TERM LIABILITIES

The Commission had the following activity for long-term liabilities for the year ended June 30, 2020:

	July 1, 2018	Additions	Deletions	June 30, 2019	Due Within One Year
Compensated Absences	\$ 213,703	\$ 46,024	\$ -	\$ 259,727	\$ 251,935
Long-Term Debt	3,273,544	-	(2,526,168)	747,376	7,106
Total	<u>\$ 3,487,247</u>	<u>\$ 46,024</u>	<u>\$(2,526,168)</u>	<u>\$ 1,007,103</u>	<u>259,041</u>

Long term debt at June 30, 2020 consisted of the following:

	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2020
USDA Rural Rental Housing Loan	2005	2035	5.63%	\$6,116 - \$25,119	\$ 816,635	\$ 747,376
Total					<u>\$ 816,635</u>	<u>\$ 747,376</u>

The maturity schedule of the debt is as follows:

Year Ending June 30,	Principal	Interest
2021	\$ 7,106	\$ 13,682
2022	7,516	13,272
2023	7,950	12,838
2024	8,409	12,379
2025	8,895	11,894
2026 - 2030	52,793	11,380
2029 - 2033	69,894	39,767
2034 - 2037	584,813	33,902
Total	<u>\$ 747,376</u>	<u>\$ 149,114</u>

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 SUBSEQUENT EVENT

On July 7, 2020, the Board of Supervisors approved the issuance of a 1-year note in the principal amount of \$1,680,000 from the County of Sonoma to finance the purchase of surplus real property from the County of Sonoma at 2150 W. College Ave in Santa Rosa. The initial purchase of the property from the County occurred in July of 2017. The balance of the loan is due at June 15, 2021. The interest rate for the note is 2.5%.

REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
SCHEDULE OF THE PENSION PLAN'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET) AND RELATED RATIOS
YEAR ENDED JUNE 30, 2020
LAST 10 FISCAL YEARS*
(SEE INDEPENDENT AUDITORS' REPORT)

	Reporting Year (Measurement Year)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
Proportion of the Net Pension Liability Proportionate Share of the Net Pension Liability	0.929% \$ 2,103,000	0.835% \$ 4,127,132	0.795% \$ 1,342,839	0.828% \$ 3,250,098	0.826% \$ 3,409,672
Covered Payroll	2,748,877	2,524,047	3,241,071	3,058,198	2,863,999
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	76.50%	163.51%	41.43%	106.27%	119.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.80%	83.91%	94.21%	85.38%	84.63%
	2015 (2014)	2014 (2013)			
Proportion of the Net Pension Liability Proportionate Share of the Net Pension Liability	0.762% \$ 1,652,766	0.714% \$ 1,738,005			
Covered Payroll	2,478,440	2,299,042			
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	66.69%	75.60%			
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.88%	89.76%			

*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future fiscal years until 10 years of information is available.

**Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

*** The Plan Fiduciary Net Position as a percentage of the Total Pension Liability is the same for all General employers because neither the Plan Fiduciary Net Position nor the Total Pension Liability have been maintained separately for each of those employers. The same is also the case for all Safety employers.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
SCHEDULE OF THE PENSION PLAN'S CONTRIBUTIONS
YEAR ENDED JUNE 30, 2020
LAST TEN FISCAL YEARS*
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 512,760	\$ 480,820	\$ 548,624	\$ 489,353
Contributions in Relation to the Actuarially Determined Contribution	<u>(512,760)</u>	<u>(480,820)</u>	<u>(548,624)</u>	<u>(489,353)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 \$ 2,748,874	 \$ 2,509,301	 \$ 3,230,949	 \$ 3,176,133
Contributions as a Percentage of Covered Payroll	18.65%	19.16%	16.98%	15.41%
	<u>2016</u>	<u>2015</u>		
Actuarially Determined Contribution	\$ 636,796	\$ 499,498		
Contributions in Relation to the Actuarially Determined Contribution	<u>(636,796)</u>	<u>(499,498)</u>		
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>		
 Covered Payroll	 \$ 2,958,283	 \$ 2,466,335		
Contributions as a Percentage of Covered Payroll	21.53%	20.25%		
 Change in Benefits:	 <i>None</i>			
Change in Assumptions:	<i>None</i>			

*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future fiscal years until 10 years of information is available.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
SCHEDULE OF PROPORTIONATE SHARE OF OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2020
LAST TEN FISCAL YEARS*
(SEE INDEPENDENT AUDITORS' REPORT)

Measurement Period	2019	2018	2017
Proportion of the Net OPEB Liability	1.010%	0.979%	0.988%
Proportionate Share of the Net OPEB Liability	2,403,596	2,450,777	3,318,822
Covered Payroll	3,312,304	3,230,949	3,176,133
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	72.57%	75.85%	104.49%
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	21.73%	18.77%	12.88%

*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future fiscal years until 10 years of information is available.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS TO OPEB PLAN
YEAR ENDED JUNE 30, 2020
LAST TEN FISCAL YEARS*
(SEE INDEPENDENT AUDITORS' REPORT)

Reporting Period	2020	2019	2018
Actuarially determined contributions	\$ 264,656	\$ 262,046	\$ 264,317
Contributions in relation to the actuarially determined contributions	264,656	262,046	264,317
Contribution deficiency (excess)	-	-	-
Covered payroll	3,146,689	3,230,949	3,230,949
Contributions as a percentage of covered payroll	8.41%	8.11%	8.18%

*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future fiscal years until 10 years of information is available.

Notes to Schedule:

Methods and assumptions used to establish "actuarially determined contribution" rates:

Valuation Date	Actuarially determined contribution rates are based on the June 30 OPEB funding valuation
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level percent of payroll for total unfunded actuarial accrued liability
Remaining Amortization period	30 years (rolling) for outstanding balance of the
June 30, 2016 valuation	June 30, 2017 unfunded OPEB liability
Asset valuation method	Market value of assets
Actuarial assumptions:	
June 30, 2017 valuation	
Investment rate of return	6.50%
Payroll growth	3.50%
Other assumptions	Same as those used in the June 30, 2016 GASB 43 actuarial valuation dated February 9, 2017.

SUPPLEMENTARY FINANCIAL INFORMATION

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Housing Choice Vouchers	Other Programs	Eliminations	Totals
CURRENT ASSETS				
Cash and Cash Equivalents:				
Unrestricted	\$ 3,853,029	\$ 23,692,681	\$ -	\$ 27,545,710
Restricted	-	700,659	-	700,659
Subtotal	3,853,029	24,393,340	-	28,246,369
Accounts Receivable, Net	217,597	3,999,472	-	4,217,069
Due from Other Funds	36,434	-	(36,434)	-
Deposits	-	8,729	-	8,729
Interest Receivable	-	41,084	-	41,084
Prepays	7,020	252,232	-	259,252
Total Current Assets	4,114,080	28,694,857	(36,434)	32,772,503
NONCURRENT ASSETS				
Capital Assets, Net	-	11,302,278	-	11,302,278
Long-Term Notes and Related Interest Receivable, Net	-	83,167,260	-	83,167,260
Land Held for Resale	-	4,200,000	-	4,200,000
Total Noncurrent Assets	-	98,669,538	-	98,669,538
Total Assets	4,114,080	127,364,395	(36,434)	131,442,041
DEFERRED OUTFLOWS OF RESOURCES	460,187	618,994	-	1,079,181
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable:				
Vendors	15,370	4,217,322	-	4,232,692
Subtotal	15,370	4,217,322	-	4,232,692
Due to Other Funds	-	36,434	(36,434)	-
Other Liabilities	204,105	152,855	-	356,960
Debt - Current Position	-	7,106	-	7,106
Unearned Revenue	-	10,498	-	10,498
Compensated Absences - Current	111,988	139,947	-	251,935
Total Current Liabilities	331,463	4,564,162	(36,434)	4,859,191
NONCURRENT LIABILITIES				
Compensated Absences - Long-Term	3,464	4,328	-	7,792
Debt	-	740,270	-	740,270
Net Pension Liability	838,203	1,264,797	-	2,103,000
Net OPEB Obligation	1,085,224	1,318,372	-	2,403,596
Total Noncurrent Liabilities	1,926,891	3,327,767	-	5,254,658
Total Liabilities	2,258,354	7,891,929	(36,434)	10,113,849
DEFERRED INFLOWS OF RESOURCES	597,379	768,608	-	1,365,987
NET POSITION				
Net Investment of Capital Assets	-	10,554,902	-	10,554,902
Restricted	-	-	-	-
Unrestricted	1,718,533	108,767,951	-	110,486,484
Total Net Position	\$ 1,718,533	\$ 119,322,853	\$ -	\$ 121,041,386

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Housing Choice Vouchers	Other Programs	Totals
REVENUES			
Operating Revenues:			
Intergovernmental Revenue	\$ 38,908,193	\$ 25,386,699	\$ 64,294,892
Service Charges	-	282,048	282,048
Rent and Concession, Net	-	434,243	434,243
Licenses and Permits	-	8,320	8,320
Program Revenue	-	5,850	5,850
Other Revenues	60,703	49,847	110,550
Total Operating Revenues	38,968,896	26,167,007	65,135,903
EXPENSES			
Operating Expenses:			
Salary and Benefits	2,531,224	3,634,930	6,166,154
Administration - Service and Supplies	588,719	2,383,062	2,971,781
Rents and Leases	94,760	124,142	218,902
Insurance	-	44,255	44,255
Program Delivery	35,791,577	13,107,121	48,898,698
Maintenance and Operations	25,296	209,937	235,233
Utilities	-	59,485	59,485
Intergovernmental Expenses - County Charges	142,439	330,056	472,495
Taxes and Assessments	-	5,098	5,098
Depreciation	-	145,470	145,470
Other Expenses	-	2,800,605	2,800,605
Total Operating Expenses	39,174,015	22,844,161	62,018,176
OPERATING INCOME (LOSS)	(205,119)	3,322,846	3,117,727
Nonoperating Revenues (Expenses)			
Investment Income	25,235	2,460,246	2,485,481
Interest Expense	-	(72,186)	(72,186)
Total Nonoperating Revenues (Expenses)	25,235	2,388,060	2,413,295
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(179,884)	5,710,906	5,531,022
Capital Contributions and Transfers:			
Capital Contributions	-	200,750	200,750
Total Capital Contributions and Transfers	-	200,750	200,750
CHANGE IN NET POSITION	(179,884)	5,911,656	5,731,772
Net Position - Beginning of Year	1,898,417	113,411,197	115,309,614
NET POSITION - END OF YEAR	<u>\$ 1,718,533</u>	<u>\$ 119,322,853</u>	<u>\$ 121,041,386</u>



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Sonoma County Community Development Commission
Santa Rosa, California

We have audited, in accordance with the 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, the financial statements of Sonoma County Community Development Commission, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Sonoma County Community Development Commission's basic financial statements, and have issued our report thereon dated November 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sonoma County Community Development Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sonoma County Community Development Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Sonoma County Community Development Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sonoma County Community Development Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Roseville, California
November 20, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Sonoma County Community Development Commission
Santa Rosa, California

Report on Compliance for Each Major Federal Program

We have audited Sonoma County Community Development Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. The Sonoma County Community Development Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Sonoma County Community Development Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sonoma County Community Development Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each of the Sonoma County Community Development Commission's major federal programs. However, our audit does not provide a legal determination of Sonoma County Community Development Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, Sonoma County Community Development Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Sonoma County Community Development Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sonoma County Community Development Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sonoma County Community Development Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Roseville, California
November 20, 2020

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number / Grant Number	Federal Expenditures	Passed Through to Subrecipients
Department of Agriculture Direct Programs				
Rural Rental Housing Loan - Direct	10.415		\$ 740,108	\$ -
Rural Rental Assistance Payments - Direct	10.427		193,939	-
Total Department of Agriculture Direct Programs			<u>934,047</u>	<u>-</u>
Department of Housing and Urban Development Direct Programs				
Community Development Block Grant - Direct	14.218	B15UC060008	17,933	-
Community Development Block Grant - Direct	14.218	B16UC060008	138,288	-
Community Development Block Grant - Direct	14.218	B17UC060008	21,243	-
Community Development Block Grant - Direct	14.218	B18UC060008	111,261	-
Community Development Block Grant - Direct	14.218	B19UC060008	1,224,842	-
Subtotal - CDBG Entitlement Grants Cluster			<u>1,513,567</u>	<u>-</u>
Emergency Solutions Grant Program - Direct	14.231	E19UC060008	157,759	-
Supportive Housing Programs - Direct	14.235	CA0164L9T041710	48,261	-
Supportive Housing Programs - Direct	14.235	CA1470L9T041803	187,907	-
Supportive Housing Programs - Direct	14.235	CA1821H9T041800	35,629	-
Subtotal CFDA 14.235			<u>271,797</u>	<u>-</u>
Special Needs Assistance Program (14HXX4006) - Direct	14.238	CA0890L9T041706	12,009	-
Special Needs Assistance Program (14HXX4006) - Direct	14.238	CA0890L9T041809	62,917	-
Special Needs Assistance Program (14HXX6007) - Direct	14.238	CA0891L9T041809	99,632	-
Special Needs Assistance Program (14HXX9051) - Direct	14.238	CA0170L9T041811	559,044	-
Special Needs Assistance Program (14HXX6007) - Direct	14.238	CA0891L9T041910	8,694	-
Special Needs Assistance Program (14HXX0010) - Direct	14.238	CA1649L9T041700	6,308	-
Special Needs Assistance Program (14HXX0010) - Direct	14.238	CA1649L9T041801	170,085	-
Subtotal CFDA 14.238			<u>918,689</u>	<u>-</u>
HOME Investment Partnership Program - Direct	14.239	M17UC060220	16,744	-
HOME Investment Partnership Program - Direct	14.239	M18UC060220	200,452	-
HOME Investment Partnership Program - Direct	14.239	M19UC060220	270,260	-
Subtotal CFDA 14.239			<u>487,456</u>	<u>-</u>
Section 8 Housing Choice Vouchers - Direct	14.871	CA085	38,828,527	-
COVID-19 - Section 8 Housing Choice Vouchers - Direct	14.871	CA085	619,318	-
Subtotal Housing Choice Voucher Cluster			<u>39,447,845</u>	<u>-</u>
Continuum of Care Program - Direct	14.267		349,991	-
Continuum of Care Program - Direct	14.267		96,683	-
Subtotal CFDA 14.267			<u>446,674</u>	<u>-</u>
Total Department of Housing and Urban Development Programs			<u>43,243,787</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number / Grant Number	Federal Expenditures	Passed Through to Subrecipients
Department of Environmental Protection Agency				
Brownfields Assessment and Cleanup Agreement - Direct	66.818	BF-99T45301-0	73,196	-
Total Department of Environmental Protection Agency			73,196	-
Federal Emergency Management Agency				
Passed through California Office of Emergency Services				
Flood Mitigation Assistance	97.029	EMF-2016-FM-E001	378,323	-
Flood Mitigation Assistance	97.029	EMF-2016-FM-E002	787,125	-
Earthquake Bracing	97.029	HMGP, DR4240-64-55R	197,845	-
Flood Mitigation Assistance	97.029	HMGP, DR4240-05-05R	679,727	-
Subtotal CFDA 97.029			2,043,020	-
Total Federal Emergency Management Agency			2,043,020	-
Total Expenditures of Federal Awards			\$ 46,294,050	\$ -

See accompanying Notes to Schedule of Expenditures of Federal Awards.

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Scope of Presentation

The accompanying schedule presents the expenditures incurred (and related awards received) by the Sonoma County Community Development Commission (Commission) that are reimbursable under federal programs of federal agencies providing financial assistance. For the purposes of this schedule, only the portion of program expenditures reimbursable with such federal or state funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with local or other nonfederal funds are excluded from the accompanying schedule.

Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Sonoma County Community Development Commission and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Catalog of Federal Domestic (CFDA) Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2020 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word "unknown" were used.

Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the schedule of expenditures of federal awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

10% De Minimis Indirect Cost Rate

Sonoma County Community Development Commission has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, section 414.

Loan Balances

The ending loan balance for the USDA Rural Rental Housing Loan Program as of June 30, 2020 was \$740,108.

**SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)

14.871
14.218

Name of Federal Program or Cluster

Housing Choice Voucher Cluster
Community Development Block

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 1,388,822

Auditee qualified as low-risk auditee?

_____ yes x no

**SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).