



# COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

## SUMMARY REPORT

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**Agenda Date:** 7/8/2025

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**To:** Sonoma County Board of Supervisors, Board of Directors of the Sonoma County Water Agency, Board of Commissioners of the Community Development Commission, Board of Directors of Sonoma Valley County Sanitation District

**Department or Agency Name(s):** Auditor-Controller-Treasurer-Tax Collector and County Administrator's Office

**Staff Name and Phone Number:** Erick Roeser, M. Christina Rivera, Jennifer Calderon 707-565-3289, Peter Bruland 707-565-3086

**Vote Requirement:** Majority

**Supervisory District(s):** Countywide

### **Title:**

Annual Audited Financial Reports and Post Audit Budget Adjustments for the Fiscal Year Ended June 30, 2024

### **Recommended Action:**

- A) Accept the County of Sonoma Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.
- B) Accept the Single Audit Reports for the fiscal year ended June 30, 2024, for the County of Sonoma, Sonoma County Transit, Sonoma County Community Development Commission, Sonoma Valley County Sanitation District, and the Russian River County Sanitation District.
- C) Accept the Sonoma County Employees' Retirement Association Schedule of Employer Allocations and Schedule of Pension Amounts by Employer for Employer Reporting as of June 30, 2024.
- D) Accept the County of Sonoma Other Postemployment Benefit Plan Schedule of Employer Allocations and Schedule of Other Postemployment Benefit Plan Amounts by Employer for Employer Reporting as of June 30, 2024.
- E) Accept the Independent Accountant's Report on Applying Agreed-Upon Procedures for the Fiscal Year Ended June 30, 2024, Measure M County of Sonoma, California.
- F) Receive the Fiscal Year 2023-24 Post Audit Budget Adjustments required to close books in compliance with Generally Accepted Accounting Principles.

### **Executive Summary:**

Each year, staff compile financial reports that are then audited by external independent auditors in compliance with California Government Code section 25250. Together, these reports provide detailed information about the financial condition of the County and its component units, which are legally separate organizations for which the Board of Supervisors is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete, including but not limited to Sonoma County Water Agency and Sonoma County Community Development Commission. Additionally, the reports confirm compliance with federal grant requirements and that internal control over compliance and financial reporting is effectively maintained.

With this item, staff recommends the Boards accept the audited financial reports, which are all on file with the Clerk of the Board and some of which can be found on the County's webpage:

<https://sonomacounty.ca.gov/acttc/financial-reports>.

A summary of the Fiscal Year 2023-24 Post Audit Budget Adjustments required for financial statement compliance with Generally Accepted Accounting Principles is enclosed as Attachment A to this item. This includes \$33.2 million in adjustment to uses and \$29.6 million in adjustments to sources. Also enclosed is the List of External Auditors by Entity as Attachment B.

The Independent Auditor's Report expresses an unmodified opinion indicating the County's financial statements in the ACFR "present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2024."

**Discussion:**

This item presents summary information and highlights of the County of Sonoma's Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ended June 30, 2024. The ACFR, created in accordance with California Government Code section 25253, was prepared by the Auditor-Controller-Treasurer-Tax Collector (ACTTC) and presents the County's financial activities and balances for the year. The ACFR was audited by Eide Bailly, LLP, an independent auditor, and includes an opinion in the Independent Auditor's Report stating that internal controls were considered in the audit and the financial statements included are fairly presented.

Additionally, the ACFR provides useful information to County management and the public about the overall financial health of the County. This information includes:

- Introductory information that offers a background on the structure of the County, the environment in which the County operates, and the types of services it provides;
- Directory of elected and appointed County officials as well as an organizational chart outlining reporting relationships;
- Management's discussion and analysis which provides an objective and easily readable analysis of the County's financial activities;
- Consolidated financial statements showing the financial condition and activities of the County;
- Financial information on individual major and non-major funds of the County;
- Summary of significant accounting policies;
- Detailed notes that present information on the County's cash and investments, interfund transactions, capital assets, leases, subscription-based IT arrangements, long-term liabilities, fund balance, employee retirement plans, other postemployment benefits (OPEB), risk management, commitments, and contingencies; and
- Statistical data that offers multi-year trend information along with relevant economic and demographic information.

The Independent Auditor's Report expresses an unmodified opinion indicating the County's financial statements in the ACFR "present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2024."

The County has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting award continuously since 1992 and the ACFR for the Fiscal Year Ended June

30, 2024, has been submitted to the GFOA award program.

## **Financial Highlights from ACFR**

### Government-wide highlights:

- The County's government-wide net position was \$2.4 billion on June 30, 2024, an increase of \$239.2 million from prior year. The change is primarily due to an increase in net investment in capital assets, increased fund positions in Health, Public Protection, Public Assistance, and Open Space, and changes in OPEB and pension liabilities from investment performance.
- The County's government-wide net position included \$1.7 billion in net investment in capital assets, \$546.8 million in restricted net position and \$125.9 million in unrestricted net position.

### Governmental fund highlights:

- The County's governmental funds reported combined ending fund balance of \$1.04 billion, an increase of \$42.4 million over the prior year. Spendable (available for budgeting) amounts include restricted, committed, assigned, and unassigned fund balances and total 98.3% of ending fund balance.
- Of the total ending fund balance, \$526.8 million is restricted by law or externally imposed requirements, \$31.9 million is committed for specific purposes, \$398.6 million is assigned to specific purposes determined by the Board of Supervisors, \$63.6 million is unassigned, and \$18.1 million is non-spendable in form (includes balances such as inventory, prepaid assets, long-term receivables).
- The General Fund unassigned June 30, 2024, fund balance was \$63.6 million, or 11.6% of total General Fund expenditures. The General Fund as described by the ACFR is broader than is generally described in budgeting and includes funds that are limited primarily by Board policy rather than external constraints, such as the PG&E settlement fund related to the 2017 Wildfires.

Additional information and analysis on the financial highlights are available within the ACFR for the fiscal year ended June 30, 2024.

In addition to the County's ACFR, the ACTTC has placed on file with the Clerk of the Board:

- Audited financial statements for 15 entities which represent individual funds or component units of the County
- Audited Sonoma County Employees' Retirement Association (SCERA) Schedule of Employer Allocations and Schedule of Pension Amounts by Employer
- Audited County of Sonoma Other Postemployment Benefit Plan (OPEB) Schedule of Employer Allocations and Schedule of Other Postemployment Benefit Plan Amounts by Employer
- Independent Accountant's Report on Applying Agreed-Upon Procedures For Measure M County of Sonoma, California

These separate financial statements are compiled by County/entity staff and audited by independent auditors separate from the County's ACFR audit. A list of the external auditors used and which entity they audited is attached as Attachment B. Relevant information contained in these separate audited financial statements is included within the County's ACFR, as the ACFR presents financial information for the entire County.

### Single Audit Reports:

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The objective of a Single Audit, also known as a Federal Awards Report or Schedule of Expenditures of Federal Awards, is to determine compliance with the requirements of federal grants received pursuant to 2 CFR Part 200 Subpart F. The County receives a significant amount of assistance from the federal government. In Fiscal Year 2023-2024, entities that expended \$750,000 or more of federal assistance were required to undergo a Single Audit in accordance with federal award audit requirements; that amount has since increased to \$1,000,000. The Single Audit Report is compiled annually by County/entity staff and audited by an independent auditor.

For Fiscal Year 2023-2024, the total federal award expenditures by entity were:

County of Sonoma	\$184,027,221
Sonoma County Community Development Commission	65,676,243
Sonoma County Transit	4,479,137
Sonoma Valley County Sanitation District	3,059,742
Russian River County Sanitation District	2,150,471

Per Single Audit reports issued by external auditors, all entities complied, in all material respects, with the compliance requirements that could have a direct and material effect on each of their major federal programs for the year ended June 30, 2024.

The County's Single Audit Report is on file with the Clerk of the Board and can be accessed on the Sonoma County ACTTC website at:

<https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/auditor-controller-treasurer-tax-collector/divisions/general-accounting/financial-reports>

#### **Other Audited Financial Statements for County Entities:**

Several County entities issue annual financial statements that are independently audited and separate from the ACFR. These entities are either classified as component units of the County, major funds, or separately audited funds of the County, and include but are not limited to the Sonoma County Water Agency, Community Development Commission, Agricultural and Open Space District, Integrated Waste Enterprise Fund, Sonoma County Transit, Salmon Creek Water County Service Area and several sanitation districts.

#### **Sonoma County ACFR and Single Audit - Audit Recommendations and Findings:**

##### **Sonoma County ACFR - Recommendations**

None

##### **Sonoma County Single Audit - Comment and Findings**

None

#### **Other Entity Audited Financial Statements and Single Audits - Audit Recommendations and**

##### **Findings:**

##### **Other Entity Audited Financial Statements - Recommendations**

None

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**Other Entity Audited Financial Statements - Comment and Findings**

None

**Fiscal Year 2023-24 Post Audit Budget Adjustments:**

Fiscal Year 2023-24 Post Audit Budget Adjustments, enclosed as Attachment A, represent \$33.2 million in adjustment to uses and \$29.6 million in adjustments to sources resulting in \$3.6 million net cost. Notable adjustments are:

- Increase unanticipated expenditure budget for a Health Services fund, related to the implementation of CalAIM Behavioral Health Payment Reform: Intergovernmental Transfer (IGT), net cost impact \$3,624,000. This represents a use of fund balance in Fund 11992.
- Transfer appropriations between various expenditures and revenue accounts among different funds for lease accounting standard GASB 87. Net revenue impact \$197,370.
- Transfer appropriations between various expenditures and revenue accounts among different funds for implementing new Subscription-Based Information Technology Arrangements accounting standard GASB 96. Net revenue impact \$38,113.
- Increase unanticipated expenditure budget for Enterprise Financial System internal service fund related to GASB 68 pension expense entries, net cost impact \$134,000.
- Transfer appropriations between operating transfer accounts under Sonoma County Water Agency funds for audit adjustment entries, with no net cost effect.
- Increase unanticipated contract services expenditure budget for a Sonoma County Water Agency fund, related to Town of Windsor recycled water project, net cost impact \$107,826.

These adjustments were necessary to report financial information in accordance with Generally Accepted Accounting Principles (GAAP) and recorded under authority delegated to the County Administrator and ACTTC to close the County's books in accordance with GAAP and as authorized by the FY 2023-24 Board Resolution Adopting the Budget.

Post Audit Budget Adjustments for the fiscal year ending June 30, 2024, were completed using the authority granted in the Board's FY 2024-25 Budget Adoption resolution. Staff is presenting them in this item for informational purposes.

**Strategic Plan:**

N/A

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

**Prior Board Actions:**

05/21/2024: the Board accepted the Sonoma County Annual Audit Reports and Fiscal Year budgetary adjustments for Fiscal Year 2022-23.

6/14/2024: FY 2024-25 Budget Adoption Resolution 24-0255.

**FISCAL SUMMARY**

Expenditures	FY24-25 Adopted	FY25-26 Projected	FY26-27 Projected
Budgeted Expenses			
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
<b>Total Sources</b>			

**Narrative Explanation of Fiscal Impacts:**

No fiscal impacts for the current and/or future fiscal years. Impacts are associated with fiscal year 2023-24.

<b>Staffing Impacts:</b>			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

Attachment A: Fiscal Year 2023-24 Post Audit Budget Adjustments

Attachment B: List of External Auditors by Entity

**Related Items "On File" with the Clerk of the Board:**

Fiscal Year Ended June 30, 2024, Annual Audited Financial Reports for:

1. County of Sonoma ACFR
2. County of Sonoma, Human Services Department California Department of Education Child Development Program
3. County of Sonoma Local Transportation Fund
4. Occidental County Sanitation District
5. Russian River County Sanitation District (includes Single Audit Report)
6. Salmon Creek Water County Service Area

7. Sonoma County Agricultural and Open Space District including as separate attachments:
  - Sonoma County Agricultural and Open Space District Memorandum on Internal Control and Required Communications
  - Sonoma County Open Space Fiscal Oversight Commission Twelfth Annual Report
  - Sonoma County Measure F Government Code Section 50075.3 Reporting
8. Sonoma County Airport Enterprise Fund (Includes Schedule of Passenger Facility Charges)
9. Sonoma County Community Development Commission (includes Single Audit Report)
10. Sonoma County Energy Independence Program Enterprise Fund
11. Sonoma County Fair and Exposition, Inc. (for year ended December 31, 2023)
12. Sonoma County Integrated Waste Enterprise Fund
13. Sonoma County Transit (includes Single Audit Report)
14. Sonoma County Water Agency ACFR
15. Sonoma Valley County Sanitation District (includes Single Audit Report)
16. South Park County Sanitation District

Other Documents:

17. County of Sonoma Single Audit Report
18. Sonoma County Employees' Retirement Association Employer Allocations and Schedule of Pension Amounts by Employer
19. County of Sonoma Other Postemployment Benefit Plan Schedule of Employer Allocations and Schedule of Other Postemployment Benefit Plan Amounts by Employer
20. Applying Agreed-Upon Procedures For the Year Ended June 30, 2024 Measure M County of Sonoma, California