COUNCIL AGENDA REPORT

DATE: JANUARY 21, 2020

TO: CITY COUNCIL

FROM: CHRIS GORSKY, ADMINISTRATIVE SERVICES DIRECTOR

SUBJECT: FISCAL YEAR 2019 AUDITED ANNUAL FINANCIAL REPORT

RECOMMENDATION:

City staff recommends that the City Council accept and approve the City's Comprehensive Annual Financial Report for the Year Ended June 30, 2019.

BACKGROUND:

Each year the City engages an independent firm to audit the Financial Statements of the City of Sonora. Included in this audit are the review and verification of all finance processes. The enclosed auditor's opinion indicates that the financial statements are presented fairly, in all material respects, the financial position of the City. The firm of Clendenin Bird & Company has completed the attached fiscal year 2019 Annual Financial Report.

DISCUSSION:

The Comprehensive Annual Financial Report (CAFR) is a set of the City's financial statements that complies with the Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). In accordance with GASB No. 34, the City's Annual Financial Report contains Management's Discussion and Analysis (MD&A). The format and content of the MD&A are established by GASB No. 34. This section is designed to provide an overview of the City's financial activities for the fiscal year.

In addition to the information provided in the MD&A, comments by fund are noted below:

General Fund (Page 20) - The City experienced a small increase in General Fund revenues in fiscal year 2019. Revenues were $5,205,989, $195,685 more than the prior year amount of $5,010,304. General Fund expenditures were $4,971,225, $268,635 (6%) more than the prior year amount of $4,702,590. Revenues exceeded total expenditures and operating transfers for the year by $289,626.

Revenues and expenditures of Major Funds are shown on **Pages 22 through 26**. In addition to the General Fund, CDBG Funds, the Police Department Special Sales & Use Tax Fund, the Low/Moderate Income Housing Fund (successor RDA Housing Fund), and the Traffic Impact Mitigation Fund are classified as Major Funds. The Low/Moderate Income Housing Fund was created on February 1, 2012 as a result of the City Council election to assume the housing function previously performed by the dissolved Sonora Redevelopment Agency.

Special Sales and Use Tax – The passing of Measure "I" in August, 2004 increased the sales tax rate within the City limits by ½%, effective January 1, 2005. The increase generated $1,885,725 in fiscal year 2019, affording the City the ability to continue to provide full police, fire and public works services.

As part of obtaining reasonable assurance about whether the City of Sonora, State of California's financial statements are free of material misstatements, the auditors performed tests for compliance with certain provisions of laws, regulations, contracts and grant agreements. The results of the tests did not identify any deficiencies in internal controls that would be considered to be material weaknesses and disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Please refer to the MDA for additional information relating to capital assets, long-term debt and economic factors affecting City revenues.

CONCLUSION:

It is staff's recommendation that the City Council accept and approve the City of Sonora's Fiscal Year 2019 Audited Financial Report for the Year Ended June 30, 2019.

Attachments:

1. City of Sonora, California Annual Financial Report, Year Ended June 30, 2019.

CITY OF SONORA, CALIFORNIA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

CITY OF SONORA, CALIFORNIA

Table of Contents

	Page
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Management's Discussion And Analysis (unaudited)	3-10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement Of Net Position	11
Statement Of Activities	12-13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14-15
Reconciliation Of The Governmental Funds Balance Sheet To Statement Of Net Position	16
Statement Of Revenues, Expenditures, And Changes In Fund Balances – Governmental Funds	17-18
Reconciliation Of The Statement Of Revenues, Expenditures, And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	19
Statement Of Revenues, Expenditures, And Changes In Fund Balances – Budget And Actual – General Fund	20-22
Statement Of Revenues, Expenditures, And Changes In Fund Balances – Budget And Actual – CDBG Fund	23
Statement Of Revenues, Expenditures, And Changes In Fund Balances – Budget And Actual – Mono Way Widening	24
Statement Of Revenues, Expenditures, And Changes In Fund Balances – Budget And Actual – Low/Moderate Income Housing Fund	25
Statement Of Revenues, Expenditures, And Changes In Fund Balances – Budget And Actual – Mitigation Fees	26
Statement Of Fiduciary Net Position – Fiduciary Funds	27
Notes To The Financial Statements	28-54
REQUIRED SUPPLEMENTAL FINANCIAL DATA	
Schedule of Proportionate Share of Net Pension Liability – Miscellaneous	55
Schedule of Proportionate Share of Net Pension Liability – Safety	56
Schedule of Contributions – Miscellaneous	57
Schedule of Contributions – Safety	58
Schedule of Changes in the City's Net OPEB Liability & Related Ratios	59
Schedule of Plan Contributions – OPEB	60

CITY OF SONORA, CALIFORNIA

Table of Contents

	Page
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Definitions	61-63
Combining Balance Sheet – Nonmajor Governmental Funds	64-67
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances – Nonmajor Governmental Funds	68-71
OTHER REPORTS	
Independent Auditor's 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*	72-73

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INDEPENDENT AUDITOR'S REPORT

To The City Council
City of Sonora
State Of California

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sonora, State of California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City'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.

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sonora, State of California as of June 30, 2019, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 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.

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

The combining and individual non-major fund financial statements and 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 and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Clendenin Bird & Company PC
CLENDENIN BIRD & COMPANY, PC

Modesto, California
December 3, 2019

CITY OF SONORA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

This discussion and analysis of the City of Sonora's (City) financial performance for the fiscal year ended June 30, 2019 provides a narrative overview and comparison of current year to prior year ending results based on the government-wide statements to assist the reader in focusing on significant financial issues. Please read Management's Discussion and Analysis in conjunction with the City's financial statements, notes and supplementary schedules.

FINANCIAL HIGHLIGHTS

- The City's governmental activities total assets exceeded liabilities (net assets) at the close of the fiscal year by $12,422,035 an increase of $666,752 from fiscal year 2018. This increase is primarily due to the conservative fiscal policies of the City and budget savings in Fiscal Year 2019.

- General Fund revenues exceeded General Fund expenditures by $234,764. Revenues exceeded expenditures primarily due to chronically open positions that the city had budgeted. City General Fund revenue totaled $5,205,989 and General Fund expenses totaled $4,971,225 for fiscal year 2019. Public safety (police and fire protection) costs comprised $2,490,703 or 50% of this amount.

- The City's General Fund ended the year with a fund balance of $3,612,063, an increase of $289,626 from the previous year. Revenues were $148,437 more than budgeted and Expenditures were $221,507 less than budgeted.

- The formation of a Special Sales and Use Tax District (Measure I) was approved by City of Sonora voters in August, 2004. The passing of Measure I increased the sales tax rate within the City limits by ½%. The sales tax increase provided $1,885,725 of revenue in 2019 versus $1,820,774 in 2018, an increase of $64,951. This revenue was used for personnel, wage and benefit costs and equipment purchases in the police, fire and public works departments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. These statements include all activities of the City of Sonora for the period July 1, 2018 through June 30, 2019 using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. The Statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a long–term view of the City's finances. Fund financial statements show how City services are financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

REPORTING THE CITY AS A WHOLE

Government-wide Financial Statements

The government-wide financial statements report information about the City as a whole, providing readers with a broad overview of the City's finances. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All the current year's revenues and expenses are taken into account in the statement of activities regardless of when cash is received or paid.

The *statement of net assets* presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as one indicator of whether the City's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed in the most recent fiscal year. All changes of net assets are reported as soon as the underlying event giving rise to the change occurs. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years' reporting periods.

The City's governmental activities are reported in the government-wide financial statements. Governmental activities include police and fire protection, public works, community development (building and planning), grants and special programs, and general government. Sales tax, property tax, vehicle license fees, transient occupancy tax, user fees, franchise fees, other miscellaneous revenues and federal and state grants finance these activities.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant *funds*—not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by state or federal law or by bond covenants. Management establishes other funds to control and manage money for particular purposes or to show the City is meeting legal responsibilities for using certain taxes, grants, and other funding resources. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial resources that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. The differences of results in the governmental funds financial statements to those in the government-wide financial statements are shown in reconciliations following the governmental funds financial statements.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

Net assets as noted earlier may serve over time as a useful indicator of the City's financial position. Below is a table showing the City's net assets as of June 30, 2019 and 2018

City of Sonora
Changes in Net Assets
For the Years Ended June 30, 2019 and 2018

			Total	
	2019	2018	2019	2018
Current and Other Assets	13,637,052	12,719,816	13,637,052	12,719,816
Capital Assets, Net of Acc Depreciation	15,393,603	15,377,842	15,393,603	15,377,842
Total Assets	29,030,655	28,097,658	29,030,655	28,097,658
Deferred Outflows of Resources	1,978,339	3,681,621	1,978,339	3,681,621
Long Term Liabilities Outstanding	-	-	-	-
Other Liabilities	12,968,446	12,984,083	12,968,446	12,984,083
Total Liabilities	12,968,446	12,984,083	12,968,446	12,984,083
Deferred Inflow of Resources	2,207,528	2,826,966	2,207,528	2,826,966
Net Assets				
Invested Capital Assets, Net of debt	15,393,603	15,377,842	15,393,603	15,377,842
Restricted	8,448,198	8,383,217	8,448,198	8,383,217
Unrestricted	(8,008,781)	(7,792,829)	(8,008,781)	(7,792,829)
Total Net Assets	15,833,020	15,968,230	15,833,020	15,968,230

Compared to the prior year, Total net assets of the City's governmental activities decreased by $135,210 or (1%) due to an increase in the City's net pension liability. The City's Total net assets include three components: Invested in capital assets, net of related debt, restricted net assets and unrestricted net assets.

Of total net assets, $15,393,603 is the City's investment in capital assets (e.g. land, buildings and improvements, vehicles and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. The assets and liabilities of the Successor Redevelopment Agency are reported in a fiduciary fund and are not included in the net assets of the City.

Restricted net assets of $8,448,198 represent 54% of Total net assets. Restricted net assets are those resources that are subject to external restrictions on how they may be used. These restrictions are established by bond covenants or restrictions on the use of funds by state or federal regulations.

Unrestricted net assets are those resources that may be used to meet the City's ongoing commitments to citizens and creditors. Government-wide unrestricted net assets are ($8,008,781) and is a result of the pension liability which is now reported to comply with GASB 68.

Governmental Activities

Total governmental revenues and transfers for the year exceeded expenditures by $665,581 due intergovernmental revenue for the shared cost of the Greenley/Mono Way intersection widening project. Below is a table showing the governmental activities of the City for the years ended June 30, 2019 and 2018.

City of Sonora
Changes in Net Assets
For the Years Ended June 30, 2019 and 2018

			Total	
	2019	2018	2019	2018
Revenues				
Charges for Services	490,851	589,444	490,851	589,444
Property Tax	1,014,230	967,617	1,014,230	967,617
Sales Tax	4,620,170	4,499,111	4,620,170	4,499,111
Licenses and Permits	180,757	169,704	180,757	169,704
Fines and Forfeitures	52,601	73,253	52,601	73,253
Intergovernmental	823,965	1,774,510	823,965	1,774,510
Other Taxes and Franchises	812,262	736,412	812,262	736,412
Investment Earnings	211,257	155,066	211,257	155,066
Rental Income	71,382	122,212	71,382	122,212
Total Revenues	8,277,475	9,087,329	8,277,475	9,087,329
Expenditures				
General Government	1,290,773	1,184,212	1,290,773	1,184,212
Public Safety	4,532,903	4,154,816	4,532,903	4,154,816
Public Works	835,570	921,657	835,570	921,657
Community Development (Building & Planning)	527,795	472,706	527,795	472,706
Culture and Leisure	81,054	88,776	81,054	88,776
Principal Payment on Long Term Debt	-	46,848	-	46,848
Interest on Long Term Debt	-	1,366	-	1,366
Capital Outlay	343,799	1,960,483	343,799	1,960,483
Total Expenses	7,611,894	8,830,864	7,611,894	8,830,864
Excess (Deficiency) of Revenues over Expenditures	665,581	256,465	665,581	256,465
Other Financing Sources (Uses)	1,171	-	1,171	-
Fund Balance at Beginning of Fiscal Year	11,755,283	11,278,149	11,755,283	11,278,149
Prior Period Adjustment - See Note F	-	220,669	-	220,669
Fund Balance at End of Fiscal Year	12,422,035	11,755,283	12,422,035	11,755,283

Total governmental revenues for the year decreased by $809,854 or 9% over fiscal year 2019. The overall decrease in revenue is a result of a reduction in intergovernmental revenues related to the Greenley/Mono Way widening project which was substantially completed in 2018.

Total governmental expenses for the year were $7,611,894 a reduction of $1,218,970 or 14% less from fiscal year 2018, primarily due to Greenley/Mono Way project completion. Public safety, which includes police, fire protection, and public works accounts for $4,532,903 or 60% of the total governmental activities expenses. Significant changes in expense activity is a result of the following activities:

- General Government and Public Safety expenditures increased by a total of $106,561 and $378,087, respectively. The increases in both departments were primarily related to staffing positions that were not filled until late in 2018 and into 2019.
- Community Development expenditures increased by $55,089 from the prior year, largely because of grant related projects.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds ended the year with a combined fund balance of $12,422,035. This is an increase of $666,752 from the prior year due to savings in the governmental funds.

Major fund balance changes are noted below:

- General Fund revenues exceeded expenditures and transfers by $234,764 largely as a result of savings from several open positions in 2019. General Fund revenues totaled $5,205,989 (net of transfers). Police and fire protection costs were $2,490,703 or 50% of total General Fund expenditures.

- The creation of a Special Sales and Use Tax District (Measure I) provided sales tax revenue of $1,885,725 in fiscal year 2019. This revenue was used for personnel, wage and benefit costs and equipment purchases in the police department, fire department and public works department. The allocation of this revenue was $1,131,435 for Police, $471,431 for Fire and $282,859 for Public Works Departments.

- Significant revenues of other non-major governmental funds is comprised of gasoline tax, grant funding, including for law enforcement, reimbursements from state and federal agencies for fire suppression services and contributions of mitigation fee revenue from the County of Tuolumne for shared roadway reconstruction project costs.

General Fund Budgetary Highlights.

At year-end, budgeted General Fund revenues were $5,057,552 while actual revenue as $5,205,989. The budgeted General Fund expenditures were $5,192,732 and actual expenditures were $4,971,225. When taking into account transfers in and out of the general fund, the city ended the year with excess revenues over expenditures of $289,626. The excess revenues over expenditures were due to several positions that were not filled until the end of 2019 and into 2020.

Total revenue in all governmental funds decreased by $809,854 in 2019 compared to the previous year primarily due to Greenley/Mono Way Project completion.

Total expenditures in all governmental funds also decreased by $1,218,970 in 2019 compared to previous years due to Greenley/Mono Way Project completion.

Supplemental budget amendments that either increase or decrease appropriations are approved by the City Council.

CAPITAL AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2019, the City had $15,393,603 invested in a broad range of capital assets, including land, construction in progress, buildings, equipment and infrastructure. This amount represents a net decrease of $218,768 or a 1% decrease from the prior year.

The table below sets forth the City's net asset investment as of June 30, 2019 and 2018.

City of Sonora
Capital Assets (Net of Depreciation)
For the Years Ended June 30, 2019 and 2018

			Total	
	2019	2018	2019	2018
Land	3,853,077	3,853,077	3,853,077	3,853,077
Construction in Progress	291,875	6,108,050	291,875	6,108,050
Building and Improvements	846,356	967,414	846,356	967,414
Equipment and Vehicles	412,887	368,635	412,887	368,635
Infrastructure	9,989,408	4,080,666	9,989,408	4,080,666
Total	15,393,603	15,377,842	15,393,603	15,377,842

Long-term Debt. At year-end, the City's governmental activities had $626,508 in long-term debt. No new debt was incurred during the year. The table below sets forth the City's long-term debt as of June 30, 2019 and 2018.

City of Sonora
Long Term Debt
For the Years Ended June 30, 2019 and 2018

	Government Activities		Total	
	2019	2018	2019	2018
Compensated Absences	626,508	631,016	626,508	631,016
Total	626,508	631,016	626,508	631,016

Additional information on the City's long-term debt can be found in Note G to the accompanying financial statements.

NEXT YEAR'S BUDGETS – FISCAL YEAR 2020 ECONOMIC FACTORS

In preparing the budget for fiscal year 2020, City management has taken into consideration the following economic factors:

- Sales tax revenue is projected to be $2,692,000 for fiscal year 2020 similar to 2019 actuals. Sales tax continues to be the largest city revenue source.

- Property tax revenue is projected to be slightly higher in 2020 by 2% compared to 2019 as economic recovery begins to roll over impacting the local housing market. Improvement in the assessed value of commercial properties were also reflected in increased property tax revenue in fiscal year 2020.

- Increased CalPERS rates were incorporated into the budget and the City continues to plan for significant increases in CalPERS rates for the next several years.

- The formation of a Special Sales and Use Tax District (Measure I) was approved by City of Sonora voters in August, 2004. A ½% sales tax increase within the City limits was effective January 1, 2005 and is continuing to provide revenue for police, fire and public works activities. The special district sales tax is expected to generate approximately $1,826,100 in revenue in fiscal year 2020.

For fiscal year 2020, the City's General Fund revenues are projected to be $5,478,376 compared to 2019 actuals of $5,205,989, an increase of $272,387.

In 2020 General fund expenditures are budgeted to be $5,478,376, an increase of $285,644 or 5% for 2020. A balanced General Fund budget was adopted for fiscal year 2020, which included deferred projects totaling $314,000.

City management continues to take a position of conservative revenue projection and modest increases to General Fund department expenditures. As noted, Special Sales and Use Tax District (Measure I) revenue will be used for personnel, wage and benefit costs and capital acquisitions for police, fire and public works in accordance with Ordinance No. 762 and the City Council approved expenditure plans.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of Sonora's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City's Administrative Services Director at:

City of Sonora
94 N. Washington Street
Sonora, California 95370
(209) 532-6331

CITY OF SONORA
STATEMENT OF NET POSITION
JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2018

	Primary Government		RESTATED
	Governmental Activities	Totals 2019	2018
ASSETS			
Cash And Investments	5,399,095	5,399,095	4,366,732
Accounts Receivable	676,168	676,168	637,629
Interest Receivable	973,151	973,151	976,062
Loans Receivable	3,081,445	3,081,445	3,297,197
Prepaid Expenses	33,274	33,274	33,274
Restricted Cash	1,131,580	1,131,580	1,066,583
Receivable From Successor RDA Fund	2,342,339	2,342,339	2,342,339
Capital Assets (Net Of Accumulated Depreciation):			
Land	3,853,077	3,853,077	3,853,077
Construction In Progress	291,875	291,875	6,179,328
Buildings And Improvements	846,356	846,356	967,414
Equipment And Vehicles	412,887	412,887	368,635
Infrastructure	9,989,408	9,989,408	4,080,666
Total Assets	29,030,655	29,030,655	28,168,936
DEFERRED OUTFLOWS OF RESOURCES	1,978,339	1,978,339	3,681,621
LIABILITIES			
Accounts Payable And Other Current Liabilities	1,215,017	1,215,017	964,533
Compensated Absences	626,508	626,508	631,016
Other Post Employment Obligations (Asset)	505,628	505,628	524,382
Net Pension Liability	10,621,293	10,621,293	10,864,152
Long-Term Liabilities:			
Due Within One Year	0	0	0
Due In More Than One Year	0	0	0
Total Liabilities	12,968,446	12,968,446	12,984,083
DEFERRED INFLOWS OF RESOURCES	2,207,528	2,207,528	2,826,966
NET POSITION			
Invested In Capital Assets Net Of Related Debt	15,393,603	15,393,603	15,377,842
Restricted For			
Capital Projects	1,508,234	1,508,234	725,243
Community Development Projects	3,926,368	3,926,368	4,298,317
Revenue Bond Debt Service	182,125	182,125	182,125
Other Purposes	2,514,500	2,514,500	2,940,063
Perpetual Care:			
Expendable	162,607	162,607	154,908
Nonexpendable	154,364	154,364	153,839
Unrestricted	(8,008,781)	(8,008,781)	(7,792,829)
Total Net Position	15,833,020	15,833,020	16,039,508

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses
Primary Government:	
Governmental Activities:	
General Government	1,517,469
Public Safety	5,196,069
Public Works	930,799
Community Development	609,955
Culture And Leisure	230,843
Interest On Long-Term Debt	0
Total Governmental Activities	8,485,135
Total Primary Government	8,485,135

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Program Revenues			Net (Expense) Revenue And Changes In Net Assets Primary Government		RESTATED
Fines, Fees And Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Totals 2019	2018
398,293	13,861	0	(1,105,315)	(1,105,315)	(1,065,710)
232,582	148,746	0	(4,814,741)	(4,814,741)	(4,734,341)
430,538	0	168,881	(331,380)	(331,380)	143,010
37,586	0	0	(572,369)	(572,369)	(467,500)
89,125	0	0	(141,718)	(141,718)	68,193
0	0	0	0	0	(1,366)
1,188,124	162,607	168,881	(6,965,523)	(6,965,523)	(6,057,714)
1,188,124	162,607	168,881	(6,965,523)	(6,965,523)	(6,057,714)
General Revenues:					
Taxes:					
Property Tax			1,014,230	1,014,230	967,617
Sales Tax			4,620,170	4,620,170	4,499,111
Motor Vehicle Tax			0	0	0
Transient Lodging Tax			502,339	502,339	433,539
Franchise Tax			140,969	140,969	144,704
Motor Fuel Tax			99,943	99,943	111,615
Other Taxes			168,954	168,954	158,169
Investment Earnings			211,257	211,257	155,066
Transfers			1,171	1,171	0
Total General Revenues And Transfers			6,759,033	6,759,033	6,469,821
Change In Net Position			(206,490)	(206,490)	412,107
Net Position - Beginning			16,039,510	16,039,510	16,109,104
Prior Period Adjustment			0	0	(481,701)
Net Position - Ending			15,833,020	15,833,020	16,039,510

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	General	CDBG	Special Sales Tax PD Fund
Assets			
Cash And Investments	1,567,166	1,203,580	0
Accounts Receivable	412,642	1,835	112,610
Interest Receivable	0	597,052	0
Loans Receivable	0	2,246,398	0
Prepaid Expenses	33,274	0	0
Restricted Cash	0	0	458,123
Due From Successor RDA Fund	1,879,890	0	0
Total Assets	3,892,972	4,048,865	570,733
Liabilities			
Accounts Payable	238,425	343	9,417
Other Liabilities	42,484	552	19,539
Due To Other Funds	0	0	0
Total Liabilities	280,909	895	28,956
Fund Balances			
Nonspendable	1,913,164	0	0
Restricted	0	4,047,970	541,777
Committed	0	0	0
Assigned	0	0	0
Unassigned	1,698,899	0	0
Total Fund Balances	3,612,063	4,047,970	541,777
Total Liabilities And Fund Balances	3,892,972	4,048,865	570,733

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Low/Moderate Income Housing Fund	Mitigation Fees Fund	Other Funds	Total Governmental Funds 2019	2018
179,831	1,131,236	1,317,282	5,399,095	4,366,732
1,164	6,702	141,215	676,168	637,629
376,099	0	0	973,151	976,062
835,047	0	0	3,081,445	3,297,197
0	0	0	33,274	33,274
0	0	673,457	1,131,580	1,066,583
462,449	0	0	2,342,339	2,342,339
1,854,590	1,137,938	2,131,954	13,637,052	12,719,816
2,849	0	76,705	327,739	681,430
1,500	579,076	244,127	887,278	283,103
0	0	0	0	0
4,349	579,076	320,832	1,215,017	964,533
0	0	154,364	2,067,528	2,067,003
1,850,241	558,862	1,031,840	8,030,690	7,644,834
0	0	157,805	157,805	154,848
0	0	713,956	713,956	600,429
0	0	(246,843)	1,452,056	1,288,169
1,850,241	558,862	1,811,122	12,422,035	11,755,283
1,854,590	1,137,938	2,131,954	13,637,052	12,719,816

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balances - governmental funds		12,422,035
Total net assets reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	3,853,077	
Construction in progress	291,875	
Buildings and improvements, net of $3,610,983 accumulated depreciation	846,356	
Equipment and vehicles, net of $2,192,049 accumulated depreciation	412,887	
Infrastructure, net of $2,504,807 accumulated depreciation	9,989,408	
Total capital assets		15,393,603
Deferred Outlflow of Resources		1,978,339
Long-term liabilities applicable to the City's governmental activities are due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.		
Notes payable	0	
OPEB (Obligation) Asset	(505,628)	
Compensated absences	(626,508)	
Net Pension Liability	(10,621,293)	
Deferred Inflows of Resources	(2,207,528)	
Total long-term liabilities		(13,960,957)
Total net position - governmental activities		15,833,020

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	General	CDBG	Special Sales Tax PD Fund
Revenues			
Property Tax	1,010,189	0	0
Sales Tax	2,734,445	0	1,131,435
Other Tax And Franchises	812,262	0	0
Licenses And Permits	106,679	0	0
Fines And Forfeitures	52,601	0	0
Investment Earnings	39,188	62,541	11,214
Intergovernmental	0	0	0
Rental Income	56,907	0	0
Service Charges And Miscellaneous	393,718	355	1,676
Total Revenues	5,205,989	62,896	1,144,325
Expenditures			
General Government	1,282,093	0	0
Public Safety	2,490,703	0	976,288
Public Works	793,368	0	0
Community Development	363,746	55,114	0
Culture And Leisure	0	0	0
Debt Service			
Principal	0	0	0
Interest And Other Charges	0	0	0
Capital Outlay	41,315	0	56,465
Total Expenditures	4,971,225	55,114	1,032,753
Excess (Deficiency) Of Revenues Over Expenditures	234,764	7,782	111,572
Other Financing Sources (Uses)			
Operating Transfers In	91,338	282,418	0
Operating Transfers Out	(36,476)	(282,415)	(25,738)
Total Other Financing Sources (Uses)	54,862	3	(25,738)
Net Change In Fund Balances	289,626	7,785	85,834
Fund Balance - Beginning	3,322,437	4,040,185	455,943
Prior Period Adjusments - See Notes	0	0	0
Fund Balance- Ending	3,612,063	4,047,970	541,777

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Low/Moderate Income Housing Fund	Mitigation Fees Fund	Other Funds	Total Governmental Funds 2019	2018
0	0	4,041	1,014,230	967,617
0	0	754,290	4,620,170	4,499,111
0	0	0	812,262	736,412
0	0	74,078	180,757	169,704
0	0	0	52,601	73,253
39,619	24,099	34,596	211,257	155,066
0	174,540	649,425	823,965	1,774,510
3,475	0	11,000	71,382	122,212
0	0	95,102	490,851	589,444
43,094	198,639	1,622,532	8,277,475	9,087,329
0	0	8,680	1,290,773	1,184,212
0	500	1,065,412	4,532,903	4,154,816
0	0	42,202	835,570	921,657
47,845	0	61,090	527,795	472,706
0	0	81,054	81,054	88,776
0	0	0	0	46,848
0	0	0	0	1,366
0	0	246,019	343,799	1,960,483
47,845	500	1,504,457	7,611,894	8,830,864
(4,751)	198,139	118,075	665,581	256,465
0	0	138,490	512,246	775,731
0	(27,844)	(138,602)	(511,075)	(775,731)
0	(27,844)	(112)	1,171	0
(4,751)	170,295	117,963	666,752	256,465
1,854,992	388,567	1,693,159	11,755,283	11,278,149
0	0	0	0	220,669
1,850,241	558,862	1,811,122	12,422,035	11,755,283

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds	666,752
The changes in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation ($399,316) exceeded capital assets ($343,799) in the current period.	(55,517)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and contributions) is to increase net position.	0
The recording of accrued compensated absences and other post employment obligations does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds. The liability is included in the statement of activities.	38,856
Repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any affect on net position.	0
The net change in pension expense either contributed to pension plan in current fiscal year not included on statement of activities; or expenses reported in statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(856,580)
Changes in net positions of governmental activities	(206,489)

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	2019				
	Budgeted Amounts			Variance With Final Budget Over	2018
	Original	Final	Actual	(Under)	Actual
REVENUES					
Property Tax	1,244,000	1,244,000	1,010,189	(233,811)	967,617
Sales Tax	2,696,000	2,696,000	2,734,445	38,445	2,678,336
Other Tax And Franchise Fees	726,600	726,600	812,262	85,662	736,412
Licenses And Permits	56,700	56,700	52,601	(4,099)	100,861
Intergovernmental	0	0	0	0	0
Fines And Forfeitures	90,500	90,500	106,679	16,179	73,253
Investment Earnings	9,500	9,500	39,188	29,688	14,093
Rental Income	66,752	66,752	56,907	(9,845)	102,516
Service Charges And Miscellaneous	167,500	167,500	393,718	226,218	337,216
Total Revenues	5,057,552	5,057,552	5,205,989	148,437	5,010,304
EXPENDITURES					
General Government	1,002,285	1,273,263	1,282,093	8,830	1,174,455
Public Safety	2,768,494	2,714,539	2,490,703	(223,836)	2,421,719
Transportation/Public Works	791,953	791,953	793,368	1,415	701,557
Community Development	371,477	371,477	363,746	(7,731)	346,840
Capital Outlay	0	41,500	41,315	(185)	9,805
Debt Service					
Principal	0	0	0	0	46,848
Interest	0	0	0	0	1,366
Total Expenditures	4,934,209	5,192,732	4,971,225	(221,507)	4,702,590
Excess (Deficiency) Of Revenues Over Expenditures	123,343	(135,180)	234,764	369,944	307,714
OTHER FINANCING SOURCES (USES)					
Transfers In	94,000	94,000	91,338	(2,662)	97,373
Transfers Out	0	(23,523)	(36,476)	(12,953)	(47,474)
Total Other Financing Sources And (Uses)	94,000	70,477	54,862	(15,615)	49,899
Net Change In Fund Balance	217,343	(64,703)	289,626	354,329	357,613
Fund Balance - Beginning	3,322,437	3,322,437	3,322,437	0	3,098,930
Prior Period Adjustment	0	0	0	0	(134,106)
Fund Balance - Ending	3,539,780	3,257,734	3,612,063	354,329	3,322,437

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	2019				
	Budgeted Amounts			Variance With Final Budget Over	2018
General Government	Original	Final	Actual	(Under)	Actual
Legislative					
Employee Services	15,884	15,884	14,805	(1,079)	19,161
Supplies And Services	14,147	14,147	11,302	(2,845)	18,172
Total Legislative	30,031	30,031	26,107	(3,924)	37,333
Administration					
Employee Services	719,688	681,203	714,118	32,915	608,375
Supplies And Services	98,810	137,295	133,179	(4,116)	145,223
Total Administration	818,498	818,498	847,297	28,799	753,598
Opera Hall					
Employee Services	42,522	42,667	42,810	143	35,972
Supplies And Services	28,565	28,420	27,961	(459)	17,430
Total Opera Hall	71,087	71,087	70,771	(316)	53,402
Sunrise Hills					
Supplies And Services	0	0	2,627	0	2,651
Total Sunrise Hills	0	0	2,627	0	2,651
Non-Departmental					
Visitors Bureau	0	270,898	272,599	1,701	255,952
Total Non-Departmental	0	270,898	272,599	1,701	255,952
Facilities					
Supplies And Services	38,800	38,880	18,532	(20,348)	35,518
Debt Service	0	0	0	0	48,214
Total Facilities	38,800	38,880	18,532	(20,348)	83,732
Cemetery					
Employee Services	22,533	16,343	18,158	1,815	16,846
Supplies And Services	0	6,190	5,572	(618)	5,272
Total Cemetery	22,533	22,533	23,730	1,197	22,118
Successor Agency Administration					
Employee Services	19,386	19,386	19,033	(353)	21,171
Supplies And Services	1,950	1,950	1,397	(553)	2,517
Total Successor Agency Admin	21,336	21,336	20,430	(906)	23,688
Total General Government	1,002,285	1,273,263	1,282,093	6,203	1,232,474

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	2019				
	Budgeted Amounts			Variance With Final Budget Over	2018
	Original	Final	Actual	(Under)	Actual
Public Safety					
Police					
Employee Services	1,762,665	1,699,665	1,554,107	(145,558)	1,619,997
Supplies And Services	263,152	284,652	217,404	(67,248)	160,798
Capital Outlay	0	41,500	41,315	(185)	0
Total Police	2,025,817	2,025,817	1,812,826	(212,991)	1,780,795
Fire					
Employee Services	584,022	575,055	584,645	9,590	526,957
Supplies And Services	158,655	155,167	134,547	(20,620)	113,967
Capital Outlay	0	0	0	0	0
Total Fire	742,677	730,222	719,192	(11,030)	640,924
Total Public Safety	2,768,494	2,756,039	2,532,018	(224,021)	2,421,719
Transportation					
Public Works					
Employee Services	562,848	601,263	604,700	3,437	506,671
Supplies And Services	193,605	155,190	154,338	(852)	166,577
Capital Outlay	0	0	0	0	0
Total Public Works	756,453	756,453	759,038	2,585	673,248
Parks Landscape					
Supplies And Services	26,300	26,300	25,585	(715)	20,915
Total Parks Landscape	26,300	26,300	25,585	(715)	20,915
Parking Lots					
Supplies And Services	9,200	9,200	8,745	(455)	7,394
Total Parking Lots	9,200	9,200	8,745	(455)	7,394
Total Transportation	791,953	791,953	793,368	1,415	701,557
Community Development					
Building And Planning					
Employee Services	202,795	189,777	197,993	8,216	180,614
Supplies And Services	126,682	139,700	138,585	(1,115)	126,446
Capital Outlay	0	0	0	0	0
Total Building And Planning	329,477	329,477	336,578	7,101	307,060
Engineering					
Supplies And Service	42,000	42,000	27,168	(14,832)	39,780
Total Engineering	42,000	42,000	27,168	(14,832)	39,780
Total Community Development	371,477	371,477	363,746	(7,731)	346,840
Total General Fund	4,934,209	5,192,732	4,971,225	(221,507)	4,702,590

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CDBG SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	2019				
	Budgeted Amounts			Variance With Final Budget Over	2018
	Original	Final	Actual	(Under)	Actual
REVENUES					
Interest Income	0	52,349	62,541	10,192	66,865
Intergovernmental	0	0	0	0	61,797
Rental Income	0	0	0	0	0
Miscellaneous	0	800	355	(445)	454
Total Revenues	0	53,149	62,896	9,747	129,116
EXPENDITURES					
Salaries	16,047	11,144	26,921	15,777	0
Benefits	0	9,049	16,901	7,852	15,722
Supplies And Services	0	38,242	5,603	(32,639)	32,353
Capital Outlay	0	0	0	0	0
Bad Debt Expense	0	0	5,689	5,689	0
Total Expenditures	16,047	58,435	55,114	(3,321)	48,075
Excess (Deficiency) Of Revenues Over Expenditures	(16,047)	(5,286)	7,782	13,068	81,041
Other Financing Sources (Uses)					
Operating Transfers In	0	0	282,418	282,418	72,306
Operating Transfers Out	0	0	(282,415)	282,415	(72,732)
Total Other Financing Sources (Uses)	0	0	3	564,833	(426)
Net Change In Fund Balance	(16,047)	(5,286)	7,785	13,071	80,615
Fund Balance - Beginning	4,040,185	4,040,185	4,040,185	0	3,719,855
Prior Period Adjustment	0	0	0	0	239,715
Fund Balance - Ending	4,024,138	4,034,899	4,047,970	13,071	4,040,185

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL SALES TAX POLICE FUND
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	2019				
	Budgeted Amounts			Variance With Final Budget Over	2018
	Original	Final	Actual	(Under)	Actual
REVENUES					
Investment Earnings	0	0	11,214	11,214	4,153
Sales Tax	1,049,400	1,049,400	1,131,435	82,035	1,092,465
Miscellaneous	0	0	1,676	1,676	3,290
Total Revenues	1,049,400	1,049,400	1,144,325	94,925	1,099,908
EXPENDITURES					
Salaries	470,086	470,083	434,893	(35,190)	387,834
Benefits	434,291	434,291	448,523	14,232	367,155
Supplies And Services	139,805	123,368	92,872	(30,496)	109,374
Capital Outlay	35,000	51,993	56,465	4,472	0
Total Expenditures	1,079,182	1,079,735	1,032,753	(46,982)	864,363
Excess (Deficiency) Of Revenues Over Expenditures	(29,782)	(30,335)	111,572	141,907	235,545
Other Financing Sources (Uses)					
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	0	0	(25,738)	(25,738)	(1,912)
Total Other Financing Sources (Uses)	0	0	(25,738)	(25,738)	(1,912)
Net Change In Fund Balance	(29,782)	(30,335)	85,834	116,169	233,633
Fund Balance - Beginning	455,943	455,943	455,943	0	222,310
Fund Balance - Ending	426,161	425,608	541,777	116,169	455,943

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LOW/MODERATE INCOME HOUSING FUND
JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	2019				
	Budgeted Amounts			Variance With Final Budget Over	2018
	Original	Final	Actual	(Under)	Actual
REVENUES					
Property Tax Increments	0	0	0	0	0
Rental Income	8,700	8,700	3,475	(5,225)	8,696
Investment Earnings	24,040	24,040	39,619	15,579	36,704
Total Revenues	32,740	32,740	43,094	10,354	45,400
EXPENDITURES					
Salaries	8,377	8,377	19,540	11,163	10,210
Benefits	7,366	7,366	15,329	7,963	7,582
Supplies And Services	20,300	20,300	12,976	(7,324)	2,362
Total Expenditures	36,043	36,043	47,845	11,802	20,154
Excess (Deficiency) Of Revenues Over Expenditures	(3,303)	(3,303)	(4,751)	(1,448)	25,246
Other Financing Sources (Uses)					
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	0	0	0	0	(128)
Total Other Financing Sources (Uses)	0	0	0	0	(128)
Net Change In Fund Balance	(3,303)	(3,303)	(4,751)	(1,448)	25,118
Fund Balance - Beginning	1,854,992	1,854,992	1,854,992	0	1,829,874
Fund Balance - Ending	1,851,689	1,851,689	1,850,241	(1,448)	1,854,992

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MITIGATION FEES
JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	2019				
	Budgeted Amounts			Variance With Final Budget Over	2018
	Original	Final	Actual	(Under)	Actual
REVENUES					
Investment Earnings	3,182	0	24,099	24,099	13,917
Intergovernmental	450,000	450,000	174,540	(275,460)	196,190
Miscellaneous	0	0	0	0	0
Total Revenues	453,182	450,000	198,639	(251,361)	210,107
EXPENDITURES					
Salaries	0	0	0	0	0
Benefits	0	0	0	0	0
Supplies And Services	0	0	500	500	500
Capital Outlay	0	0	0	0	0
Total Expenditures	0	0	500	500	500
Excess (Deficiency) Of Revenues Over Expenditures	453,182	450,000	198,139	(251,861)	209,607
Other Financing Sources (Uses)					
Operating Transfers In		0	0	0	0
Operating Transfers Out	0	0	(27,844)	(27,844)	(293,725)
Total Other Financing Sources (Uses)	0	0	(27,844)	(27,844)	(293,725)
Net Change In Fund Balance	453,182	450,000	170,295	(279,705)	(84,118)
Fund Balance - Beginning	388,567	388,567	388,567	0	472,685
Fund Balance - Ending	841,749	838,567	558,862	(279,705)	388,567

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	Agency Fund			Totals (Memorandum Only)	
	Sunrise Hills	Successor RDA Fund	RDA Fund	2019	2018
Assets					
Cash And Investments	45,109	168,512	(1,168)	212,453	211,856
Accounts Receivable	0	71,450	0	71,450	7,150
Capital Assets, net	0	1,257,471	0	1,257,471	1,257,383
Total Assets	45,109	1,497,433	(1,168)	1,541,374	1,476,389
Liabilities					
Accounts Payable	45,260	0	0	45,260	0
Due To Other Government Funds	0	2,729,151	0	2,729,151	2,729,151
Bonds Payable	0	0	0	0	44,512
Total Liabilities	45,260	2,729,151	0	2,774,411	2,773,663
Net Position	(151)	(1,231,718)	(1,168)	(1,233,037)	(1,297,274)

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the City of Sonora, California (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local* Governments. Certain of the significant changes in the Statement include the following:

- The financial statements include:
  - A Management and Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
  - Financial statements prepared using the full accrual accounting for all of the City's activities, including infrastructure (roads, streets, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The more significant of the City's accounting policies are described below:

A. Financial Reporting Entity

The accompanying basic financial statements present the financial activity of the City of Sonora (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Discretely presented component units represent other legally separate organizations for which the primary government is financially accountable or for which the nature and significance of their relationship to the primary government are such that exclusion would cause the City's reporting entity to be misleading or incomplete. The City's component units are blended; there are no discretely presented component units in the Financial Reporting Entity.

City of Sonora

The City (primary government) was incorporated in 1851 under the general laws of the State of California. The City provides the full range of municipal services as contemplated by statute. Services provided include public safety (police and fire), street construction and maintenance, culture-recreation, public improvements, planning and zoning, and general administrative and support services.

City of Sonora (continued)

The City operates under a Council-Manager form of government. The City Council consists of five members elected at large for overlapping four year terms. The Mayor is selected from the City Council members and serves a two-year term. The City's only other elected official is the City Clerk/Treasurer whose term of office is four years. The City Council appoints a City Administrator and City Attorney. In addition, the City Council appoints the members of the following advisory Commissions and Boards:

Community Development Committee
Parks, Recreation and Beautification Committee
Public Safety Committee
Amador-Tuolumne County Community Action Agency
Central Sierra Planning Council
Governmental Affairs Committee
Local Transportation Commission
Solid Waste Committee
Planning Commission
Finance Committee
Personnel Committee
Public Works Committee
Cable 8 Committee
Local Agency Formation Commission
Sierra Conservation Center Committee
"Yes" Council Committee
Parking and Traffic Commission

In addition to sitting as the governing board of the City, the City Council also acts as the Board of Directors of one blended component unit: the Redevelopment Agency of the City of Sonora through January 31, 2012. On February 1, 2012 all Redevelopment Agencies (RDA) statewide were dissolved. The City elected to be the Successor Agency of the dissolved Redevelopment Agency of the City of Sonora and is charged with the winding down of operations. The Successor Agency funds are now reported as a fiduciary fund in the City's financial statements.

The City also elected to assume the housing function previously performed by the Redevelopment Agency. The non-cash assets and encumbered cash of the Redevelopment Housing Capital Projects Fund were transferred to the Low/Moderate Income Housing Fund.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

B. Government-wide and fund financial statements (continued)

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements (note that the City has no proprietary funds). Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes and taxpayer-assessed tax revenues (e.g., franchise taxes, sales taxes, motor vehicle fees, etc.) net of estimated refunds and uncollectible amounts, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the City. The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **CDBG Fund** accounts for resources provided by the Federal Housing and Community Development Act of 1974 for the elimination of slums and blight, housing conservation and improvements of community services.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The **Greenley/Mono Way Project Fund** – To account for costs incurred for Greenley and Mono Way, intersection covered by the cooperative agreement between the City and Tuolumne County.

The **Low/Moderate Income Housing Fund** was created when the City elected to assume the housing function previously performed by the Redevelopment Agency. The non-cash assets and encumbered cash of the Redevelopment Housing Capital Projects Fund were transferred to this fund.

The **Mitigation Fees** – To account for traffic impact fees collected against new construction. The fees are based upon estimated costs for regional traffic circulation improvements previously identified by the Sonora City Council and the Tuolumne County Board of Supervisors.

Additionally, the City reports the following fund types:

The **Sunrise Hills Assessment District Agency Fund** accounts for resources received for the administration of the district. The City is limited to acting as an agent for the assessed property owners and Certificate of Beneficial interest holders.

The **Successor RDA Agency Fund** accounts for the apportionment of property tax revenues used to pay the recognized obligations of the dissolved redevelopment agency until all recognized obligations of the dissolved redevelopment agency have been paid in full and all assets have been liquidated.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers, for applicants, for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

D. Assets, Liabilities, Net Position or Equity

1. Cash and Investments

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures.

The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated quarterly. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

In accordance with the State of California Government Code, the City adopts an investment policy that, among other things, authorizes types of investments. Authorized investments include:

- Securities of the U.S. government or its agencies
- Certificates of Deposit (or time deposits) placed with commercial banks and/or savings and loan associations
- State Treasurer's Local Agency Investment Fund (LAIF)
- Passbook savings account demand deposits
- Shares of money market funds

Investments for the City, as well as its component units, are reported at fair value. LAIF operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangement outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e. the current portion of interfund loans) or advances to/from other funds (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

2. Receivables and Payables (continued)

Property taxes are levied on the first day of March by the County Assessor, and are payable to the County Tax Collector in two installments.

The first installment is due November 1st, and delinquent December 10th, the second installment is due February 1st and delinquent April 10th. Taxes become a lien on the property on March 1st, and on the date of transfer of title, and the date of new construction.

The minimum property value which is taxed is $2,000; however, tax bills are prepared for properties valued at less than $2,000 if there is a special assessment to be collected.

Article 13A of the California Constitution states, "The maximum amount of any advalorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent tax is to be collected by the counties and apportioned according to law to the districts within the counties."

The City has elected under state law (Teeter) to receive all of the annual property assessments in three installments as follows:

December	55%
April	40%
June	5%
	100%

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, traffic lights and signals, street lights and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 for property, plant and equipment, and $25,000 for infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

4. Capital Assets (continued)

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	32
Building Improvements	10 to 25
Cemetery	32
Infrastructure	15 to 50
Equipment and Furnishings	7 to 15
Computer Equipment	3
Vehicles	3 to 7

5. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. All vacation and sick leave benefits are accrued as earned by employees. Management employees, after 10 years of service, are eligible for a maximum payout of 520 hours of sick leave. All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

6. Pensions And Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and OPEB liabilities, deferred outflows/inflows of resources related to pensions, OPEB, pension and OPEB expense, information about the fiduciary net position of the City of Sonora's California Public Employees' Retirement System (CalPERS) plans and Other Post-Employment Benefits (Plans), and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis 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.

Generally accepting accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

7. Long-Term Obligations

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

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Net Position and Fund Equity

In the government-wide financial statements, net position are reported in three categories: net position invested in capital assets, net of related debt; restricted net position and unrestricted net position.

Restricted net position represent net position restricted by parties outside the City (such as creditors, grantors, contributors, laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. The nonexpendable portion of permanent trust funds and endowments is reported as permanently restricted. The City's other restricted net position are temporarily restricted (ultimately expendable assets). All other net position are considered unrestricted.

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Non-spendable, Restricted, Committed, Assigned, and Unassigned. Non-spendable and Restricted fund balances represent the restricted classifications, and Committed, Assigned, and Unassigned represent the unrestricted classifications.

- Non-spendable fund balance includes amounts that cannot be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) legally or contractually required to be maintained intact.
- Restricted fund balance includes amounts that are constrained for specific purposes which are externally (outside the City) imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation.

8. Net Position and Fund Equity (continued)

- Committed fund balance includes amounts that are constrained for specified purpose that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned fund balance represents limitations imposed by management.
- Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources, unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

As of June 30, 2019, the fund balance details by classification are listed below:

	General	CDBG	Fund	Housing	Fees	Funds	Funds
Fund Balances:							
Nonspendable:							
Perpetual Care						154,364	154,364
Long-Term Advances	1,913,164						1,913,164
Restricted:							
CDBG		4,047,970					4,047,970
Public Safety			541,777			412,985	954,762
Community Development					558,862		558,862
Public Housing				1,850,241			1,850,241
Transportation						167,948	167,948
Public Works						450,907	450,907
Committed To:							
Historic Preservation						2,852	2,852
In-Lieu Parking						10,439	10,439
Compensated Abs Reserve						139,316	139,316
Mono Way Project						5,198	5,198
Assigned To:							
Vehicle Abatement						17,274	17,274
Landscaping						138,448	138,448
RSTP						33,805	33,805
Farmers Market						200,000	200,000
Road Maintenance						118,307	118,307
South Sonora						4,210	4,210
Other Purposes	0					201,912	201,912
Unassigned:	1,698,899		0			(246,843)	1,452,056
Total Fund Balances	3,612,063	4,047,970	541,777	1,850,241	558,862	1,811,122	12,422,035

9. 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.

II.STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the General Fund, and special revenue, capital projects and permanent funds. These budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund, function, and department. The City Administrator may authorize transfers of appropriations within the budget or supplemental appropriations for items less than $10,000. The transfer of appropriations or supplemental appropriations that are greater than $10,000 must be approved by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The council made several supplemental budgetary appropriations throughout the year.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2019, expenditures exceeded appropriations in a few services as follows:

General Fund Services	
Administration	28,799
Visitor Bureau	1,701
Cemetery	1,197
Building & Planning	7,101
Public Works	2,585

The General Fund's other expenditures were less than appropriated, therefore, allowing for an increase in spending. The Cemetery Fund expenditures are allocated wages from Public Works, which is where the expenditure is budgeted.

C. Deficit Fund Equity

The Gas Tax fund has a deficit fund balance of $1,889 as of June 30, 2019 will be reimbursed with future funds. The Self Insurance fund has a deficit fund balance of $3,010 as of June 30, 2019 will be reimbursed with future funds. The Business Improvement Benefit Fund has a deficit fund balance of $86,721 as of June 30, 2019. Future annual collections of Benefit Zone fees and lower allocations of personnel costs for sponsored events would reduce the deficit in the Business Improvement Benefit Fund, however such reductions would likely impact that number of special events that the City could continue to sponsor. Caltrans Federal fund has a deficit fund balance of $3,177 as of June 30, 2019, will be reimbursed by future reimbursements. FEMA/CAL/OES fund has a deficit fund balance of

C. Deficit Fund Equity (continued)

$53,723 as of June 30, 2019, will be reimbursed by future reimbursements. Washington/Elkins fund has a deficit fund balance of $63,167 as of June 30, 2019, will be reimbursed with future reimbursements. Medical Cannabis fund has a deficit fund balance of $17,288 as of June 30, 2019, will be reimbursed with future reimbursements. SRO fund has a deficit fund balance of $1,177 as of June 30, 2019, will be reimbursed with future reimbursements.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Cash and investments	5,399,094
Restricted Cash	1,131,581
Total cash and investments	6,530,675
Investment in Local Agency Investment Fund (LAIF)	5,569,957
Deposits with financial institutions	960,593
Cash on hand	125
Total cash and investments	6,530,675

The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to 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 the market interest rates. As of year-end, the weighted average maturity of the investments contained in the LAIF investment pool is 5.68 months.

		Maturity Date
State investment pool	$ 5,569,957	5.68 months average maturity
Total	$ 5,569,957	

Disclosures Relating to 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. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

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 California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The City is a voluntary participant in the California State Treasurer's Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Restricted Cash and Investments

The City maintains cash and investments restricted under the terms of an endowment trust agreement. The earnings from this money, accounted for in the City's permanent fund, may be spent in accordance with the endowment trust restrictions. The money is included in the City's pooled cash and investment program.

Restricted cash and investments as of June 30, 2019 is $1,131,580. This consists of the Cemetery Fund endowment $154,364, the Special Sales Tax Police Fund of $458,123, the Special Sales Tax Fire Fund of $91,726 and the Special Sales Tax Public Works Fund of $427,367.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The City deposits deferred compensation plan assets with the California Public Employees Retirement System (PERS) and VALIC. Federal legislation requires that the assets of such plans be held in trust for the exclusive benefit of the plan participants and their beneficiaries. PERS and VALIC act as the trustees for the plan assets and the City is considered to have limited fiduciary responsibility for the plan assets. As such, the City does not report the deferred compensation plan assets on its financial statements. (See Note 4C to the basic financial statements for additional information about this plan.)

B. Notes Receivable

The City is the recipient of Community Development Block Grant Funds and elected to assume the housing function previously performed by the dissolved redevelopment agency. Funds are provided to use for housing and business loans to qualified recipients at various below market interest rates ranging from 0 to 5%. The terms of the loans range between fifteen and thirt0y-one years. All loans are secured by deeds of trust. The amounts outstanding as of June 30, 2019 are $2,246,398 (CDBG Fund) and $835,180 (Low/Moderate Income Housing Fund).

However, the City has recorded an allowance for uncollectible accounts totaling $106,996 and $24,055 respectively, therefore reporting $2,353,394 and $859,235, respectively on the City's financial statements.

C. Receivables

Receivables at June 30, 2019 for the City's individual major funds and non-major funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows. All receivables are expected to be collected within one year.

	General	CDBG	Special Sales Tax PD Fund	LMIH Fund	Mitigation Fees	Non-Major Govern-mental Funds	Total
Interest	10,648	597,052	0	376,099	6,702	8,024	998,525
Taxes	311,611	0	109,575	0	0	112,023	533,209
Grants	0	0	0	0	0	0	0
Accounts	90,383	1,835	3,035	1,164	0	21,168	117,585
Total	412,642	598,887	112,610	377,263	6,702	141,215	1,649,319

Receivables and Payables with Former Redevelopment Agency Fund

Receivable/payable balances at June 30, 2019 consist of the following:

- The former Redevelopment Agency borrowed $935,934 from the CDBG Special Revenue Fund for four capital projects. The money was for the purchase and rehabilitation of property known as "Rother's Corner," the rehabilitation of Stewart Street's east sidewalk and wall, and the expansion of the Opera Hall.

  The individual amounts of outstanding balances as of June 30, 2019 are as follows:

Opera Hall	197,787
Stewart Street	104,031
Rother's Corner	84,994
Total	386,812

**As discussed in Note IV. F., all of the Redevelopment Agencies in the State of California were dissolved, and the Department of Finance has disallowed repayment of these obligations until certain conditions specified in AB1484 have been met. See Note IV. F. for further discussion.

D. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	3,853,077	0	0	3,853,077
Construction in progress	6,108,050	305,685	(6,121,860)	291,875
Total capital assets not being	9,961,127	305,685	(6,121,860)	4,144,952
Capital assets being depreciated:				
Buildings and improvements	4,457,339	0	0	4,457,339
Equipment and vehicles	2,495,544	109,392	0	2,604,936
Infrastructure	6,372,355	6,121,860	0	12,494,215
Total capital assets being depreciated	13,325,238	6,231,252	0	19,556,490
Less accumulated depreciation for:				
Buildings and improvements	(3,489,925)	(121,058)	0	(3,610,983)
Equipment and vehicles	(2,126,909)	(65,140)	0	(2,192,049)
Infrastructure	(2,291,689)	(213,118)	0	(2,504,807)
Total accumulated depreciation	(7,908,523)	(399,316)	0	(8,307,839)
Net capital assets being depreciated	5,416,715	5,831,936	0	11,248,651
Total net capital assets - governmental	15,377,842	6,137,621	(6,121,860)	15,393,603

Depreciation was charged to functions/programs of governmental activities for the year ended June 30, 2019 as follows:

General Government	140,145
Public Safety	73,399
Public Works	8,485
Community Development	31,592
Culture and Leisure	145,695
Total Depreciation Expense – Governmental	399,316

E. Transfers

Interfund transfers for the year ended June 30, 2019 consisted of the following amounts:

Fund	Transfer In	Transfer Out
General Fund	91,338	36,476
CDBG Fund	282,418	282,415
Mono Way	27,844	0
Greenley Road	16,691	0
Mitigation Fees	0	44,535
Gas Tax Fund	0	94,000
LTF	0	0
Business Improvement Benefit Fund	26,488	22,655
CHP	25,738	0
Special Sales Tax-Police	0	25,738
Special Sales Tax-Public Works	0	0
Fire Fighters Code 5 Fund	21,947	21,947
Self Insurance Fund	36,473	0
Totals	528,937	527,766

F. Payables

Payables at June 30, 2019 for the City's individual major funds and non-major funds in the aggregate are as follows:

	General	CDBG	Special Sales Tax PD Fund	LMIH Fund	Mitigation Fees	Non-major Govern-mental	Total
Governmental Activities:							
Vendors	238,425	343	9,417	2,849	0	76,705	327,739
Intergovernmental	0	0	19,539	0	0	18,855	38,394
Accrued Interest	0	0	0	0	0	0	0
Other	42,484	552	0	1,500	579,076	225,272	848,884
Total	280,909	895	28,956	4,349	579,076	320,832	1,215,017

G. Long-Term Debt

The following is a summary of changes in the City's long-term debt and other long-term liabilities during the year ended June 30, 2019:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Compensated Absences	631,016	26,432	(30,940)	626,508	136,315
Long-Term Liabilities of Governmental Activities	631,016	26,432	(30,940)	626,508	136,315

H. Sunrise Hills Assessment District

The City acts as agent on behalf of the Sunrise Hills Assessment District Bond Issue. At the time of issuance of the bonds for this district, the City made an election under the Streets & Highways Code Section 8769 not to obligate the City to advance available funds from the City treasury to cure any deficiencies in the redemption fund for the bonds. Thus, the bonds are "limited obligation bonds" secured solely by the assessment installments paid by the property owners, the reserve fund established for the bonds at the time of their issuance and the proceeds, if any, of foreclosure sales. The bond issue of $7,590,000 is due in principal installments ranging from $150,000 to $730,000 annually beginning in 1998 and maturing in 2019.

Interest at 7% is payable in semiannual installments due in September and March. The bond transactions are accounted for in the Agency Fund.

During fiscal year ended June 30, 1998 the City conducted a foreclosure sale on certain property in the district, which had been delinquent for several years. No bids were received and therefore no funds were deposited in the redemption fund with respect to that property.

As a result of the above, the reserve fund did not have enough money to make further debt service payments and the City declared an "ultimate loss" on the bonds as of January 18, 2000. The assessment district bonds were either tendered in lieu of delinquent assessments, penalties and interest for a Certificate of Beneficial Interest.

As future assessments are collected they will be disbursed by the City to the holders of the Certificates of Beneficial Interest. Under the Streets & Highway Code the City is not financially responsible for the bondholders' loss of revenues. In the opinion of City legal counsel, no future liability to the City should arise from these actions.

I. Evaluation of Subsequent Events

The City has evaluated subsequent events through December 3, 2019, the date which the financial statements were available to be issued.

IV. OTHER INFORMATION

A. Risk Management

The City of Sonora participates with other public entities in a joint exercise of powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The City is covered for the first $1,000,000 of each general liability claim and $250,000 of each workers' compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under $25,000 and workers' compensation losses under $25,000.

The CSJVRMA participates in an excess pool which provides general liability coverage from $1,000,000 to $10,000,000. The CSJVRMA participates in an excess pool which provides Workers' Compensation coverage from $250,000 to $500,000 and purchases excess insurance above the $500,000 to the statutory limit.

The CSJVRMA is a consortium of fifty-four (54) cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors, which meets 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA. The financial position and results of operations for the CSJVRMA, as of June 30, 2018, are presented below:

Total Assets	110,234,633
Total Liabilities	92,209,231
Total Net Assets	18,025,402
Total Liabilities & Net Assets	110,234,633
Total Revenues for Year	46,697,909
Total Expenses for Year	46,647,078
Net Income for Year	50,831

At the termination of the joint powers agreement and after all claims have been settled, any excess deficit will be divided among the cities in accordance with its governing documents.

B. Commitments and Contingencies

The City of Sonora is a defendant in various lawsuits. Although the outcome of some of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that a resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Employee Deferred Compensation Plan

The City offers an Employee Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457 to its employees, allowing them to defer or postpone receipt of income. Amounts so deferred may not be paid to the employee during employment with the City except for a catastrophic circumstance creating an undue financial hardship for the employee.

Effective January 1, 1999, Federal legislation (Small Business Job Protection Act of 1996) requires the Section 457 plan assets to be placed in trust for the exclusive use of the plan participants and their beneficiaries. The City's deferred compensation administrator, CalPERS and VALIC qualifies as the plan trustees to meet Federal requirements. Since the plan assets are no longer considered the property and rights of the City, such assets are no longer reflected in the accompanying basic financial statements.

D. Post-Retirement Benefit Plan

Plan Description

The City provides post-retirement medical coverage to eligible employees (and their dependents). Management employees who retire at age 50 (Fire, Police) or age 55 (Other) or older with at least 10 years of service with the City, are eligible for benefits. The City Administrator is eligible for benefits after 5 years of service with the City. The City pays a portion of the cost of the benefit, up to a predetermined cap. The excess carrier is responsible for the costs in excess of the City's self-insured amount ($55,000). The retiree is responsible for either 50% or 25% of the excess carrier's premium amount, depending on their age, less than 60, 50%, 60 or greater, 25%. Coverage ends when the retiree/dependent becomes eligible for Medicare.

Employees Covered by Benefit Terms

At June 30, 2019, the following City employees were covered by the benefit terms:

Retirees currently receiving benefits	4
Active employees	5
	9

D. Post-Retirement Benefit Plan (Continued)

Contributions

The City is currently financing the OPEB liability on a pay-as-you-go basis. The City only contributes the required retiree benefits when due. For the year ended June 30, 2019, the City contribution to the plan was $67,608. Employees are not required to contribute to the plan.

Net OPEB Liability

The City's net OPEB liability of $505,628 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2018
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets ($0; plan is not yet funded)
Discount Rate	3.13% as of June 30, 2017 2.92% as of June 30, 2018
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation
Salary Increase	3.25% per year, since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
Assumed Wage Inflation	3.0% per year; a component of assumed salary increases
General Inflation Rate	2.75% per year

Discount Rate

When a city finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate. The discount rate used in the valuation was based on the S&P Municipal Bond 20 Year High Grade Index. As of the beginning and end of the Measurement Period, use of this index results in discount rates of 3.13% as of June 30, 2017 and 2.92% as of June 30, 2018.

D. Post-Retirement Benefit Plan (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2018	$ 524,382	$ 0	$ 524,382
Changes in the year:			
Service Cost	16,170	0	16,170
Interest Cost	16,057		16,057
Employer Contributions	0	55,122	(55,122)
Benefit Payments	(55,122)	(55,122)	0
Assumption Changes	4,141	0	4,141
Net Changes in Fiscal Year 2018-2019	(18,754)	0	(18,754)
Balance at Fiscal Year Ending 6/30/19	$ 505,628	$ 0	$ 505,628

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

The following presents the net OPEB liability of the City, as well as what the City's Net OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Change in Discount Rate	**Current - 1% 1.92%**	**Current Rate 2.92%**	**Current + 1% 3.92%**
Net OPEB Liability (Asset)	525,916	505,628	486,291

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's Net OPEB would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

Change in Heathcare Cost Tred Rate	**Current Trend -1%**	**Current Trend**	**Current Trend +1%**
Net OPEB Liability (Asset)	486,875	505,628	525,986

D. Post-Retirement Benefit Plan (Continued)

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

For the year ended June 30, 2019, the City recognized OPEB expense of $67,608. At June 30, 2019, The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Changes of Assumptions	$ 3,108	$ 0
Differences Between Expected and Actual Experience	0	0
Net Difference Between Projected and Actual Earnings on Investments	0	0
Deferred Contributions	67,608	0
Total	$ 70,716	$ 0

The City will recognize the Deferred Contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2020	$ 1,033
2021	1,033
2022	1,033
2023	9
2024	0
Thereafter	0

E. Employee Retirement Systems and Plans

The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. All qualified permanent and probationary employees are eligible to participate in the Local Government's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

E. Employee Retirement Systems and Plans (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.7 @ 55	2.0 @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	52-63
Monthly benefits, as of % of eligible compensation	2.000% to 2.700%	1.000% to 2.500%
Required employee contribution rates	8.00%	6.50%
Required employer contribution rates	36.174%	0.00%

	Safety	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	3.0 @ 50	2.7 @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	50-57
Monthly benefits, as of % of eligible compensation	3.00%	2.000% to 2.700%
Required employee contribution rates	9.00%	11.50%
Required employer contribution rates - Fire	40.122%	N/A
Required employer contribution rates - Police	50.236%	N/A

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contributions rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during that year, with an additional amount to finance any unfunded accrued liability. The Local Government is required to contribute the difference between actuarially determined rate and the contribution rate of employees.

E. Employee Retirement Systems and Plans (Continued)

Effective January 1, 2013, the Public Employees' Pension Reform Act (PEPRA) implemented new benefit formulas, final compensation period, and new contribution requirements for new employees hired on or after January 1, 2013, who meet the definition of new member as per PEPRA.

For the year ended June 30, 2019, the contribution recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety
Contributions - employer	$ 150,654	$ 223,761
Contributions - employee (paid by employer)	0	0
Lump Sum Contributions	397,451	464,617

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

As of June 30, 2019, the Local Government reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 4,896,082
Safety	5,725,212
Total Net Pension Liability	$ 10,621,294

The Local Government's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as on June 30, 2018, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The Local Government's proportion of the net pension liability was based on a projection of the Local Government's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

E. Employee Retirement Systems and Plans (Continued)

The Local Government's proportionate share of the net pension liability for each Plan as of June 30, 2018 and 2019 was as follows:

	Miscellaneous	Safety	Total
Proportion - 6/30/18	0.12850%	0.09704%	0.10955%
Proportion - 6/30/19	0.12991%	0.09757%	0.11022%
Change - Increase/(Decrease)	0.00141%	0.00053%	0.00067%

Note: Due to the nature of calculating proportionate share of the Net Pension Liability/(asset), total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %.

At June 30, 2019, the Local Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	$ 1,119,911	$ 212,585
Differences Between Expected and Actual Experience	310,870	64,393
Differences Between Projected and Actual Investment Earnings	62,967	0
Differences Between Employer's Contributions and Proportionate Share of Contributions	0	846,951
Change in Employer's Proportion	39,459	1,083,599
Pension Contributions Made Subsequent to Measurement	374,415	0
	$ 1,907,622	$ 2,207,528

$1,907,622 reported as deferred outflows of resources relation to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2020	$ (563,681)	$ 277,484	$ (286,197)
2021	71,031	145,586	$ 216,617
2022	(281,046)	(240,002)	$ (521,048)
2023	(44,037)	(39,656)	$ (83,693)
2024	-	-	-
Thereafter	-	-	-
	$ (817,733)	$ 143,412	$ (674,321)

E. Employee Retirement Systems and Plans (Continued)

Actuarial Assumptions – The total pension liabilities was determined by rolling forward the total pension liability determined in the June 30, 2017 actuarial accounting valuations to June 30, 2018. The June 30, 2018, total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Acturarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varied by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power Protection allowance floor on power applies, 2.50% thereafter

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term 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 pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Using historical returns of all funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits of cash flows as the one calculated using both short-term and long-term returns.

E. Employee Retirement Systems and Plans (Continued)

The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (2)	Real Return Years 11+ (3)
Global Equity	50.0%	4.90%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%

(1) In the System CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(2) An expected inflation of 2.00% used for this period.
(3) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Local Government's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Local Government's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Summary	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
Misc Plans	7,000,462	4,896,082	3,158,950
Safety Plans	8,602,803	5,725,212	3,367,541
Total	15,603,265	10,621,294	6,526,491

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

F. Prior Period Adjustments

The prior period adjustments are listed below:

- GASB 75 net OPEB adjustment of ($552,979) to conform to the GASB 75 standards.
- Capital Outlay for the Stockton/Washington Transit Project originally reported as ordinary expenditures of $71,278 in prior years.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

CITY OF SONORA
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - MISCELLANOUS
JUNE 30, 2019

	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.1299%	0.1285%	0.1318%	0.0863%	0.08141%
Proportion share of the net pension liablity	$ 4,896,082	$ 5,065,626	$ 4,577,489	$ 2,366,853	$ 2,011,976
Covered - employee payroll	$ 3,493,914	$ 3,444,512	$ 3,013,131	$ 1,199,319	$ 1,133,953
Proportionate share of the net pension liability as percentage of covered-employee payroll	144.98%	132.89%	151.92%	197.35%	177.43%
Plan's fiduciary net position	$ 10,660,670	$ 10,124,468	$ 9,477,208	$ 6,141,333	$ 6,302,141
Plan fiduciary net position as a percentage of the total pension liability	68.53%	66.65%	67.43%	72.18%	75.80%

Notes to Schedule:

Change in assumptions. In 2016, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

CITY OF SONORA
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - SAFETY
JUNE 30, 2019

	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.0976%	0.0970%	0.1023%	0.1054%	0.04351%
Proportion share of the net pension liablity	$ 5,725,212	$ 5,798,526	$ 4,213,686	$ 4,344,646	$ 1,632,087
Covered - employee payroll	$ 3,550,439	$ 3,505,165	$ 3,226,023	$ 1,120,793	$ 1,199,112
Proportionate share of the net pension liability as percentage of covered-employee payroll	161.25%	165.43%	130.62%	387.64%	136.11%
Plan's fiduciary net position	$ 15,148,617	$ 14,608,321	$ 13,015,069	$ 13,050,377	$ 4,948,867
Plan fiduciary net position as a percentage of the total pension liability	72.57%	71.59%	75.54%	75.02%	75.20%

Notes to Schedule:

Benefit Changes. In 2016, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Change in assumptions. In 2016, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

CITY OF SONORA
SCHEDULE OF CONTRIBUTIONS - MISCELLANEOUS
JUNE 30, 2019

	2018	2017	2016	2015	2014
Contractually required contribution (actuarially determined)	$ 1,089,254	$ 814,632	$ 684,457	$ 364,596	$ 296,470
Contributions in relation to the actuarially determined contributions	(1,089,254)	(814,632)	(684,457)	(364,596)	(296,470)
Contribution deficiency (excess)	$ (0)	$ -	$ -	$ -	$ -
Covered - employee payroll	$ 3,493,914	$ 3,444,512	$ 3,013,131	$ 1,199,319	$ 1,133,953
Contributions as a percentage of covered-employee payroll percentage of covered-employee payroll	31.18%	23.65%	22.72%	30.40%	26.14%

Notes to Schedule:

Valuation Date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Methods and assumptions used to determine cotnribution rates:

Actuarial Cost Method	Entry age
Amortization method	Level Percentage of Payroll and Direct Rate Smoothing
Asset valuation method	Market Value
Inflation	2.75%
Salay increases	Varies by Entry Age and Service
Investment rate of return	7.50%, net of pension plan investment and administrative expense, including inflation

CITY OF SONORA
SCHEDULE OF CONTRIBUTIONS - SAFETY
JUNE 30, 2019

	2018	2017	2016	2015	2014
Contractually required contribution (actuarially determined)	$ 1,106,876	$ 828,977	$ 732,817	$ 527,765	$ 486,250
Contributions in relation to the actuarially determined contributions	(1,106,876)	(828,977)	(732,817)	(527,765)	(486,250)
Contribution deficiency (excess)	$ (0)	$ -	$ -	$ -	$ -
Covered - employee payroll	$ 3,550,439	$ 3,505,165	$ 3,226,023	$ 1,120,793	$ 1,199,112
Contributions as a percentage of covered-employee payroll percentage of covered-employee payroll	31.18%	23.65%	22.72%	47.09%	40.55%

Notes to Schedule:

Valuation Date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Methods and assumptions used to determine cotnribution rates:

Actuarial Cost Method	Entry age
Amortization method	Level Percentage of Payroll and Direct Rate Smoothing
Asset valuation method	Market Value
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50%, net of pension plan investment and administrative expense, including inflation

CITY OF SONORA
SCHEDULE OF CHANGES IN THE CITY'S
NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2019

	Measurement Period 2018
Total OPEB Liability	
Service Cost	$ 16,170
Interest on total OPEB liability	16,057
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes of assumptions	4,141
Benefit payments	(55,122)
Net change in total OPEB liability	(18,754)
Total OPEB liability - beginning	524,382
Total OPEB liability - ending (a)	$ 505,628
Plan Fiduciary Net Position	
Contributions - employer	$ 55,122
Net investment income	0
Benefit payments	(55,122)
Net change in plan fiduciary net position	0
Plan fiduciary net position - beginning	0
Plan fidiciary net position - ending (b)	$ 0
Net OPEB liability - ending (a) - (b)	$ 505,628
Covered-employee payroll	$ 627,000
Net OPEB liability as a percentage of covered-employee payroll	80.64%

CITY OF SONORA
SCHEDULE OF PLAN CONTRIBUTIONS
FOR THE CITY'S OPEB PLAN
JUNE 30, 2019

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2019	67,608	67,608	0	627,000	10.78%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Abandoned Vehicle Abatement - To account for state grants and other monies received and disbursed for the disposition of abandoned vehicles.

Gas Tax Funds - To account for state gas tax revenues collected based on population. The revenues may be expended only for street and road repair, maintenance, design, construction and traffic signal design and installation.

COPS AB11 Fund – Government grant established to provide law enforcement agencies with the funding to hire and re-hire career law enforcement professionals in order to preserve jobs, increase community policing capacities and support crime prevention efforts.

Local Transportation Fund - To account for the City's allocation of local transportation revenues collected for streets, roads, and sidewalk improvements.

Business Improvement Benefit Fund - To account for monies collected and expended for business improvement.

Highway Users' Tax Fund – To separately account for HUT apportionments received through Section 2103 of the State of California Streets and Highways Code.

Historic Preservation Fund – To account for donations received for the preservation of historical documents and memorabilia.

Sunrise Hills Landscaping District – To account for monies collected and expended within district for landscaping.

Asset Forfeit Fund – To account for forfeited assets collection and remittance to the appropriate agencies.

Special Sales & Use Tax Funds accounts for the collection of a ½ percent increase in sales tax, as approved by the voters. The sales tax revenue can be used for hiring additional personnel, wage and benefit enhancements, and equipment in the, police, fire and public works departments.

Firefighters /Code 5 – To account for money received for fire fighting services on areas outside the city's limits. The funds are used for personnel and equipment cost.

RSTP Exchange Fund – To account for monies received from the Tuolumne County Transportation Council for the Regional Surface Transportation Program.

In Lieu Parking – To account for funds collected when a new business is opened or an existing business expands. The funds are used for the acquisition of new parking facilities or major repairs to currently owned parking facilities.

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Certified Access Specialist Program Fund – To account for monies collected upon issuance or renewal of a business license. This portion of the fee is set aside to increase training of certified access specialists (CASP) and strengthen CASP programs in local building departments.

Community Revitalization Plan Fund – To account for sub-recipient grant funds used to develop a plan to improve traffic circulation and other street related aspects of the downtown Sonora area.

Board of State and Community Corrections (BSCC) Fund – To account for funds received from the State of California which supports the City's law enforcement as a result of AB 109-2011 Public Safety Realignment.

Cops Hiring Program Fund – To account for grant funds from the U.S. Department of Justice Office of Community Oriented Policing Services that fund one police officer position.

Caltrans Federal Fund – To account for monies from Caltrans grants to improve the Washington/Stockton Corridor.

Economic Development Fund - To account for monies collected and expended for economic development in the City of Sonora.

Community Transformation Fund – To account for sub-recipient grant funds provided to the Tuolumne County Public Health Department through the U.S. Department of Health and Human Services, used to develop the Dragoon Gulch Trail Master Plan.

Medical Cannabis Fund – In November of 2016, the voters of California approved Proposition 64, entitled the "Control, Regulate and Tax Adult Use of Marijuana" ("AUMA"). AUMA legalized the adult-use, possession, and retail sale of cannabis by persons 21 years of age and older. This fund was to account for fees generated by the opening of cannabis businesses in the City.

Road Maintenance and Rehabilitation Fund (SB1) – To account for the state gas tax revenues collected based on an increase in the per gallon tax. The revenues are to be used to address deferred maintenance on the State Highway System and Local Street and Road System.

Dragoon Gulch Fund - To account for the monies and expenditures for the operation of the Dragoon Gulch Trail.

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects

Mono Way Reimbursement Fund – To account for reimbursements of costs incurred for widening Mono Way, covered by the cooperative agreement between the City and Tuolumne County.

Washington/Elkins Fund – For monies collected and expended to improve the Washington and Elkin intersection for improved safety.

Farmers Market/Restroom Fund - To account for monies collected and expended to convert an existing building to bathrooms for the Farmers Market.

Internal Service

Self-Insurance Fund – To account for all medical and dental claims paid by the City through the City of Sonora Employee Benefit Plan. Funds are transferred into this fund to cover the claim payments from all other funds based on the budgeted per employee per month cost for each fund.

Compensated Absences Fund – To account for the resources and liabilities for compensated absences of the city's employees.

Permanent

Cemetery Perpetual Care Fund - To account for the principal trust amounts and related interest income. The interest income can be used to maintain the cemetery, while the principal may not be spent.

CITY OF SONORA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2018

	Special Revenue								
	Aban-doned Vehicle Funds	Gas Tax Funds	Cops AB11 Fund	Local Trans-portation Fund	Business Improve-ment Benefit Fund	Highway Users' Tax Fund	Historic Preser-vation Fund	Sunrise Hillls Land-scaping Fund	Asset Forfeit Fund
Assets									
Cash And Investments	17,274	(1,973)	115,813	56,460	(80,157)	70,011	2,852	131,995	1,324
Accounts Receivable	0	84	0	39,045	0	321	0	851	11
Loans Receivable	0	0	0	0	0	0	0	0	0
Prepaid Expense	0	0	0	0	0	0	0	0	0
Restricted Cash	0	0	0	0	0	0	0	0	0
Due From Other Funds	0	0	0	0	0	0	0	0	0
Total Assets	17,274	(1,889)	115,813	95,505	(80,157)	70,332	2,852	132,846	1,335
Liabilities And Fund Balances									
Liabilities									
Accounts Payable	0	0	2,708	0	4,602	0	0	(5,602)	0
Other Liabilities	0	0	0	0	1,962	0	0	0	0
Due To Other Funds	0	0	0	0	0	0	0	0	0
Total Liabilities	0	0	2,708	0	6,564	0	0	(5,602)	0
Fund Balances									
Nonspendable	0	0	0	0	0	0	0	0	0
Restricted	0	0	113,105	95,505	0	70,332	0	0	1,335
Committed	0	0	0	0	0	0	2,852	0	0
Assigned	17,274	0	0	0	0	0	0	138,448	0
Unassigned	0	(1,889)	0	0	(86,721)	0	0	0	0
Total Fund Balances	17,274	(1,889)	113,105	95,505	(86,721)	70,332	2,852	138,448	1,335
Total Liabilities And Fund Balances	17,274	(1,889)	115,813	95,505	(80,157)	70,332	2,852	132,846	1,335

Special Revenue										
Special Sales Tax Fire Fund	Special Sales Tax PW Fund	Fire-Fighters Code 5 Fund	RSTP Exchange Fund	In Lieu Parking Fund	Certified Access Specialist Program Fund	BSCC Fund	Cops Hiring Program Fund	Caltrans Federal Fund	Economic Development Fund	Total
0	0	169,505	33,589	10,439	6,896	6,248	0	2,624	31,324	574,224
46,245	30,106	0	216	0	0	0	0	0	0	116,879
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
91,726	427,367	0	0	0	0	0	0	0	0	519,093
0	0	0	0	0	0	0	0	0	0	0
137,971	457,473	169,505	33,805	10,439	6,896	6,248	0	2,624	31,324	1,210,196
800	2,090	0	0	0	(1,085)	0	0	5,801	0	9,314
14,379	4,476	0	0	0	0	0	0	0	0	20,817
0	0	0	0	0	0	0	0	0	0	0
15,179	6,566	0	0	0	(1,085)	0	0	5,801	0	30,131
0	0	0	0	0	0	0	0	0	0	0
122,792	450,907	169,505		0	0	6,248	0	0	0	1,029,729
0	0	0	0	10,439	0	0	0	0	0	13,291
0	0	0	33,805	0	7,981	0	0	0	31,324	228,832
0	0	0	0	0	0	0	0	(3,177)	0	(91,787)
122,792	450,907	169,505	33,805	10,439	7,981	6,248	0	(3,177)	31,324	1,180,065
137,971	457,473	169,505	33,805	10,439	6,896	6,248	0	2,624	31,324	1,210,196

CITY OF SONORA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2018

	Special Revenue			Capital Projects			
	Medical Cannabis Fund	SRO Fund	FEMA CAL/OES Fund	Greeley/ Mono Project Fund	Road Maintenance Fund	Dragoon Gulch Fund	Mono Way Project Fund
Assets							
Cash And Investments	32,218	(662)	0	(16,691)	103,130	9,286	5,198
Accounts Receivable	207	0	0	0	15,177	0	0
Loans Receivable	0	0	0	0	0	0	0
Prepaid Expense	0	0	0	0	0	0	0
Restricted Cash	0	0	0	0	0	0	0
Due From Other Funds	0	0	0	0	0	0	0
Total Assets	32,425	(662)	0	(16,691)	118,307	9,286	5,198
Liabilities And Fund Balances							
Liabilities							
Accounts Payable	1,590	515	53,723	0	0	7,175	0
Other Liabilities	48,123	0	0	0	0	0	0
Due To Other Funds	0	0	0	0	0	0	0
Total Liabilities	49,713	515	53,723	0	0	7,175	0
Fund Balances							
Nonspendable	0	0	0	0	0	0	0
Restricted	0	0	0	0	0	2,111	0
Committed	0	0	0	0	0	0	5,198
Assigned	0	0	0	0	118,307	0	0
Unassigned	(17,288)	(1,177)	(53,723)	(16,691)	0	0	0
Total Fund Balances	(17,288)	(1,177)	(53,723)	(16,691)	118,307	2,111	5,198
Total Liabilities And Fund Balances	32,425	(662)	0	(16,691)	118,307	9,286	5,198

Capital Projects			Internal Service		Permanent Fund		
Washington Elkington Fund	Farmers Market Fund	South Sonora Fund	Self Insurance Fund	Compensated Absences Fund	Cemetery Perpetual Care Fund	Total Non-Major Governmental Funds 2019	2018
(61,908)	200,000	173,476	0	138,427	160,584	1,317,282	931,957
0	0	6,040	0	889	2,023	141,215	251,609
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	154,364	673,457	1,066,583
0	0	0	0	0	0	0	0
(61,908)	200,000	179,516	0	139,316	316,971	2,131,954	2,250,149
1,259	0	119	3,010	0	0	76,705	71,719
0	0	175,187	0	0	0	244,127	25,000
0	0	0	0	0	0	0	0
1,259	0	175,306	3,010	0	0	320,832	96,719
0	0	0	0	0	154,364	154,364	153,839
0	0	0	0	0	0	1,031,840	1,361,090
0	0	0	0	139,316	0	157,805	154,848
0	200,000	4,210	0	0	162,607	713,956	600,429
(63,167)	0	0	(3,010)	0	0	(246,843)	(116,776)
(63,167)	200,000	4,210	(3,010)	139,316	316,971	1,811,122	2,153,430
(61,908)	200,000	179,516	0	139,316	316,971	2,131,954	2,250,149

CITY OF SONORA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	Special Revenue							
	Aban-doned Vehicle Funds	Gas Tax Funds	Cops AB11 Fund	Local Trans-portation Fund	Business Improve-ment Benefit Fund	Highway Users' Tax Fund	Historic Preser-vation Fund	Sunrise Hillls Land-scaping Fund
Revenues								
Investment Earnings	0	936	0	1,062	0	1,526	0	3,202
Intergovernmental	3,528	85,249	148,746	57,736	0	14,694	0	0
Property Taxes	0	0	0	0	0	0	0	0
Sales Taxes	0	0	0	0	0	0	0	0
Rent	0	0	0	0	0	0	0	0
Licenses And Permits	0	0	0	0	71,450	0	0	0
Miscellaneous	0	0	4,310	0	0	0	0	0
Total Revenues	3,528	86,185	153,056	58,798	71,450	16,220	0	3,202
Expenditures								
General Government	0	0	0	0	0	0	0	0
Public Safety	0	0	142,565	0	0	0	0	0
Public Works	0	0	0	0	0	0	0	0
Community Development	0	0	0	0	0	0	0	4,751
Culture And Leisure	0	0	0	0	81,054	0	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Debt Service								
Principal	0	0	0	0	0	0	0	0
Interest And Other Charges	0	0	0	0	0	0	0	0
Total Expenditures	0	0	142,565	0	81,054	0	0	4,751
Excess(Deficiency) Of Revenues Over Expenditures	3,528	86,185	10,491	58,798	(9,604)	16,220	0	(1,549)
Other Financing Sources (Uses)								
Operating Transfers In	0	0	0	0	26,488	0	0	0
Operating Transfers Out	0	(94,000)	0	0	(22,655)	0	0	0
Total Other Financing Sources (Uses)	0	(94,000)	0	0	3,833	0	0	0
Extraordinary Gain (Loss) - RDA	0	0	0	0	0	0	0	0
Net Change In Fund Balances	3,528	(7,815)	10,491	58,798	(5,771)	16,220	0	(1,549)
Fund Balance - Beginning	13,746	5,926	102,614	36,707	(80,950)	54,112	2,852	139,997
Prior Period Adjustment	0	0	0	0	0	0	0	0
Fund Balance - Ending	17,274	(1,889)	113,105	95,505	(86,721)	70,332	2,852	138,448

Special Revenue											
Asset Forfeit Fund	Special Sales Tax Fire Fund	Special Sales Tax PW Fund	Fire-Fighters Fund	RSTP Exchange Fund	In Lieu Parking Fund	Certified Access Specialist Program Fund	BSCC Fund	Cops Hiring Program Fund	Caltrans Federal Fund	Economic Development Fund	Total
52	2,599	9,830	0	806	0	0	0	0	0	471	20,484
0	0	0	156,730	0	0	0	0	0	168,881	13,861	649,425
0	0	0	0	0	0	0	0	0	0	0	0
0	471,431	282,859	0	0	0	0	0	0	0	0	754,290
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	2,628	0	0	0	0	74,078
0	0	0	0	0	0	1,694	0	0	0	0	6,004
52	474,030	292,689	156,730	806	0	4,322	0	0	168,881	14,332	1,504,281
0	0	0	0	0	0	0	0	0	0	0	0
0	503,750	254,188	84,905	0	0	0	2,404	0	0	0	987,812
1,000	0	0	0	0	0	0	0	37,659	0	0	38,659
0	0	0	0	0	0	0	0	0	0	9,333	14,084
0	0	0	0	0	0	0	0	0	0	0	81,054
0	0	0	11,611	0	0	0	0	0	163,251	0	174,862
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0
1,000	503,750	254,188	96,516	0	0	0	2,404	37,659	163,251	9,333	1,296,471
(948)	(29,720)	38,501	60,214	806	0	4,322	(2,404)	(37,659)	5,630	4,999	207,810
0	0	0	21,947	0	0	0	0	25,738	0	0	74,173
0	0	0	(21,947)	0	0	0	0	0	0	0	(138,602)
0	0	0	0	0	0	0	0	25,738	0	0	(64,429)
0	0	0	0	0	0	0	0	0	0	0	0
(948)	(29,720)	38,501	60,214	806	0	4,322	(2,404)	(11,921)	5,630	4,999	143,381
2,283	152,512	412,406	109,291	32,999	10,439	3,659	8,652	11,921	(8,807)	26,325	1,036,684
0	0	0	0	0	0	0	0	0	0	0	0
1,335	122,792	450,907	169,505	33,805	10,439	7,981	6,248	0	(3,177)	31,324	1,180,065

CITY OF SONORA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	Special Revenue						Capital Projects	
	Greeley/ Mono Project Fund	Medical Cannabis Fund	SRO Fund	FEMA CAL/OES Fund	Road Maintenance Fund	Dragoon Gulch Fund	Mono Way Fund	Washington Elkington Fund
Revenues								
Investment Earnings	0	1,038	0	0	1,089	0	0	0
Intergovernmental	0	0	0	0	0	0	0	0
Property Taxes	0	0	0	0	0	0	0	0
Sales Taxes	0	0	0	0	0	0	0	0
Rent	0	0	0	0	0	11,000	0	0
Licenses And Permits	0	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	88,423	0	0	0
Total Revenues	0	1,038	0	0	89,512	11,000	0	0
Expenditures								
General Government	0	0	0	0	0	0	0	0
Public Safety	0	0	1,177	53,723	0	0	0	0
Public Works	0	0	0	0	0	0	0	0
Community Development	0	23,888	0	0	0	17,612	0	0
Culture And Leisure	0	0	0	0	0	0	0	0
Capital Outlay	12,363	0	0	0	0	0	21	58,773
Debt Service								
Principal	0	0	0	0	0	0	0	0
Interest And Other Charges	0	0	0	0	0	0	0	0
Total Expenditures	12,363	23,888	1,177	53,723	0	17,612	21	58,773
Excess(Deficiency) Of Revenues Over Expenditures	(12,363)	(22,850)	(1,177)	(53,723)	89,512	(6,612)	(21)	(58,773)
Other Financing Sources (Uses)								
Operating Transfers In	0	0	0	0	0	0	27,844	0
Operating Transfers Out	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0	27,844	0
Extraordinary Gain (Loss) - RDA	0	0	0		0	0	0	0
Net Change In Fund Balances	(12,363)	(22,850)	(1,177)	(53,723)	89,512	(6,612)	27,823	(58,773)
Fund Balance - Beginning	(4,328)	5,562	0	0	28,795	8,723	(22,625)	(4,394)
Prior Period Adjustment	0	0	0	0	0	0	0	0
Fund Balance - Ending	(16,691)	(17,288)	(1,177)	(53,723)	118,307	2,111	5,198	(63,167)

		Internal Service		Permanent Fund		
Farmers Market Fund	South Sonora Fund	Self Insurance Fund	Compensated Absences Fund	Cemetery Perpetual Care Fund	Total Non-Major Governmental Funds 2019	2018
0	1,115	0	3,321	7,549	34,596	19,334
0	0	0	0	0	649,425	1,516,523
0	4,041	0	0	0	4,041	0
0	0	0	0	0	754,290	728,310
0	0	0	0	0	11,000	11,000
0	0	0	0	0	74,078	68,843
0	0	0	0	675	95,102	248,484
0	5,156	0	3,321	8,224	1,622,532	2,592,494
0	0	8,680	0	0	8,680	9,757
0	0	22,700	0	0	1,065,412	868,234
0	0	3,543	0	0	42,202	220,100
0	946	4,560	0	0	61,090	57,637
0	0	0	0	0	81,054	88,776
0	0	0	0	0	246,019	1,950,678
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	946	39,483	0	0	1,504,457	3,195,182
0	4,210	(39,483)	3,321	8,224	118,075	(602,688)
0	0	36,473	0	0	138,490	606,052
0	0	0	0	0	(138,602)	(359,760)
0	0	36,473	0	0	(112)	246,292
0	0	0	0	0	0	0
0	4,210	(3,010)	3,321	8,224	117,963	(356,396)
200,000	0	0	135,995	308,747	1,693,159	1,934,495
0	0	0	0	0	0	115,060
200,000	4,210	(3,010)	139,316	316,971	1,811,122	1,693,159

OTHER REPORTS

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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*

To The City Council
City of Sonora
State of 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 the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Sonora, State of California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Sonora, State of California's basic financial statements and have issued our report thereon dated December 3, 2019.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Sonora, State of California'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 City of Sonora, State of California's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Sonora, State of California'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 the City of Sonora, State of California's financial statements are free of 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.

Clendenin Bird & Company, PC
CLENDENIN BIRD & COMPANY, PC

Modesto, California
December 3, 2019