CITY OF SONORA, CALIFORNIA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

CITY OF SONORA, CALIFORNIA

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INDEPENDENT AUDITOR'S REPORT

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, 2021, 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, 2021, 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 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.

Gallagher Gatewood
GALLAGHER GATEWOOD, A PROFESSIONAL ACCOUNTANCY CORPORATION

Modesto, California
March 28, 2022

CITY OF SONORA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

This discussion and analysis of the City of Sonora's (City) financial performance for the fiscal year ended June 30, 2021 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 Successor Agency is in the process of dissolution and is included in this report, as are the final asset transfers and charges to the general fund for associated loans. As a final component of the dissolution a loan in the amount of $1,829,890 was written off and assets totaling $1,746,898 were returned to the city.

- The City's governmental activities total assets exceeded liabilities (net assets) at the close of the fiscal year by $15,992,006 an increase of $177,416 from fiscal year 2020. This increase is primarily due to the conservative fiscal policies of the City during the COVID-19 pandemic in Fiscal Year 2021.

- Including Transfers and excluding the Successor Redevelopment Agency write down the General Fund revenues exceeded General Fund expenditures by $525,257. Revenues exceeded expenditures primarily due to chronically open positions that the city had budgeted. City General Fund revenue, including transfers, totaled $7,977,289 and General Fund expenses, excluding the Successor Redevelopment Agency, totaled $7,452,032 for fiscal year 21. Public safety (police and fire protection) costs comprised $4,736,223 or 64% of this amount.

- The City's General Fund ended the year with a fund balance of $2,896,531, a decrease of $1,304,633 from the previous year, this included the write down of loans associated with the Successor Redevelopment Agency of $1,829,890. Excluding the dissolution of the Successor Redevelopment Agency the General Fund fund balance ended up by $525,257, revenues were $905,193 more than budgeted and Expenditures were $180,863 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 $2,152,433 of revenue in 2021 versus $1,874,671 in 2020, an increase of $277,762. 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, 2020 through June 30, 2021 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, 2021 and 2020.

City of Sonora
Changes in Net Assets
For the Years Ended June 30, 2021 and 2020

			Total	
	2021	2020	2021	2020
Current and Other Assets	12,931,285	13,985,244	12,931,285	13,985,244
Capital Assets, Net of Acc Depreciation	16,763,974	15,017,076	16,763,974	15,017,076
Total Assets	29,695,259	29,002,320	29,695,259	29,002,320
Deferred Outflows of Resources	1,590,043	1,826,192	1,590,043	1,826,192
Long Term Liabilities Outstanding	-	-	-	-
Other Liabilities	13,820,412	13,382,982	13,820,412	13,382,982
Total Liabilities	13,820,412	13,382,982	13,820,412	13,382,982
Deferred Inflow of Resources	1,472,884	1,630,940	1,472,884	1,630,940
Net Assets				
Invested Capital Assets, Net of debt	16,763,974	15,017,076	16,763,974	15,017,076
Restricted	6,551,507	8,596,836	6,551,507	8,596,836
Unrestricted	(7,323,475)	(7,799,322)	(7,323,475)	(7,799,322)
Total Net Assets	15,992,006	15,814,590	15,992,006	15,814,590

- Compared to the prior year, Total net assets of the City's governmental activities increased by $177,416 or 1% due to an increase in the City's capital assets as a result of the transfer of assets from the Successor Redevelopment Agency. 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, $16,763,974 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 have been transferred to the City as the agency is being wrapped up.

- Restricted net assets of $6,551,507 represent 41% 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 ($7,323,475) and is a result of the pension liability which is now reported to comply with GASB 68.

Governmental Activities

Total governmental expenditures and transfers for the year exceeded revenues by ($849,563) due the winging up of the Successor Redevelopment Agency as disallowed loans were written off and the assets transferred back to the city. Below is a table showing the governmental activities of the City for the years ended June 30, 2021 and 2020.

Changes in Net Assets
For the Years Ended June 30, 2021 and 2020

			Total	
	2021	2020	2021	2020
Revenues				
Property Tax	1,123,091	1,042,603	1,123,091	1,042,603
Sales Tax	5,433,288	4,583,459	5,433,288	4,583,459
Other Taxes and Franchises	1,089,403	765,324	1,089,403	765,324
Licenses and Permits	198,344	190,014	198,344	190,014
Fines and Forfeitures	30,270	46,774	30,270	46,774
Investment Earnings	108,930	150,749	108,930	150,749
Intergovernmental	1,262,469	1,042,887	1,262,469	1,042,887
Rental Income	47,820	83,702	47,820	83,702
Service Charges And Miscellaneous	410,916	765,092	410,916	765,092
Total Revenues	9,704,531	8,670,604	9,704,531	8,670,604
Expenditures				
General Government	3,251,844	1,302,565	3,251,844	1,302,565
Public Safety	4,736,223	5,024,290	4,736,223	5,024,290
Public Works	1,065,881	963,285	1,065,881	963,285
Community Development (Building & Planning)	505,651	553,737	505,651	553,737
Culture and Leisure	69,030	79,610	69,030	79,610
Principal Payment on Long Term Debt	-	-	-	-
Interest on Long Term Debt	-	-	-	-
Capital Outlay	946,918	165,107	946,918	165,107
Total Expenses	10,575,547	8,088,594	10,575,547	8,088,594
Excess (Deficiency) of Revenues over Expenditures	(871,016)	582,010	(871,016)	582,010
Other Financing Sources (Uses)	21,453	-	21,453	-
Fund Balance at Beginning of Fiscal Year	12,840,230	12,258,220	12,840,230	12,258,220
Prior Period Adjustment - See Note F	-	-	-	-
Fund Balance at End of Fiscal Year	11,990,667	12,840,230	11,990,667	12,840,230

Total governmental revenues for the year increased by $1,033,927 or 12% over fiscal year 2020. The overall increase in revenue is a result of a reduction of the comparison with a pandemic affected year in which revenues were depressed.

Total governmental expenses for the year were $10,575,547 an increase of $2,486,953 or 31% more from fiscal year 2020, primarily due to the wind down of the Successor Redevelopment Agency. Excluding the effects of the Successor Redevelopment Agency total expenditures were $8,745,657 an increase of $657,063. Public safety, which includes police and fire protection accounts for $4,736,223 or 54% of the total governmental activities expenses. Significant changes in expense activity is a result of the following activities:

- General Government increase by $1,949,279 of which $1,829,890 was the associated write down for the dissolution of the Successor Redevelopment Agency.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds ended the year with a combined fund balance of $11,990,667. This is a decrease of $849,563 from the prior year due to the wind down of the Successor Redevelopment Agency in the governmental funds.

Major fund balance changes are noted below:

- General Fund expenditures exceeded revenues and transfers by $1,304,633 largely as a result of the wind down of the Successor Redevelopment Agency. General Fund revenues totaled $6,060,972 (net of transfers). Police and fire protection costs were $4,736,223 or 64% of total General Fund expenditures with the Successor Redevelopment Agency expenditures excluded.

- The creation of a Special Sales and Use Tax District (Measure I) provided sales tax revenue of $2,152,433 in fiscal year 2021. 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 $1,291,460 for Police, $538,108 for Fire and $322,865 for Public Works Departments.

- Significant revenues of other non-major governmental funds are comprised of gasoline tax, grant funding, including for law enforcement, reimbursements from state and federal agencies for fire suppression services and mitigation fee revenues.

General Fund Budgetary Highlights.

At year-end, budgeted General Fund revenues were $5,155,779 while actual revenue $6,060,972. The budgeted General Fund expenditures were, excluding the effects of the Successor Redevelopment Agency, $7,632,895 and actual expenditures were $7,452,032. When taking into account transfers in and out of the general fund and excluding the effects of the Successor Redevelopment Agency, the city ended the year with excess revenues over expenditures of $525,257. The excess revenues over expenditures were due to several positions that were not filled in 2021.

Total revenue in all governmental funds increased by $1,033,927 in 2021 compared to the previous year primarily due to the revenues being depressed by the pandemic in 2020.

Total expenditures in all governmental funds increased by $657,063 in 2021 compared to previous years due to the return to more normal operations.

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, 2021, the City had $16,763,974 invested in a broad range of capital assets, including land, construction in progress, buildings, equipment and infrastructure. This amount represents a net increase of $1,746,898 or a 12% the prior year which reflects the transfer of assets from the Successor Redevelopment Agency.

The table below sets forth the City's net asset investment as of June 30, 2021 and 2020.

City of Sonora
Capital Assets (Net of Depreciation)
For the Years Ended June 30, 2021 and 2020

			Total	
	2021	2020	2021	2020
Land	3,804,235	3,803,077	3,804,235	3,803,077
Construction in Progress	562,519	432,581	562,519	432,581
Building and Improvements	1,768,733	627,037	1,768,733	627,037
Equipment and Vehicles	886,063	377,673	886,063	377,673
Infrastructure	9,742,424	9,776,708	9,742,424	9,776,708
Total	16,763,974	15,017,076	16,763,974	15,017,076

Long-term Debt. At year-end, the City's governmental activities had $761,425 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, 2021 and 2020.

City of Sonora
Long Term Debt
For the Years Ended June 30, 2021 and 2020

	Government Activities		Total	
	2021	2020	2021	2020
Compensated Absences	761,425	636,122	761,425	636,122
Total	761,425	636,122	761,425	636,122

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 2022 ECONOMIC FACTORS

In preparing the budget for fiscal year 2022, City management has taken into consideration the following economic factors:

- Sales tax revenue is projected to be $3,009,427 for fiscal year 2022 a slight decrease from 2020 actuals. Sales tax continues to be the largest city revenue source.

- Property tax revenue is projected to be slightly higher in 2022 by 2% compared to 2021 as economies of the pandemic has led to increased property values. Improvement in the assessed value of commercial properties were also reflected in increased property tax revenue in fiscal year 2021.

- Increased CalPERS rates were incorporated into the budget and the City continues to plan for 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 $2,127,500 in revenue in fiscal year 2022.

For fiscal year 2022, the City's General Fund revenues, including transfers, are projected to be $8,636,453 compared to 2021 actuals of $7,977,289, an increase of $659,164, primarily because of the COVID-19 Federal funding. The City received a portion of the American Recovery Act Funds in 2021. In 2022 and 2023 the City will receive a portion of the State and Local Fiscal Recovery Funds.

In 2022 General fund expenditures are budgeted to be $8,636,453, an increase over 2021. A balanced General Fund budget was adopted for fiscal year 2022.

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2020

	Primary Government		
	Governmental Activities	Totals 2021	2020
ASSETS			
Cash And Investments	7,497,531	7,497,531	6,474,286
Accounts Receivable	884,060	884,060	560,064
Interest Receivable	953,792	953,792	1,046,384
Loans Receivable	1,961,987	1,961,987	2,417,522
Prepaid Expenses	33,274	33,274	33,274
Restricted Cash	1,600,641	1,600,641	1,237,376
Receivable From Successor RDA Fund	0	0	2,216,338
Capital Assets (Net Of Accumulated Depreciation):			
Land	3,804,235	3,804,235	3,803,077
Construction In Progress	562,519	562,519	432,581
Buildings And Improvements	1,768,734	1,768,734	627,037
Equipment And Vehicles	886,062	886,062	377,673
Infrastructure	9,742,424	9,742,424	9,776,708
Total Assets	29,695,259	29,695,259	29,002,320
DEFERRED OUTFLOWS OF RESOURCES	1,590,043	1,590,043	1,826,192
LIABILITIES			
Accounts Payable And Other Current Liabilities	940,618	940,618	1,145,014
Compensated Absences	761,425	761,425	636,122
Other Post Employment Obligations (Asset)	404,735	404,735	467,915
Net Pension Liability	11,713,634	11,713,634	11,133,931
Long-Term Liabilities:			
Due Within One Year	0	0	0
Due In More Than One Year	0	0	0
Total Liabilities	13,820,412	13,820,412	13,382,982
DEFERRED INFLOWS OF RESOURCES	1,472,884	1,472,884	1,630,940
NET POSITION			
Invested In Capital Assets Net Of Related Debt	16,763,974	16,763,974	15,017,076
Restricted For			
Capital Projects	2,077,053	2,077,053	1,592,780
Community Development Projects	3,456,290	3,456,290	3,712,121
Revenue Bond Debt Service	0	0	181,269
Other Purposes	697,644	697,644	2,786,370
Perpetual Care:			
Expendable	164,306	164,306	168,957
Nonexpendable	156,214	156,214	155,339
Unrestricted	(7,323,475)	(7,323,475)	(7,799,322)
Total Net Position	15,992,006	15,992,006	15,814,590

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses
Primary Government:	
Governmental Activities:	
General Government	3,531,535
Public Safety	5,316,351
Public Works	1,165,039
Community Development	565,267
Culture And Leisure	225,613
Interest On Long-Term Debt	0
Total Governmental Activities	10,803,805
Total Primary Government	10,803,805

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Program Revenues			Net (Expense) Revenue And Changes In Net Assets Primary Government		
Fines, Fees And Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Totals 2021	2020
401,408	5,800	0	(3,124,327)	(3,124,327)	(699,883)
185,157	549,037	60,838	(4,521,319)	(4,521,319)	(4,595,022)
338,757	0	157,023	(669,259)	(669,259)	(450,660)
52,737	0	0	(512,530)	(512,530)	(549,361)
78,225	0	0	(147,388)	(147,388)	(119,436)
0	0	0	0	0	0
1,056,284	554,837	217,861	(8,974,823)	(8,974,823)	(6,414,362)
1,056,284	554,837	217,861	(8,974,823)	(8,974,823)	(6,414,362)
General Revenues:					
Taxes:					
Property Tax			1,123,091	1,123,091	1,042,603
Sales Tax			5,433,288	5,433,288	4,583,459
Cannabis Public Benefit Fee			216,719	216,719	0
Transient Lodging Tax			518,126	518,126	446,865
Franchise Tax			187,883	187,883	130,939
Motor Fuel Tax			120,836	120,836	119,744
Other Taxes			166,675	166,675	187,520
Investment Earnings			108,930	108,930	150,749
Gain/(Loss) On Sale of Assets			(2,144)	(2,144)	(102,132)
Transfers			1,278,835	1,278,835	0
Total General Revenues And Transfers			9,152,239	9,152,239	6,559,747
Change In Net Position			177,416	177,416	145,385
Net Position - Beginning			15,814,590	15,814,590	15,669,205
Prior Period Adjustment			0	0	0
Net Position - Ending			15,992,006	15,992,006	15,814,590

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	General	CDBG	Special Sales Tax PD Fund
Assets			
Cash And Investments	2,578,366	1,791,938	0
Accounts Receivable	601,575	461	141,322
Interest Receivable	0	639,377	680
Loans Receivable	0	1,108,445	0
Prepaid Expenses	33,274	0	0
Restricted Cash	0	0	767,433
Due From Successor RDA Fund	0	0	0
Total Assets	3,213,215	3,540,221	909,435
Liabilities			
Accounts Payable	112,752	0	0
Other Liabilities	203,932	0	0
Due To Other Funds	0	0	0
Total Liabilities	316,684	0	0
Fund Balances			
Nonspendable	33,274	0	0
Restricted	0	3,540,221	909,435
Committed	0	0	0
Assigned	0	0	0
Unassigned	2,863,257	0	0
Total Fund Balances	2,896,531	3,540,221	909,435
Total Liabilities And Fund Balances	3,213,215	3,540,221	909,435

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Low/Moderate Income Housing Fund	Mitigation Fees Fund	Other Funds	Total Governmental Funds 2021	2020
485,512	1,231,943	1,409,772	7,497,531	6,474,286
0	0	140,702	884,060	560,064
312,720	1,015	0	953,792	1,046,384
853,542	0	0	1,961,987	2,417,522
0	0	0	33,274	33,274
0	0	833,208	1,600,641	1,237,376
0	0	0	0	2,216,338
1,651,774	1,232,958	2,383,682	12,931,285	13,985,244
0	0	44,858	157,610	350,307
0	579,076	0	783,008	794,707
0	0	0	0	0
0	579,076	44,858	940,618	1,145,014
0	0	156,214	189,488	2,068,502
1,651,774	653,882	1,525,911	8,281,223	7,864,966
0	0	92,562	92,562	92,168
0	0	831,865	831,865	775,662
0	0	(267,728)	2,595,529	2,038,932
1,651,774	653,882	2,338,824	11,990,667	12,840,230
1,651,774	1,232,958	2,383,682	12,931,285	13,985,244

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, 2021

Total fund balances - governmental funds		11,990,667
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	3,804,235	
Construction in progress	562,519	
Buildings and improvements, net of $5,604,131accumulated depreciation	1,768,734	
Equipment and vehicles, net of $3,136,088 accumulated depreciation	886,062	
Infrastructure, net of $3,078,643 accumulated depreciation	9,742,424	
Total capital assets		16,763,974
Deferred Outlflow of Resources		1,590,043
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	(404,735)	
Compensated absences	(761,425)	
Net Pension Liability	(11,713,634)	
Deferred Inflows of Resources	(1,472,884)	
Total long-term liabilities		(14,352,678)
Total net position - governmental activities		15,992,006

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	General	CDBG	Special Sales Tax PD Fund
Revenues			
Property Tax	1,102,669	0	0
Sales Tax	3,280,856	0	1,291,459
Other Tax And Franchises	1,089,403	0	0
Licenses And Permits	129,277	0	0
Fines And Forfeitures	30,270	0	0
Investment Earnings	8,194	52,872	3,995
Intergovernmental	0	0	0
Rental Income	35,820	0	0
Service Charges And Miscellaneous	384,483	0	0
Total Revenues	6,060,972	52,872	1,295,454
Expenditures			
General Government	3,243,317	0	0
Public Safety	4,591,593	0	0
Public Works	1,004,013	0	0
Community Development	424,999	67,901	0
Culture And Leisure	0	0	0
Debt Service			
Principal	0	0	0
Interest And Other Charges	0	0	0
Capital Outlay	18,000	0	0
Total Expenditures	9,281,922	67,901	0
Excess (Deficiency) Of Revenues Over Expenditures	(3,220,950)	(15,029)	1,295,454
Other Financing Sources (Uses)			
Operating Transfers In	2,063,560	612,922	23,134
Operating Transfers Out	(147,243)	(735,348)	(1,100,000)
Total Other Financing Sources (Uses)	1,916,317	(122,426)	(1,076,866)
Net Change In Fund Balances	(1,304,633)	(137,455)	218,588
Fund Balance - Beginning	4,201,164	3,677,676	690,847
Prior Period Adjusments - See Notes	0	0	0
Fund Balance- Ending	2,896,531	3,540,221	909,435

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Low/Moderate Income Housing Fund	Mitigation Fees Fund	Other Funds	Total Governmental Funds 2021	2020
0	0	20,422	1,123,091	1,042,603
0	0	860,973	5,433,288	4,583,459
0	0	0	1,089,403	765,324
0	0	69,067	198,344	190,014
0	0	0	30,270	46,774
26,748	6,353	10,768	108,930	150,749
0	74,634	1,187,835	1,262,469	1,042,887
0	0	12,000	47,820	83,702
0	0	26,433	410,916	765,092
26,748	80,987	2,187,498	9,704,531	8,670,604
0	0	8,527	3,251,844	1,302,565
0	0	144,630	4,736,223	5,024,290
0	0	61,868	1,065,881	963,285
2,245	0	10,506	505,651	553,737
0	0	69,030	69,030	79,610
0	0	0	0	0
0	0	0	0	0
148,837	0	780,081	946,918	165,107
151,082	0	1,074,642	10,575,547	8,088,594
(124,334)	80,987	1,112,856	(871,016)	582,010
0	0	337,754	3,037,370	519,807
0	0	(1,033,326)	(3,015,917)	(519,807)
0	0	(695,572)	21,453	0
(124,334)	80,987	417,284	(849,563)	582,010
1,776,108	572,895	1,921,540	12,840,230	12,258,220
0	0	0	0	0
1,651,774	653,882	2,338,824	11,990,667	12,840,230

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, 2021

Net change in fund balances - total governmental funds	(849,563)
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 capital assets ($946,918) exceeded depreciation ($445,235) in the current period.	501,684
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and contributions) is to increase net position.	1,255,237
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.	(132,949)
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.	(596,993)
Changes in net positions of governmental activities	177,416

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	2020				
	Budgeted Amounts			Variance With Final Budget Over	2020
	Original	Final	Actual	(Under)	Actual
REVENUES					
Property Tax	1,295,000	1,061,000	1,102,669	41,669	1,038,693
Sales Tax	2,570,378	2,645,378	3,280,856	635,478	2,708,789
Other Tax And Franchise Fees	763,000	875,400	1,089,403	214,003	765,324
Licenses And Permits	205,300	102,450	129,277	26,827	46,774
Intergovernmental	236,500	0	0	0	0
Fines And Forfeitures	27,000	25,400	30,270	4,870	118,441
Investment Earnings	59,800	9,100	8,194	(906)	37,341
Rental Income	59,500	50,250	35,820	(14,430)	73,702
Service Charges And Miscellaneous	0	386,801	384,483	(2,318)	598,732
Total Revenues	5,216,478	5,155,779	6,060,972	905,193	5,387,796
EXPENDITURES					
General Government	1,077,782	1,534,207	3,243,317	1,709,110	1,234,363
Public Safety	4,681,196	4,658,460	4,591,593	(66,867)	2,781,488
Transportation/Public Works	1,009,511	1,006,836	1,004,013	(2,823)	723,051
Community Development	386,942	405,192	424,999	19,807	389,278
Capital Outlay	0	28,200	18,000	(10,200)	0
Debt Service					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Total Expenditures	7,155,431	7,632,895	9,281,922	1,649,027	5,128,180
Excess (Deficiency) Of Revenues Over Expenditures	(1,938,953)	(2,477,116)	(3,220,950)	(743,834)	259,616
OTHER FINANCING SOURCES (USES)					
Transfers In	1,193,200	2,082,350	2,063,560	(18,790)	289,198
Transfers Out	0	(144,650)	(147,243)	(2,593)	(20,885)
Total Other Financing Sources And (Uses)	1,193,200	1,937,700	1,916,317	(21,383)	268,313
Net Change In Fund Balance	(745,753)	(539,416)	(1,304,633)	(765,217)	527,929
Fund Balance - Beginning	4,201,164	4,201,164	4,201,164	0	3,673,235
Prior Period Adjustment	0	0	0	0	0
Fund Balance - Ending	3,455,411	3,661,748	2,896,531	(765,217)	4,201,164

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, 2021

	2021				
	Budgeted Amounts			Variance With Final Budget Over	2020
General Government	Original	Final	Actual	(Under)	Actual
Legislative					
Employee Services	8,400	8,650	8,607	(43)	8,808
Supplies And Services	145,750	270,500	263,479	(7,021)	33,736
Total Legislative	154,150	279,150	272,086	(7,064)	42,544
Administration					
Employee Services	661,761	726,000	735,455	9,455	667,064
Supplies And Services	156,401	316,387	1,995,607	1,679,220	145,126
Capital Outlay	0	2,000	2,000	0	0
Total Administration	818,162	1,044,387	2,733,062	1,688,675	812,190
Opera Hall					
Employee Services	10,035	20,070	25,941	5,871	47,504
Supplies And Services	20,185	18,150	21,696	3,546	24,932
Total Opera Hall	30,220	38,220	47,637	9,417	72,436
Sunrise Hills					
Supplies And Services	2,800	0	0	0	1,500
Total Sunrise Hills	2,800	0	0	0	1,500
Non-Departmental					
Visitors Bureau	0	97,400	120,507	23,107	229,347
Total Non-Departmental	0	97,400	120,507	23,107	229,347
Facilities					
Supplies And Services	15,900	18,500	16,705	(1,795)	47,034
Capital Outlay	0	0	0	0	0
Total Facilities	15,900	18,500	16,705	(1,795)	47,034
Cemetery					
Employee Services	24,450	24,450	24,541	91	17,882
Supplies And Services	10,650	10,650	9,330	(1,320)	3,458
Total Cemetery	35,100	35,100	33,871	(1,229)	21,340
Successor Agency Administration					
Employee Services	20,700	21,100	21,099	(1)	7,377
Supplies And Services	750	350	350	0	595
Total Successor Agency Admin	21,450	21,450	21,449	(1)	7,972
Total General Government	1,077,782	1,534,207	3,245,317	1,711,110	1,234,363

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	2021				
	Budgeted Amounts			Variance With Final Budget Over	2020
	Original	Final	Actual	(Under)	Actual
Public Safety					
Police					
Employee Services	2,906,573	2,874,058	2,873,991	(67)	1,748,962
Supplies And Services	363,050	376,329	352,795	(23,534)	225,419
Capital Outlay	0	28,200	16,000	(12,200)	0
Total Police	3,269,623	3,278,587	3,242,786	(35,801)	1,974,381
Fire					
Employee Services	1,270,223	1,256,993	1,224,063	(32,930)	654,690
Supplies And Services	141,350	151,080	140,744	(10,336)	152,417
Capital Outlay	0	0	0	0	0
Total Fire	1,411,573	1,408,073	1,364,807	(43,266)	807,107
Total Public Safety	4,681,196	4,686,660	4,607,593	(79,067)	2,781,488
Transportation					
Public Works					
Employee Services	752,911	750,236	749,830	(406)	526,239
Supplies And Services	220,100	220,100	219,325	(775)	163,069
Capital Outlay	0	0	0	0	0
Total Public Works	973,011	970,336	969,155	(1,181)	689,308
Parks Landscape					
Supplies And Services	26,500	26,500	25,255	(1,245)	24,730
Total Parks Landscape	26,500	26,500	25,255	(1,245)	24,730
Parking Lots					
Supplies And Services	10,000	10,000	9,603	(397)	9,013
Total Parking Lots	10,000	10,000	9,603	(397)	9,013
Total Transportation	1,009,511	1,006,836	1,004,013	(2,823)	723,051
Community Development					
Building And Planning					
Employee Services	262,642	272,872	292,817	19,945	238,876
Supplies And Services	104,300	92,320	94,482	2,162	117,802
Capital Outlay	0	0	0	0	0
Total Building And Planning	366,942	365,192	387,299	22,107	356,678
Engineering					
Supplies And Service	20,000	40,000	37,700	(2,300)	32,600
Total Engineering	20,000	40,000	37,700	(2,300)	32,600
Total Community Development	386,942	405,192	424,999	19,807	389,278
Total General Fund	7,155,431	7,632,895	9,281,922	1,649,027	5,128,180

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	2021				
	Budgeted Amounts			Variance With Final Budget Over	2020
	Original	Final	Actual	(Under)	Actual
REVENUES					
Interest Income	45,311	49,809	52,872	3,063	53,006
Intergovernmental	0	0	0	0	0
Rental Income	0	0	0	0	0
Miscellaneous	0	0	0	0	338
Total Revenues	45,311	49,809	52,872	3,063	53,344
EXPENDITURES					
Salaries	0	0	0	0	11,879
Benefits	0	0	0	0	10,105
Supplies And Services	0	0	822	822	1,480
Capital Outlay	0	0	0	0	0
Bad Debt Expense	0	0	67,079	67,079	0
Total Expenditures	0	0	67,901	67,901	23,464
Excess (Deficiency) Of Revenues Over Expenditures	45,311	49,809	(15,029)	(64,838)	29,880
Other Financing Sources (Uses)					
Operating Transfers In	0	0	612,922	612,922	120,592
Operating Transfers Out	0	0	(735,348)	735,348	(120,592)
Total Other Financing Sources (Uses)	0	0	(122,426)	1,348,270	0
Net Change In Fund Balance	45,311	49,809	(137,455)	(187,264)	29,880
Fund Balance - Beginning	3,677,676	3,677,676	3,677,676	0	3,647,796
Prior Period Adjustment	0	0	0	0	0
Fund Balance - Ending	3,722,987	3,727,485	3,540,221	(187,264)	3,677,676

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	2020				
	Budgeted Amounts			Variance With Final Budget Over	2020
	Original	Final	Actual	(Under)	Actual
REVENUES					
Investment Earnings	6,500	6,500	3,995	(2,505)	11,287
Sales Tax	967,330	1,087,330	1,291,459	204,129	1,124,802
Miscellaneous	0	0	0	0	28,550
Total Revenues	973,830	1,093,830	1,295,454	201,624	1,164,639
EXPENDITURES					
Salaries	0	0	0	0	416,047
Benefits	0	0	0	0	494,945
Supplies And Services	0	0	0	0	95,160
Capital Outlay	0	0	0	0	0
Total Expenditures	0	0	0	0	1,006,152
Excess (Deficiency) Of Revenues Over Expenditures	973,830	1,093,830	1,295,454	201,624	158,487
Other Financing Sources (Uses)					
Operating Transfers In	0	0	23,134	23,134	0
Operating Transfers Out	(1,100,000)	(1,100,000)	(1,100,000)	0	(9,417)
Total Other Financing Sources (Uses)	(1,100,000)	(1,100,000)	(1,076,866)	23,134	(9,417)
Net Change In Fund Balance	(126,170)	(6,170)	218,588	224,758	149,070
Fund Balance - Beginning	690,847	690,847	690,847	0	541,777
Fund Balance - Ending	564,677	684,677	909,435	224,758	690,847

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	2021				
	Budgeted Amounts			Variance With Final Budget Over	2020
	Original	Final	Actual	(Under)	Actual
REVENUES					
Property Tax Increments	0	0	0	0	0
Rental Income	0	0	0	0	0
Investment Earnings	21,297	21,297	26,748	5,451	(8,536)
Total Revenues	21,297	21,297	26,748	5,451	(8,536)
EXPENDITURES					
Salaries	5,000	5,000	0	(5,000)	18,861
Benefits	2,840	2,840	738	(2,102)	24,830
Supplies And Services	1,000	700	1,507	807	21,906
Capital Outlay	0	0	148,837	148,837	0
Total Expenditures	8,840	8,540	151,082	(6,295)	65,597
Excess (Deficiency) Of Revenues Over Expenditures	12,457	12,757	(124,334)	(137,091)	(74,133)
Other Financing Sources (Uses)					
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change In Fund Balance	12,457	12,757	(124,334)	(137,091)	(74,133)
Fund Balance - Beginning	1,776,108	1,776,108	1,776,108	0	1,850,241
Fund Balance - Ending	1,788,565	1,788,865	1,651,774	(137,091)	1,776,108

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	2021				
	Budgeted Amounts			Variance With Final Budget Over	2020
	Original	Final	Actual	(Under)	Actual
REVENUES					
Investment Earnings	18,500	18,500	6,353	(12,147)	23,744
Intergovernmental	150,000	75,000	74,634	(366)	6,049
Miscellaneous	0	0	0	0	28,798
Total Revenues	168,500	93,500	80,987	(12,513)	58,591
EXPENDITURES					
Salaries	0	0	0	0	0
Benefits	0	0	0	0	0
Supplies And Services	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Total Expenditures	0	0	0	0	0
Excess (Deficiency) Of Revenues Over Expenditures	168,500	93,500	80,987	(12,513)	58,591
Other Financing Sources (Uses)					
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	0	(175,000)	0	175,000	(44,558)
Total Other Financing Sources (Uses)	0	(175,000)	0	175,000	(44,558)
Net Change In Fund Balance	168,500	(81,500)	80,987	162,487	14,033
Fund Balance - Beginning	572,895	572,895	572,895	0	558,862
Fund Balance - Ending	741,395	491,395	653,882	162,487	572,895

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SONORA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	Agency Fund			Totals (Memorandum Only)	
	Sunrise Hills	Successor RDA Fund	RDA Fund	2021	2020
Assets					
Cash And Investments	51,139	235,187	0	286,326	286,319
Accounts Receivable	0	55,813	0	55,813	1,158
Capital Assets, net	0	0	0	0	1,151,794
Total Assets	51,139	291,000	0	342,139	1,439,271
Liabilities					
Accounts Payable	0	0	0	0	0
Due To Other Government Funds	0	0	0	0	2,216,339
Bonds Payable	51,139	0	0	51,139	51,131
Total Liabilities	51,139	0	0	51,139	2,267,470
Net Position	0	291,000	0	291,000	(828,199)

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 **Police Sales Tax Fund –** To account for the collection of the ½ cent voter approved sales tax. The sales tax revenue can be used for hiring additional personnel, wages and benefits, and equipment in the police department.

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, 2020
Measurement Period	June 30, 2019 to June 30, 2020

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.
- 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.

8. Net Position and Fund Equity (continued)

- 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, 2021, the fund balance details by classification are listed below:

	General	CDBG	Special Sales Tax PD Fund	Low/Moderate Income Housing	Mitigation Fees	Other Funds	Total Governmental Funds
Fund Balances:							
Nonspendable:							
Perpetual Care						156,214	156,214
Long-Term Advances	33,274						33,274
Restricted:							
CDBG		3,540,221					3,540,221
Public Safety			909,435			687,627	1,597,062
Community Development					653,882		653,882
Public Housing				1,651,774			1,651,774
Transportation						322,512	322,512
Public Works						515,772	515,772
Committed To:							
Historic Preservation						2,834	2,834
In-Lieu Parking						10,439	10,439
Compensated Abs Reserve						79,289	79,289
Mono Way Project						0	0
Assigned To:							
Vehicle Abatement						23,254	23,254
Landscaping						129,002	129,002
RSTP						34,683	34,683
Farmers Market						0	0
Road Maintenance						233,234	233,234
South Sonora						205,553	205,553
Other Purposes	0					206,139	206,139
Unassigned:	2,863,257		0			(267,728)	2,595,529
Total Fund Balances	2,896,531	3,540,221	909,435	1,651,774	653,882	2,338,824	11,990,667

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, 2021 expenditures exceeded appropriations in a few services as follows:

General Fund Services	
Administration	1,688,675
Opera Hall	9,417
Visitors Bureau	23,107
Building And Planning	22,107

The General Fund's other expenditures were less than appropriated, therefore, allowing for an increase in spending. The Administration Fund has written off the note receivable from the former RDA as it was closed as of the end of the fiscal year.

C. Deficit Fund Equity

The Self Insurance fund has a deficit fund balance of $696 as of June 30, 2021 will be reimbursed with future funds. The Business Improvement Benefit Fund has a deficit fund balance of $76,967 as of June 30, 2021. 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 $76,445 as of June 30, 2021, will be reimbursed by future reimbursements. Washington/Elkins fund has a deficit fund balance of $35,064 as of June 30, 2021, will be future reimbursements. SRO fund has a deficit fund balance of $75,128 as of June 30, 2021, will be reimbursed with future reimbursements. Medical Cannabis fund has a deficit fund balance of $3,428 as of June 30, 2021, will be reimbursed with future funds

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Cash and investments	7,497,531
Restricted Cash	1,600,641
Total cash and investments	9,098,172
Investment in Local Agency Investment Fund (LAIF)	6,051,616
Deposits with financial institutions	3,046,356
Cash on hand	200
Total cash and investments	9,098,172

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 9.58 months.

		Maturity Date
State investment pool	$ 6,051,616	9.58 months average maturity
Total	$ 6,051,616	

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, 2021 is $1,600,641. This consists of the Cemetery Fund endowment $156,214, the Special Sales Tax Police Fund of $767,433, the Special Sales Tax Fire Fund of $210,057 and the Special Sales Tax Public Works Fund of $466,937.

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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 thirty-one years. All loans are secured by deeds of trust. The amounts outstanding as of June 30, 2021 are $1,204,696 (CDBG Fund) and $877,597 (Low/Moderate Income Housing Fund).

However, the City has recorded an allowance for uncollectible accounts totaling $96,241 and $24,055 respectively, therefore reporting $1,108,445 and $853,542, respectively on the City's financial statements.

C. Receivables

Receivables as of June 30, 2021 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	0	639,377	680	312,720	1,015	1,840	955,632
Taxes	601,575	0	141,322	0	0	138,862	881,759
Grants	0	0	0	0	0	0	0
Accounts	0	461	0	0	0	0	461
Total	601,575	639,838	142,002	312,720	1,015	140,702	1,837,852

D. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	3,803,077	1,158	0	3,804,235
Construction in progress	432,581	129,938	0	562,519
Total capital assets not being	4,235,658	131,096	0	4,366,754
Capital assets being depreciated:				
Buildings and improvements	4,457,339	2,915,525	0	7,372,864
Equipment and vehicles	2,629,337	1,530,517	(137,703)	4,022,151
Infrastructure	12,212,915	608,152	0	12,821,067
Total capital assets being depreciated	19,299,591	5,054,194	(137,703)	24,216,082
Less accumulated depreciation for:				
Buildings and improvements	(3,549,002)	(2,055,129)	0	(5,604,131)
Equipment and vehicles	(2,251,664)	(1,022,127)	137,703	(3,136,088)
Infrastructure	(2,717,507)	(361,136)	0	(3,078,643)
Total accumulated depreciation	(8,518,173)	(3,438,392)	137,703	(11,818,862)
Net capital assets being depreciated	10,781,418	1,615,802	0	12,397,220
Total net capital assets - governmental	15,017,076	1,746,898	0	16,763,974

Depreciation was charged to functions/programs of governmental activities for the year ended June 30, 2021 as follows:

General Government	163,142
Public Safety	109,323
Public Works	7,658
Community Development	9,635
Culture and Leisure	155,476
Total Depreciation Expense – Governmental	445,234

RDA assets and Accumulated Depreciation was transferred to Cities fixed asset account. Assets amount totals $4,238,349 and Accumulated Depreciation of $2,993,157 were transferred in the current year.

E. Transfers

Interfund transfers for the year ended June 30, 2021 consisted of the following amounts:

Fund	Transfer In	Transfer Out
General Fund	2,063,560	147,243
CDBG Fund	612,922	735,348
Cemetery	0	5,976
Washington Elkin	12,785	0
SLESF	0	156,000
Gas Tax Fund	0	82,000
USDA PD Grant	0	46,267
FEMA/CalOES	123,016	0
Special Sales Tax-Police	23,134	1,100,000
Special Sales Tax-Fire	0	350,000
Special Sales Tax-Public Works	0	325,000
Fire Fighters Code 5 Fund	168,084	68,083
Self Insurance Fund	33,869	0
Totals	3,037,370	3,015,917
Redevelopment	1,418	22,871
	3,038,788	3,038,788

F. Payables

Payables at June 30, 2021 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	112,752	0	0	0	0	42,054	154,806
Intergovernmental	0	0	0	0	0	0	0
Accrued Interest	0	0	0	0	0	0	0
Other	203,932	0	0	0	579,076	2,804	785,812
Total	316,684	0	0	0	579,076	44,858	940,618

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, 2021:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Compensated Absences	636,122	263,709	(138,406)	761,425	(185,587)
Long-Term Liabilities of Governmental Activities	636,122	263,709	(138,406)	761,425	(185,587)

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 matured 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.

During the fiscal year ended June 30, 2021, the bond issue matured and any obligation has now been terminated.

I. Evaluation of Subsequent Events

The City has evaluated subsequent events through December 25, 2021, 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, 2020, are presented below:

Total Assets	140,373,479
Total Liabilities	120,609,137
Total Net Assets	19,764,342
Total Liabilities & Net Assets	140,373,479
Total Revenues for Year	58,244,856
Total Expenses for Year	57,261,330
Net Income for Year	983,526

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, 2021, 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, 2020, the City contribution to the plan was $93,828. Employees are not required to contribute to the plan.

Net OPEB Liability

The City's net OPEB liability of $404,735 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 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, 2020
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	2.79% as of June 30, 2019 2.66% as of June 30, 2020
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 2.79% as of June 30, 2019 and 2.66% as of June 30, 2020.

D. Post-Retirement Benefit Plan (Continued)

Changes in the Net OPEB Liability

Balance at June 30, 2019	$ 505,628	$ 0	$ 505,628
Changes in the year:			
Service Cost	17,119	0	17,119
Interest Cost	14,277		14,277
Employer Contributions	0	67,608	(67,608)
Benefit Payments	(67,608)	(67,608)	0
Assumption Changes	2,296	0	2,296
Plan Expense	(3,797)		(3,797)
Net Changes in Fiscal Year 2019-2020	(37,713)	0	(37,713)
Balance at Fiscal Year Ending 6/30/20	$ 467,915	$ 0	$ 467,915

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% 1.66%	Current Rate 2.66%	Current + 1% 3.66%
Net OPEB Liability (Asset)	421,224	404,735	389,246

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)	389,724	404,735	421,031

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, 2021, the City recognized OPEB expense of $93,828. At June 30, 2021, 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	$ 2,531	$ 0
Differences Between Expected and Actual Experience	0	1,903
Net Difference Between Projected and Actual Earnings on Investments	0	0
Deferred Contributions	89,067	0
Total	$ 91,598	$ 1,903

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
2022	$ 771
2023	$ (253)
2024	110
2025	9
2026	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, 2021, the contribution recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety
Contributions - employer	$ 142,301	$ 287,461
Contributions - employee (paid by employer)	0	0
Lump Sum Contributions	488,065	393,183

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

As of June 30, 2021, 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	$ 5,299,172
Safety	6,414,462
Total Net Pension Liability	$ 11,713,634

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, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2020 and 2021 was as follows:

	Miscellaneous	Safety	Total
Proportion - 6/30/20	0.12765%	0.09647%	0.10866%
Proportion - 6/30/21	0.12563%	0.09628%	0.10766%
Change - Increase/(Decrease)	-0.00202%	-0.00019%	-0.00100%

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, 2021, 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	$ 0	$ 59,163
Differences Between Expected and Actual Experience	770,491	0
Differences Between Projected and Actual Investment Earnings	296,834	0
Differences Between Employer's Contributions and Proportionate Share of Contributions	0	1,211,186
Change in Employer's Proportion	1,356	200,633
Pension Contributions Made Subsequent to Measurement	429,762	0
	$ 1,498,443	$ 1,470,982

$1,498,443 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Actuarial Assumptions – The total pension liabilities was determined by rolling forward the total pension liability determined in the June 30, 2019 actuarial accounting valuations to June 30, 2020. The June 30, 2020, total pension liability was based on the following actuarial methods and assumptions:

E. Employee Retirement Systems and Plans (Continued)

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2022	$ (289,289)	$ (235,563)	$ (524,852)
2023	(51,982)	(31,899)	$ (83,881)
2024	22,856	38,219	$ 61,075
2025	75,503	69,854	$ 145,357
2026	-	-	-
Thereafter	-	-	-
	$ (242,912)	$ (159,389)	$ (402,301)

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
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

E. Employee Retirement Systems and Plans (Continued)

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.

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%	4.80%	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	Current Discount Discount Rate -1%	Rate	Discount Rate +1%
Misc Plans	7,520,670	5,299,172	3,463,618
Safety Plans	9,501,013	6,414,462	3,881,656
Total	17,021,683	11,713,634	7,345,274

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

REQUIRED SUPPLEMENTAL FINANCIAL DATA

CITY OF SONORA
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - MISCELLANOUS
JUNE 30, 2021

	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.1256%	0.1277%	0.1299%	0.1285%	0.1318%	0.0863%	0.08141%
Proportion share of the net pension liablity	$ 5,299,172	$ 5,111,834	$ 4,896,082	$ 5,065,626	$ 4,577,489	$ 2,366,853	$ 2,011,976
Covered - employee payroll	$ 3,220,723	$ 3,115,149	$ 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	158.72%	157.17%	144.98%	132.89%	151.92%	197.35%	177.43%
Plan's fiduciary net position	$ 11,394,330	$ 11,027,177	$ 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	68.26%	68.33%	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, 2021

	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.0963%	0.0965%	0.0976%	0.0970%	0.1023%	0.1054%	0.04351%
Proportion share of the net pension liablity	$ 6,414,462	$ 6,022,098	$ 5,725,212	$ 5,798,526	$ 4,213,686	$ 4,344,646	$ 1,632,087
Covered - employee payroll	$ 3,741,442	$ 3,633,288	$ 3,490,120	$ 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	171.44%	165.75%	164.04%	165.43%	130.62%	387.64%	136.11%
Plan's fiduciary net position	$ 16,313,562	$ 15,823,749	$ 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	71.78%	72.43%	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, 2021

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution (actuarially determined)	$ 1,237,781	$ 1,051,911	$ 1,089,254	$ 814,632	$ 684,457	$ 364,596	$ 296,470
Contributions in relation to the actuarially determined contributions	(1,237,781)	(1,051,911)	(1,089,254)	(814,632)	(684,457)	(364,596)	(296,470)
Contribution deficiency (excess)	$ 0	$ -	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll	$ 3,220,723	$ 3,115,149	$ 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	38.43%	33.77%	31.18%	23.65%	22.72%	30.40%	26.14%

Notes to Schedule:

Valuation Date:	6/30/2019	6/30/2018	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	2.63%
Salay increases	Varies by Entry Age and Service
Investment rate of return	7.25%, net of pension plan investment and administrative expense, including inflation

CITY OF SONORA
SCHEDULE OF CONTRIBUTIONS - SAFETY
JUNE 30, 2021

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution (actuarially determined)	$ 1,437,902	$ 1,226,874	$ 1,106,876	$ 828,977	$ 732,817	$ 527,765	$ 486,250
Contributions in relation to the actuarially determined contributions	(1,437,902)	(1,226,874)	(1,106,876)	(828,977)	(732,817)	(527,765)	(486,250)
Contribution deficiency (excess)	$ 0	$ -	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll	$ 3,741,442	$ 3,633,288	$ 3,490,120	$ 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	38.43%	33.77%	31.71%	23.65%	22.72%	47.09%	40.55%

Notes to Schedule:

Valuation Date:	6/30/2019	6/30/2018	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	2.63%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.25%, 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, 2021

	Measurement Period 2020
Total OPEB Liability	
Service Cost	$ 17,934
Interest on total OPEB liability	12,263
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes of assumptions	451
Benefit payments	(93,828)
Net change in total OPEB liability	(63,180)
Total OPEB liability - beginning	467,915
Total OPEB liability - ending (a)	$ 404,735
Plan Fiduciary Net Position	
Contributions - employer	$ 93,828
Net investment income	0
Benefit payments	(93,828)
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)	$ 404,735
Covered-employee payroll	$ 572,456
Net OPEB liability as a percentage of covered-employee payroll	70.70%

CITY OF SONORA
SCHEDULE OF PLAN CONTRIBUTIONS
FOR THE CITY'S OPEB PLAN
JUNE 30, 2021

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
2020	93,828	93,828	0	572,456	16.39%

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.

USDA Comm FAC 3 Fund – To account for grant funds from the U.S.D.A Community Facilities Grant to fund Police Vehicle's equipment outfitting.

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.

PEG Capital Fees Fund – To collect a fee for public, educational and government channel access, in accordance with the digital infrastructure and video competition act.

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2020

	Special Revenue								
	Aban-doned Vehicle Funds	Gas Tax Funds	SLESF Cops 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	23,254	7,362	113,455	151,740	(75,522)	139,131	2,834	128,896	1,369
Accounts Receivable	0	45	9,768	17,175	2,635	113	0	106	1
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	23,254	7,407	123,223	168,915	(72,887)	139,244	2,834	129,002	1,370
Liabilities And Fund Balances									
Liabilities									
Accounts Payable	0	0	0	0	4,080	0	0	0	0
Other Liabilities	0	0	0	0	0	0	0	0	0
Due To Other Funds	0	0	0	0	0	0	0	0	0
Total Liabilities	0	0	0	0	4,080	0	0	0	0
Fund Balances									
Nonspendable	0	0	0	0	0	0	0	0	0
Restricted	0	7,407	123,223	168,915	0	139,244	0	0	1,370
Committed	0	0	0	0	0	0	2,834	0	0
Assigned	23,254	0	0	0	0	0	0	129,002	0
Unassigned	0	0	0	0	(76,967)	0	0	0	0
Total Fund Balances	23,254	7,407	123,223	168,915	(76,967)	139,244	2,834	129,002	1,370
Total Liabilities And Fund Balances	23,254	7,407	123,223	168,915	(72,887)	139,244	2,834	129,002	1,370

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	USDA PD Grants Fund	Stockton Washington Transit Fund	Vision Sonora Fund	Total
0	0	147,186	34,655	10,439	13,487	5,719	0	(76,445)	28,346	655,906
59,067	35,737	5,960	28	0	0	0	0	0	0	130,635
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
210,057	466,937	0	0	0	0	0	0	0	0	676,994
0	0	0	0	0	0	0	0	0	0	0
269,124	502,674	153,146	34,683	10,439	13,487	5,719	0	(76,445)	28,346	1,463,535
0	0	9	0	0	0	0	0	0	0	4,089
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	9	0	0	0	0	0	0	0	4,089
0	0	0	0	0	0	0	0	0	0	0
269,124	502,674	153,137		0	0	5,719	0	0	0	1,370,813
0	0	0	0	10,439	0	0	0	0	0	13,273
0	0	0	34,683	0	13,487	0	0	0	28,346	228,772
0	0	0	0	0	0	0	0	(76,445)	0	(153,412)
269,124	502,674	153,137	34,683	10,439	13,487	5,719	0	(76,445)	28,346	1,459,446
269,124	502,674	153,146	34,683	10,439	13,487	5,719	0	(76,445)	28,346	1,463,535

CITY OF SONORA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2020

	Special Revenue			Capital Projects			
	Medical Cannabis Fund	SRO Fund	FEMA CAL/OES Fund	PSPD Grant Fund	Road Maintenance Fund	Dragoon Gulch Fund	PEG Capital Fees Fund
Assets							
Cash And Investments	(2,928)	(75,128)	1,531	172,123	224,190	6,946	13,087
Accounts Receivable	0	0	0	0	9,044	0	11
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	(2,928)	(75,128)	1,531	172,123	233,234	6,946	13,098
Liabilities And Fund Balances							
Liabilities							
Accounts Payable	500	0	1,531	37,069	0	0	0
Other Liabilities	0	0	0	0	0	0	0
Due To Other Funds	0	0	0	0	0	0	0
Total Liabilities	500	0	1,531	37,069	0	0	0
Fund Balances							
Nonspendable	0	0	0	0	0	0	0
Restricted	0	0	0	135,054	0	6,946	13,098
Committed	0	0	0	0	0	0	0
Assigned	0	0	0	0	233,234	0	0
Unassigned	(3,428)	(75,128)	0	0	0	0	0
Total Fund Balances	(3,428)	(75,128)	0	135,054	233,234	6,946	13,098
Total Liabilities And Fund Balances	(2,928)	(75,128)	1,531	172,123	233,234	6,946	13,098

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 2021	Total Non-Major Governmental Funds 2020
(35,064)	0	204,873	973	79,224	164,039	1,409,772	1,208,170
0	0	680	0	65	267	140,702	98,006
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	156,214	833,208	657,303
0	0	0	0	0	0	0	0
(35,064)	0	205,553	973	79,289	320,520	2,383,682	1,963,479
0	0	0	1,669	0	0	44,858	13,482
0	0	0	0	0	0	0	28,457
0	0	0	0	0	0	0	0
0	0	0	1,669	0	0	44,858	41,939
0	0	0	0	0	156,214	156,214	155,339
0	0	0	0	0	0	1,525,911	1,147,440
0	0	0	0	79,289	0	92,562	92,168
0	0	205,553	0	0	164,306	831,865	775,662
(35,064)	0	0	(696)	0	0	(267,728)	(249,069)
(35,064)	0	205,553	(696)	79,289	320,520	2,338,824	1,921,540
(35,064)	0	205,553	973	79,289	320,520	2,383,682	1,963,479

CITY OF SONORA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	Special Revenue							
	Aban-doned Vehicle Funds	Gas Tax Funds	SLESF Cops 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	184	0	655	0	651	0	701
Intergovernmental	0	88,124	156,727	61,590	0	32,712	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	66,215	0	0	0
Miscellaneous	2,772	0	0	0	0	0	10	0
Total Revenues	2,772	88,308	156,727	62,245	66,215	33,363	10	701
Expenditures								
General Government	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0
Public Works	0	333	0	0	0	0	0	0
Community Development	0	0	0	0	0	0	0	2,637
Culture And Leisure	0	0	0	0	56,930	0	42	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	333	0	0	56,930	0	42	2,637
Excess(Deficiency) Of Revenues Over Expenditures	2,772	87,975	156,727	62,245	9,285	33,363	(32)	(1,936)
Other Financing Sources (Uses)								
Operating Transfers In	0	0	0	0	0	0	0	0
Operating Transfers Out	0	(82,000)	(156,000)	0	0	0	0	0
Total Other Financing Sources (Uses)	0	(82,000)	(156,000)	0	0	0	0	0
Extraordinary Gain (Loss) - RDA	0	0	0	0	0	0	0	0
Net Change In Fund Balances	2,772	5,975	727	62,245	9,285	33,363	(32)	(1,936)
Fund Balance - Beginning	20,482	1,432	122,496	106,670	(86,252)	105,881	2,866	130,938
Prior Period Adjustment	0	0	0	0	0	0	0	0
Fund Balance - Ending	23,254	7,407	123,223	168,915	(76,967)	139,244	2,834	129,002

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	USDA Comm Fac 3 Fund	Stockton Washington Transit Fund	Vision Sonora Fund	Total
8	733	2,651	516	186	0	0	0	0	0	0	6,285
0	0	0	534,976	0	0	0	0	0	94,387	5,800	974,316
0	0	0	0	0	0	0	0	0	0	0	0
0	538,108	322,865	0	0	0	0	0	0	0	0	860,973
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	2,852	0	0	0	0	69,067
0	0	0	0	0	0	0	0	0	0	0	2,782
8	538,841	325,516	535,492	186	0	2,852	0	0	94,387	5,800	1,913,423
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	87,205	0	0	0	0	0	0	0	87,205
0	0	0	0	0	0	0	0	0	0	0	333
0	0	0	0	0	0	0	0	0	0	27	2,664
0	0	0	0	0	0	0	0	0	0	0	56,972
0	0	0	568,159	0	0	0	0	0	105,313	0	673,472
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	655,364	0	0	0	0	0	105,313	27	820,646
8	538,841	325,516	(119,872)	186	0	2,852	0	0	(10,926)	5,773	1,092,777
0	0	0	168,084	0	0	0	0	0	0	0	168,084
0	(350,000)	(325,000)	(68,083)	0	0	0	0	(46,267)	0	0	(1,027,350)
0	(350,000)	(325,000)	100,001	0	0	0	0	(46,267)	0	0	(859,266)
0	0	0	0	0	0	0	0	0	0	0	0
8	188,841	516	(19,871)	186	0	2,852	0	(46,267)	(10,926)	5,773	233,511
1,362	80,283	502,158	173,008	34,497	10,439	10,635	5,719	46,267	(65,519)	22,573	1,225,935
0	0	0	0	0	0	0	0	0	0	0	0
1,370	269,124	502,674	153,137	34,683	10,439	13,487	5,719	0	(76,445)	28,346	1,459,446

CITY OF SONORA
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
TIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	Special Revenue						Capital Projects	
	Medical Cannabis Fund	SRO Fund	FEMA CAL/OES Fund	PSPD Grant Fund	Road Maintenance Fund	Dragoon Gulch Fund	PEG Capital Fees Fund	Washington Elkington Fund
Revenues								
Investment Earnings	109	0	0	0	1,141	0	22	0
Intergovernmental	0	0	60,838	0	90,045	0	0	62,636
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	12,000	0	0
Licenses And Permits	0	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	10,125	13,076	0
Total Revenues	109	0	60,838	0	91,186	22,125	13,098	62,636
Expenditures								
General Government	0	0	0	0	0	0	0	0
Public Safety	0	29,164	2,364	5,798	0	0	0	0
Public Works	0	0	0	0	58,866	0	0	1
Community Development	4,661	0	0	0	0	0	0	0
Culture And Leisure	0	0	0	0	0	12,058	0	0
Capital Outlay	0	0	0	76,699	0	5,285	0	24,625
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	4,661	29,164	2,364	82,497	58,866	17,343	0	24,626
Excess(Deficiency) Of Revenues Over Expenditures	(4,552)	(29,164)	58,474	(82,497)	32,320	4,782	13,098	38,010
Other Financing Sources (Uses)								
Operating Transfers In	0	0	123,016	0	0	0	0	12,785
Operating Transfers Out	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	123,016	0	0	0	0	12,785
Extraordinary Gain (Loss) - RDA	0	0	0	0	0	0	0	0
Net Change In Fund Balances	(4,552)	(29,164)	181,490	(82,497)	32,320	4,782	13,098	50,795
Fund Balance - Beginning	1,124	(45,964)	(181,490)	217,551	200,914	2,164	0	(85,859)
Prior Period Adjustment	0	0	0	0	0	0	0	0
Fund Balance - Ending	(3,428)	(75,128)	0	135,054	233,234	6,946	13,098	(35,064)

		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 2021	2020
0	1,035	0	426	1,750	10,768	33,907
0	0	0	0	0	1,187,835	1,036,838
0	20,422	0	0	0	20,422	3,910
0	0	0	0	0	860,973	749,868
0	0	0	0	0	12,000	10,000
0	0	0	0	0	69,067	71,573
0	0	0	0	450	26,433	108,674
0	21,457	0	426	2,200	2,187,498	2,014,770
0	0	8,527	0	0	8,527	68,202
0	0	20,099	0	0	144,630	1,236,650
0	0	2,668	0	0	61,868	240,234
0	1,446	1,735	0	0	10,506	75,398
0	0	0	0	0	69,030	79,610
0	0	0	0	0	780,081	165,107
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	1,446	33,029	0	0	1,074,642	1,865,201
0	20,011	(33,029)	426	2,200	1,112,856	149,569
0	0	33,869	0	0	337,754	110,017
0	0	0	0	(5,976)	(1,033,326)	(324,355)
0	0	33,869	0	(5,976)	(695,572)	(214,338)
0	0	0	0	0	0	0
0	20,011	840	426	(3,776)	417,284	(64,769)
0	185,542	(1,536)	78,863	324,296	1,921,540	1,986,309
0	0	0	0	0	0	0
0	205,553	(696)	79,289	320,520	2,338,824	1,921,540

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, 2021, 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 28, 2021.

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.

Gallagher Gatewood

GALLAGHER GATEWOOD, A PROFESSIONAL ACCOUNTANCY CORPORATION

Modesto, California
March 28, 2022