

CITY OF SONORA, CALIFORNIA
AUDITED FINANCIAL STATEMENTS
AND
UNIFORM GUIDANCE
JUNE 30, 2024



**CITY OF SONORA
TABLE OF CONTENTS
JUNE 30, 2024**

	<u>Page(s)</u>
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
Government - Wide Financial Statements:	
Statement of Net Position.....	11
Statement of Activities.....	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	14
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities.....	21
Budgetary Comparisons:	
Budgetary Comparison Schedules - General Fund.....	22
Budgetary Comparison Schedules - CDBG Fund.....	25
Budgetary Comparison Schedules - Special Sales Tax Fund.....	
Budgetary Comparison Schedules - Stockton Washington Transit Project Fund.....	27
Budgetary Comparison Schedules - Mitigation Fees.....	28
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position.....	29
Statement of Changes in Fiduciary Net Position.....	30
Notes to Basic Financial Statements.....	31
Required Supplementary Information	
Schedule of The Local Government's Proportionate Share of the Net Pension Liability - Miscellaneous.....	58
Schedule of The Local Government's Proportionate Share of the Net Pension Liability - Safety.....	59
Schedule of Contributions - Miscellaneous.....	60
Schedule of Contributions - Safety.....	61
Schedule of Changes in The City's Net OPEB Liability and Related Ratios.....	62
Schedule of Plan Contributions for the City's OPEB Plan.....	63

CITY OF SONORA
TABLE OF CONTENTS
JUNE 30, 2024

Supplementary Information

Combining Financial Statements - Nonmajor Governmental Funds.....	64
Combining Balance Sheet - Nonmajor Governmental Funds.....	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds.....	74
Schedule of Expenditures of Federal Awards.....	81
Notes to Schedule of Expenditures of Federal Awards.....	82

Compliance Section

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	83
Independent Auditor's Report on Compliance for Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	85
Schedule of Findings and Questioned Costs	88
Summary Schedule of Prior Year Audit Findings	90

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Sonora
State of California,

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sonora (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and budgetary comparison information on pages 22 through 28 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Harshmal & Company LLP

San Diego, California

March 26, 2025

CITY OF SONORA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FOR THE YEAR ENDED JUNE 30, 2024

This management discussion and analysis of the City of Sonora (the City) financial performance for the fiscal year ended June 30, 2024, provides a narrative overview and comparison of current year to prior year ending results based on the government-wide statements to assist the reader in focusing on significant financial issues. Please read Management's Discussion and Analysis in conjunction with the City's financial statements, notes, and supplementary schedules.

FINANCIAL HIGHLIGHTS

- The City's governmental activities total assets exceeded liabilities (net assets) at the close of the fiscal year by \$33,526,827, an increase of \$12,074,286 from the fiscal year 2023. This increase is primarily due to the completion of the Washington Elkin Project, the start of construction of the Washington Transit Project, and the passage of Measure Y, the 1% sales tax in the City.
- General Fund revenues exceeded General Fund expenditures, including transfers, by \$4,671,731. The City General Fund revenue totaled \$16,368,147, including transfers in, and General Fund expenses totaled \$11,696,416, including transfers out, for fiscal year 2024. Public safety (police and fire protection) costs comprised \$5,867,631 or 50% of this amount.
- The City's General Fund ended the year with a fund balance of \$9,764,902, an increase of \$4,671,731 from the previous year. Including other financing sources (uses), revenues were \$1,771,597 more than budgeted and Expenditures were \$142,709 less than budgeted, the bulk of the unexpended funds were the result of the revenues received from Measure Y but were unspent during the year.
- As of June 30, 2024, the City had fully funded its reserves, 25% of adjusted appropriations for the next fiscal year.
- The formation of a Special Sales and Use Tax District (Measure I) was approved by the 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 \$2,294,358 of revenue in 2024 versus \$2,316,174 in 2023, a decrease of \$21,816. This revenue was used exclusively for the Police, Fire, and Public Works departments.
- The City residents passed Measure Y in 2022. This is a general sales tax that will provide the City approximately \$4.2 million in annual revenues. In May of 2023 the City began receiving its first revenues from Measure Y. For the year June 30, 2024, the City received \$4,723,683.

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, 2023 through June 30, 2024 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 the 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.

CITY OF SONORA MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2024

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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these 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 in 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 Financials 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 the 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 in results in the governmental funds financial statements and those in the government-wide financial statements are shown in reconciliations following the governmental funds financial statements.

CITY OF SONORA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FOR THE YEAR ENDED JUNE 30, 2024

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

Statement of Net Position

Net positions 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 position as of June 30, 2024, and 2023.

Table 1
Statements of Net Position

	Governmental Activities			Percentage
	2024	2023	Net Change	Change
Assets				
Current and other assets	\$ 20,811,370	\$ 16,482,137	\$ 4,329,233	26.27%
Capital assets, net of acc. depreciation	<u>22,189,868</u>	<u>18,578,530</u>	<u>3,611,338</u>	<u>19.44%</u>
Total assets	<u>43,001,238</u>	<u>35,060,667</u>	<u>7,940,571</u>	<u>22.65%</u>
Deferred outflows of resources	<u>9,685,364</u>	<u>4,870,636</u>	<u>4,814,728</u>	<u>98.85%</u>
Liabilities				
Current liabilities	1,690,285	1,223,516	466,769	38.15%
Noncurrent liabilities	<u>15,840,308</u>	<u>14,536,989</u>	<u>1,303,319</u>	<u>8.97%</u>
Total liabilities	<u>17,530,593</u>	<u>15,760,505</u>	<u>1,770,088</u>	<u>11.23%</u>
Deferred inflows of resources	<u>1,629,182</u>	<u>2,718,257</u>	<u>(1,089,075)</u>	<u>(40.07)%</u>
Net Position				
Invested in capital assets, net of related debt	21,706,697	18,578,530	3,128,167	16.84%
Restricted	8,641,371	7,711,509	929,862	12.06%
Unrestricted	<u>3,178,759</u>	<u>(4,837,498)</u>	<u>8,016,257</u>	<u>(165.71)%</u>
Total Net Position	<u>\$ 33,526,827</u>	<u>\$ 21,452,541</u>	<u>\$ 12,074,286</u>	<u>56.28%</u>

- Compared to the prior year, total net position of the City's governmental activities increased by \$12,074,286 or 56%. The City's total net position include three components: Invested in capital assets, net of related debt, restricted net position and unrestricted net position.
- Of total net position, \$21,706,697 is the City's investment in capital assets (e.g. land, buildings and improvements, vehicles and equipment, infrastructure, SBITA and lease right-of-use assets) less any related debt used to acquire those assets that are still outstanding.
- Restricted net position of \$8,641,371 represent 26% of Total net position. Restricted net position 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.

**CITY OF SONORA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

- Unrestricted net position are those resources that may be used to meet the City's ongoing commitments to citizens and creditors. Government-wide unrestricted net position are \$3,178,759 and is a result of the pension liability which is now reported to comply with GASB 68.

Governmental Activities

Total governmental revenues and transfers for the year exceeded expenditures by \$12,074,286. Below is a table showing the governmental activities of the City for the years ended June 30, 2024 and 2023.

**Table 2
Changes in Net Position**

	Governmental Activities			Percentage Change
	2024	2023	Net Change	
Revenues				
Program revenues:				
Fines, fees, and charges for services	\$ 457,934	\$ 1,974,554	\$ (1,516,620)	(76.81)%
Operating grants and contributions	1,052,756	245,826	806,930	328.25%
Capital grants and contributions	1,710,591	1,488,792	221,799	14.90%
General revenues:				
Taxes	14,025,325	9,323,140	4,702,185	50.44%
Investment earnings	624,261	249,975	374,286	149.73%
Gain on sale of assets	1,910	-	1,910	100.00%
Transfer in/(out)	327,000	21,451	305,549	1,424.40%
Total revenues	<u>18,199,777</u>	<u>13,303,738</u>	<u>4,896,039</u>	<u>36.80%</u>
Expenses				
Program expenses				
General government	1,969,341	1,449,371	519,970	26.40%
Public Safety	1,187,609	4,328,714	(3,141,105)	(264.49)%
Public works	963,624	856,280	107,344	11.14%
Community development	1,795,257	949,941	845,316	47.09%
Culture and Leisure	209,660	190,590	19,070	9.10%
Total expenses	<u>6,125,491</u>	<u>7,774,896</u>	<u>(1,649,405)</u>	<u>(21.21)%</u>
Change in net position	<u>\$ 12,074,286</u>	<u>\$ 5,528,842</u>	<u>\$ 6,545,444</u>	<u>118.39%</u>

Total governmental revenues for the year increased by \$4,896,039 or 37% over fiscal year 2024. The overall increase in revenue is a result of the first full year of Measure Y revenues.

Total governmental expenses for the year were \$6,125,491 a reduction of \$1,969,341 or (21)% from fiscal year 2023, the primary reason for decreased costs was due to to an positive adjustment in pension incomes of \$4,927,904.

**CITY OF SONORA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE CITY'S FUND

The City's governmental funds ended the year with a combined fund balance of \$19,224,057. This is an increase of \$3,965,436 from the prior year due to additional revenues, as stated above, in fiscal year 2024.

Major fund balance changes are noted below:

- General Fund revenues exceeded expenditures and transfers by \$4,671,731 largely as a result of Measure Y revenues, and unfilled positions. General Fund revenues totaled \$16,368,147 (including other financing sources). Police and fire protection costs were \$5,867,631 or 50% of total General Fund expenditures.
- The creation of a Special Sales and Use Tax District (Measure I) provided sales tax revenue of \$2,294,358 in fiscal year 2024. This revenue was used to support operations in the police department, fire department, and public works department. The allocation of this revenue was \$1,376,615 for Police, \$573,589 for Fire and \$344,154 for Public Works Departments.
- In 2023, the City's residents voted on and passed Measure Y a 1% general sales tax, with a 20-year sunset date. This revenue will provide the City with approximately an additional \$4.2 million annually. In 2024, Measure Y generated \$4,723,683.
- 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 and ongoing road projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

At year-end, budgeted General Fund revenues were \$11,201,150, while actual revenue was \$12,331,453. The budgeted General Fund expenditures were \$11,395,125 and actual expenditures were \$11,197,925. When considering other financing sources (uses) \$3,538,203, the general fund ended the year with excess revenues over expenditures of \$4,671,731. The excess revenues over expenditures were due to the unspent Measure Y funds and continued budgeted positions that remained unfilled. In 2024/25, the City passed new Memorandums of Understandings (MOU's) with three of the five employee associations which the City hopes will improve the competitiveness of City pay.

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

**CITY OF SONORA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

CAPITAL AND DEBT ADMINISTRATION

Capital Assets: As of June 30, 2024, the City had \$22,189,868, invested in a broad range of capital assets, including land, construction in progress, buildings, equipment, infrastructure, SBITA, and lease right-of-use assets. This amount represents a net increase of \$3,611,338 or an 19% increase from the prior year. The table below sets forth the City's net asset investment as of June 30, 2024, and 2023.

**Table 3
Capital Assets, Right of Use Lease Assets and SBITA**

	Government Activities			Percentage Change
	2024	2023	Net Change	
Land	\$ 3,932,356	\$ 3,932,356	\$ -	-%
Construction in progress	3,335,542	1,862,903	1,472,639	79.05%
Buildings and improvements, net	1,729,929	1,782,304	(52,375)	(2.94)%
Equipment's and vehicle, net	2,553,489	1,159,277	1,394,212	120.27%
Infrastructure, net	10,066,104	9,841,690	224,414	2.28%
Right-of-use lease assets	531,277	-	531,277	100.00%
Right-of-use SBITA assets	41,171	-	41,171	100.00%
Total	<u>\$ 22,189,868</u>	<u>\$ 18,578,530</u>	<u>\$ 3,611,338</u>	<u>19.44%</u>

Long-Term Debt: As of June 30, 2024, the City's governmental activities had \$15,943,280 in long-term debt. The table below sets forth the City's long-term debt as of June 30, 2024, and 2023.

**Table 4
Long - Term Debt**

	Government Activities			Percentage Change
	2024	2023	Net Change	
Compensated absences	\$ 1,024,991	\$ 1,094,334	\$ (69,343)	(6.34)%
Net pension liability	13,845,778	13,021,986	823,792	6.33%
Other post-employment obligation	589,340	420,669	168,671	40.10%
Lease liability	444,241	-	444,241	100.00%
Subscription-based liability	38,930	-	38,930	100.00%
Total	<u>\$ 15,943,280</u>	<u>\$ 14,536,989</u>	<u>\$ 1,406,291</u>	<u>9.67%</u>

Additional information on the City's long-term debt can be found in Note 11 to the accompanying financial statements.

CITY OF SONORA MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2024

NEXT YEAR'S BUDGETS - FISCAL YEAR 2025 ECONOMIC FACTORS

In preparing the budget for fiscal year 2025, the City management has taken into consideration the following economic factors:

- Sales tax and other the City's revenues are projected to slow in fiscal year 2025 as the macro economy has seen inflationary pressures and increases in interest rates.
- Measure Y has become the City's largest single revenue source for the City. The 1% general sales tax will provide approximately \$4.2 million annually to the City's General Fund.
- The formation of a Special Sales and Use Tax District (Measure I) was approved by the City of Sonora voters in August, 2004. A ½% sales tax increase within the City limits was effective January 1, 2005. The special district sales tax is expected to generate approximately \$2,202,500 in revenue in fiscal year 2025.
- Property tax revenue is projected to increase approximately 4% in 2025 compared to 2024 as economic recovery has accelerated the increase in home values.
- Increased CalPERS rates were incorporated into the budget and the City continues to plan for significant increases in CalPERS rates for the next several years. While the current year CalPERS unfunded liability improved in the fiscal year 2024, CalPERS lost (6.1%) on investments. These losses will increase the required the City contribution in FY 2025-26 and FY 2026-27. For the past several years the City has been budgeting contributions to a California Employer's Pension Prefunding Trust (CEPPT), a Section 115 Trust. The City of Sonora has taken steps to reserve funds for future pension obligations to ensure that future CalPERS shortfalls do not crowd out funding for other public services, such as police and fire.

For the fiscal year 2025, the City's General Fund revenues are projected to be approximately \$14,682,700 compared to 2024 actuals of \$15,726,853, an decrease of \$1,044,153. This decline is primarily due to one time Measure Y sales tax revenue received in the prior year and the anticipation of a general economic slowdown, consistent with a conservative budgeting approach.

In 2025 General fund expenditures are budgeted to be \$13,760,750, an increase of \$2,142,069 or 18% over the fiscal year 2024 actual of \$11,618,681. A balanced General Fund budget was adopted for fiscal year 2025.

The City continues to take a position of conservative revenue projection and modest changes to General Fund department expenditures.

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SONORA
STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Current assets:	
Cash and investments	\$ 6,750,417
Accounts receivable	1,561,776
Interest receivable	924,870
Loans receivable	1,362,450
Prepaid expenses	33,274
Restricted cash	<u>10,178,583</u>
Total current assets	<u>20,811,370</u>
Noncurrent assets:	
Capital assets:	
Capital assets not being depreciated	7,267,898
Capital assets being depreciated, net	14,349,522
Right-of-use lease assets, net	531,277
Right-of-use SBITA assets, net	<u>41,171</u>
Total capital assets	<u>22,189,868</u>
Total noncurrent assets	<u>22,189,868</u>
Total assets	<u>43,001,238</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension	9,445,916
Related to OPEB	<u>239,448</u>
Total deferred outflows of resources	<u>9,685,364</u>
Total assets and deferred outflows of resources	<u>52,686,602</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Current liabilities:	
Accounts payable	1,362,163
Accrued payroll and other payable	225,150
Lease liability	84,826
Subscription-based liability	<u>18,146</u>
Total current liabilities	<u>1,690,285</u>
Noncurrent liabilities:	
Compensated absences	1,024,991
Other post-employment obligations	589,340
Net pension liability	13,845,778
Lease liability, net of current portion	359,415
Subscription-based liability, net of current portion	<u>20,784</u>
Total noncurrent liabilities	<u>15,840,308</u>
Total liabilities	<u>17,530,593</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Governmental Activities</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pension	1,607,403
Related to OPEB	<u>21,779</u>
Total deferred inflows of resources	<u>1,629,182</u>
Total liabilities and deferred inflows of resources	<u>19,159,775</u>
NET POSITION	
Net investment in capital assets	21,706,697
Restricted for:	
Capital projects	4,794,515
Community development projects	2,296,219
Other purposes	1,233,554
Perpetual care:	
Expendable	160,870
Nonexpendable	156,213
Unrestricted	<u>3,178,759</u>
Total net position	<u>33,526,827</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 52,686,602</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program revenues			Net (expenses) Revenues & Changes in Net Position
		Fines, Fees, and Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES:					
General government	\$ 1,969,341	\$ 21,292	\$ -	\$ -	\$ (1,948,049)
Public safety	1,187,609	130,412	555,474	-	(501,723)
Public works	963,624	51,695	159,766	-	(752,163)
Community development	1,795,257	225,799	337,516	1,710,591	478,649
Culture and leisure	209,660	28,736	-	-	(180,924)
Total governmental activities	<u>\$ 6,125,491</u>	<u>\$ 457,934</u>	<u>\$ 1,052,756</u>	<u>\$ 1,710,591</u>	<u>(2,904,210)</u>
GENERAL REVENUES:					
Taxes:					
					1,543,152
					10,615,750
					703,655
					702,269
					217,782
					242,717
					624,261
					1,910
					327,000
					14,978,496
					12,074,286
					21,452,541
					\$ 33,526,827

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

CITY OF SONORA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>General</u>	<u>CDBG</u>	<u>Special Sales Tax Fund</u>
ASSETS			
Cash and investments	\$ 6,063,296	\$ 471,704	\$ -
Accounts receivable	1,046,355	-	207,639
Interest receivable	7,757	588,921	18,813
Loans receivable	-	909,589	-
Prepaid expenses	33,274	-	-
Due from other funds	522,575	-	-
Restricted cash	<u>2,855,863</u>	<u>368,165</u>	<u>1,476,443</u>
Total assets	<u>10,529,120</u>	<u>2,338,379</u>	<u>1,702,895</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	540,695	40,533	-
Accrued payroll and other payable	223,523	1,627	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>764,218</u>	<u>42,160</u>	<u>-</u>
FUND BALANCES			
Nonspendable	33,274	-	-
Restricted	-	2,296,219	1,702,895
Committed	-	-	-
Assigned	-	-	-
Unassigned	<u>9,731,628</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>9,764,902</u>	<u>2,296,219</u>	<u>1,702,895</u>
Total liabilities and fund balances	<u>\$ 10,529,120</u>	<u>\$ 2,338,379</u>	<u>\$ 1,702,895</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>Mitigation Fees Fund</u>	<u>Stockton Washington</u>	<u>Other Funds</u>
ASSETS			
Cash and investments	\$ 11,654	\$ -	\$ 203,763
Accounts receivable	-	-	307,782
Interest receivable	12,728	-	296,651
Loans receivable	-	-	452,861
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Restricted cash	<u>1,145,241</u>	<u>-</u>	<u>4,332,871</u>
Total assets	<u>1,169,623</u>	<u>-</u>	<u>5,593,928</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	579,076	158,719	43,140
Accrued payroll and other payable	-	-	-
Due to other funds	<u>-</u>	<u>282,979</u>	<u>239,596</u>
Total liabilities	<u>579,076</u>	<u>441,698</u>	<u>282,736</u>
FUND BALANCES			
Nonspendable	-	-	156,213
Restricted	590,547	-	3,560,430
Committed	-	-	458,450
Assigned	-	-	1,233,554
Unassigned	<u>-</u>	<u>(441,698)</u>	<u>(97,455)</u>
Total fund balances	<u>590,547</u>	<u>(441,698)</u>	<u>5,311,192</u>
Total liabilities and fund balances	<u>\$ 1,169,623</u>	<u>\$ -</u>	<u>\$ 5,593,928</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>Total Governmental Funds</u>
ASSETS	
Cash and investments	\$ 6,750,417
Accounts receivable	1,561,776
Interest receivable	924,870
Loans receivable	1,362,450
Prepaid expenses	33,274
Due from other funds	522,575
Restricted cash	<u>10,178,583</u>
Total assets	<u>21,333,945</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	1,362,163
Accrued payroll and other payable	225,150
Due to other funds	<u>522,575</u>
Total liabilities	<u>2,109,888</u>
FUND BALANCES	
Nonspendable	189,487
Restricted	8,150,091
Committed	458,450
Assigned	1,233,554
Unassigned	<u>9,192,475</u>
Total fund balances	<u>19,224,057</u>
Total liabilities and fund balances	<u><u>\$ 21,333,945</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total fund balances - governmental funds		\$ 19,224,057
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	3,932,356	
Construction in progress	3,335,542	
Buildings and improvements, net of \$6,142,234 accumulated depreciation	1,729,929	
Equipment and vehicles, net of \$3,113,943 accumulated depreciation	2,553,489	
Infrastructure, net of \$3,788,735 accumulated depreciation	<u>10,066,104</u>	21,617,420
Right-of-use lease assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		572,448
Deferred outflows of resources		9,685,364
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.		
Lease liability	(444,241)	
Subscription-based liability	(38,930)	
Other post-employment obligations	(589,340)	
Compensated absences	(1,024,991)	
Net pension liability	(13,845,778)	
Deferred inflows of resources	<u>(1,629,182)</u>	<u>(17,572,462)</u>
Total net position - governmental activities		<u><u>\$ 33,526,827</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>General</u>	<u>CDBG</u>	<u>Special Sales Tax Fund</u>
REVENUES			
Property tax	\$ 1,532,975	\$ -	\$ -
Sales tax	8,321,392	-	2,294,358
Other tax and franchises	1,668,716	-	-
Licenses and permits	143,527	-	-
Fines and forfeitures	23,362	-	-
Investment earnings	267,191	48,873	79,231
Intergovernmental	-	-	-
Rental income	55,057	-	-
Service charges and miscellaneous	319,233	-	-
Total revenues	<u>12,331,453</u>	<u>48,873</u>	<u>2,373,589</u>
EXPENDITURES			
Current:			
General government	1,743,684	-	-
Public safety	5,867,631	86,942	-
Public works	905,825	-	-
Community development	1,132,537	76,018	-
Culture and leisure	36,622	-	-
Debt service:			
Principal	158,123	-	-
Interest and other charges	21,293	-	-
Capital outlay	1,332,210	877,712	-
Total expenditures	<u>11,197,925</u>	<u>1,040,672</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,133,528</u>	<u>(991,799)</u>	<u>2,373,589</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from leases and SBITA	641,294	-	-
Operating transfers in	3,395,400	-	-
Operating transfers out	(498,491)	-	(2,769,400)
Total other financing sources (uses)	<u>3,538,203</u>	<u>-</u>	<u>(2,769,400)</u>
Net changes in fund balances	4,671,731	(991,799)	(395,811)
Fund balances, beginning of year	<u>5,093,171</u>	<u>3,288,018</u>	<u>2,098,706</u>
Fund balances, end of year	<u>\$ 9,764,902</u>	<u>\$ 2,296,219</u>	<u>\$ 1,702,895</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Mitigation Fees Fund</u>	<u>Stockton Washington Fund</u>	<u>Other Funds</u>
REVENUES			
Property tax	\$ -	\$ -	\$ 10,177
Sales tax	-	-	-
Other tax and franchises	-	-	-
Licenses and permits	-	-	40,957
Fines and forfeitures	-	-	-
Investment earnings	45,581	-	183,385
Intergovernmental	-	1,698,605	1,064,742
Rental income	-	-	12,000
Service charges and miscellaneous	<u>10,485</u>	<u>-</u>	<u>52,930</u>
Total revenues	<u>56,066</u>	<u>1,698,605</u>	<u>1,364,191</u>
EXPENDITURES			
Current:			
General government	-	-	38,726
Public safety	-	-	52,362
Public works	-	-	26,731
Community development	-	-	434,972
Culture and leisure	-	-	17,665
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	<u>-</u>	<u>1,873,700</u>	<u>192,882</u>
Total expenditures	<u>-</u>	<u>1,873,700</u>	<u>763,338</u>
Excess (deficiency) of revenues over expenditures	<u>56,066</u>	<u>(175,095)</u>	<u>600,853</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from leases and SBITA	-	-	-
Operating transfers in	-	-	498,491
Operating transfers out	<u>(2,000)</u>	<u>-</u>	<u>(297,000)</u>
Total other financing sources (uses)	<u>(2,000)</u>	<u>-</u>	<u>201,491</u>
Net changes in fund balances	54,066	(175,095)	802,344
Fund balances, beginning of year	<u>536,481</u>	<u>(266,603)</u>	<u>4,508,848</u>
Fund balances, end of year	<u><u>\$ 590,547</u></u>	<u><u>\$ (441,698)</u></u>	<u><u>\$ 5,311,192</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Total Governmental Funds</u>
REVENUES	
Property tax	\$ 1,543,152
Sales tax	10,615,750
Other tax and franchises	1,668,716
Licenses and permits	184,484
Fines and forfeitures	23,362
Investment earnings	624,261
Intergovernmental	2,763,347
Rental income	67,057
Service charges and miscellaneous	<u>382,648</u>
Total revenues	<u>17,872,777</u>
EXPENDITURES	
Current:	
General government	1,782,410
Public safety	6,006,935
Public works	932,556
Community development	1,643,527
Culture and leisure	54,287
Debt service:	
Principal	158,123
Interest and other charges	21,293
Capital outlay	<u>4,276,504</u>
Total expenditures	<u>14,875,635</u>
Excess (deficiency) of revenues over expenditures	<u>2,997,142</u>
OTHER FINANCING SOURCES (USES)	
Proceeds from leases and SBITA	641,294
Operating transfers in	3,893,891
Operating transfers out	<u>(3,566,891)</u>
Total other financing sources (uses)	<u>968,294</u>
Net changes in fund balances	3,965,436
Fund balances, beginning of year	<u>15,258,621</u>
Fund balances, end of year	<u><u>\$ 19,224,057</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net change in fund balances - total governmental funds \$ 3,965,436

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.

Capital outlay	4,276,504	
Less: depreciation expenses	<u>(596,320)</u>	3,680,184

Compensated absences are expensed as used in the governmental funds. However, they are expensed as earned on the statements of activities. In the current year, the amount earned exceeded the amount used. 69,343

Right-of-use lease assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Amortization on lease assets	(53,407)	
Amortization on SBITA assets	<u>(15,439)</u>	(68,846)

Debt proceeds provide current financial resources to governmental funds, but issuing debt and accrued interest on debt increase long-term liabilities in the statement of net position. Payment of principal and interest are expenditures in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.

SBITA acquisition	(56,610)	
Lease acquisition	(584,684)	
Principal retirements on lease and SBITA liability	<u>158,123</u>	(483,171)

Governmental funds report the City's pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expenses:

Net OPEB incomes (expenses)	(16,564)	
Net pension incomes (expenses)	<u>4,927,904</u>	4,911,340

Changes in net positions of governmental activities \$ 12,074,286

BUDGETARY COMPARISONS

CITY OF SONORA
BUDGETARY COMPARISON SCHEDULES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property tax	\$ 1,405,500	\$ 1,405,500	\$ 1,532,975	\$ 127,475
Sales tax	7,155,600	7,455,600	8,321,392	865,792
Other tax and franchise fees	1,410,300	1,540,300	1,668,716	128,416
Licenses and permits	152,100	122,100	143,527	21,427
Fines and forfeitures	19,650	22,850	23,362	512
Investment earnings	50,000	202,000	267,191	65,191
Rental income	47,200	52,200	55,057	2,857
Service charges and miscellaneous	403,800	400,600	319,233	(81,367)
Total revenues	<u>10,644,150</u>	<u>11,201,150</u>	<u>12,331,453</u>	<u>1,130,303</u>
EXPENDITURES				
Current:				
General government	1,590,800	1,880,475	1,743,684	136,791
Public safety	6,181,600	6,280,925	5,867,631	413,294
Public works	1,339,150	1,349,425	905,825	443,600
Community development	906,500	1,048,700	1,132,537	(83,837)
Culture and leisure	42,700	41,500	36,622	4,878
Capital outlay	367,700	794,100	1,332,210	(538,110)
Debt service:				
Principal	-	-	158,123	(158,123)
Interest	-	-	21,293	(21,293)
Total expenditures	<u>10,428,450</u>	<u>11,395,125</u>	<u>11,197,925</u>	<u>197,200</u>
Excess (deficiency) of revenues over expenditures	<u>215,700</u>	<u>(193,975)</u>	<u>1,133,528</u>	<u>1,327,503</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from lease and subscription	-	-	641,294	641,294
Operating transfers in	2,759,000	3,395,400	3,395,400	-
Operating transfers out	(185,000)	(444,000)	(498,491)	(54,491)
Total other financing sources (uses)	<u>2,574,000</u>	<u>2,951,400</u>	<u>3,538,203</u>	<u>586,803</u>
Net change in fund balance	2,789,700	2,757,425	4,671,731	1,914,306
Fund balance, beginning of year	<u>2,923,498</u>	<u>3,691,695</u>	<u>5,093,171</u>	<u>1,401,476</u>
Fund balance, end of year	<u>\$ 5,713,198</u>	<u>\$ 6,449,120</u>	<u>\$ 9,764,902</u>	<u>\$ 3,315,782</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
BUDGETARY COMPARISON SCHEDULES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
General government				
Council:				
Employee services	\$ 8,400	\$ 9,900	\$ 9,897	\$ 3
Supplies and services	209,300	209,300	235,134	(25,834)
Total council	217,700	219,200	245,031	(25,831)
Administration:				
Employee services	819,300	801,925	786,995	14,930
Supplies and services	281,550	301,425	289,328	12,097
Total administration	1,100,850	1,103,350	1,076,323	27,027
Opera hall:				
Employee services	10,400	9,700	9,700	-
Supplies and services	23,400	24,100	21,494	2,606
Total opera hall	33,800	33,800	31,194	2,606
Clerk:				
Employee services	30,700	29,950	29,878	72
Supplies and services	23,400	24,150	21,436	2,714
Total clerk	54,100	54,100	51,314	2,786
Information technology:				
Supplies and services	44,250	44,250	27,725	16,525
Total information technology	44,250	44,250	27,725	16,525
Cemetery:				
Employee services	35,700	35,200	28,009	7,191
Supplies and services	14,800	17,300	14,322	2,978
Total cemetery	50,500	52,500	42,331	10,169
Fleet Services:				
Unemployment insurance	-	22,000	11,095	10,905
Total fleet services	-	22,000	11,095	10,905
General services:				
Supplies and services	628,100	1,091,075	805,973	285,102
Capital outlay	-	-	766,467	(766,467)
Debt service				
Principal	-	-	160,918	(160,918)
Interest	-	-	18,498	(18,498)
Total general services	628,100	1,091,075	1,751,856	(660,781)
Facilities:				
Supplies and services	34,850	39,850	32,201	7,649
Total facilities	34,850	39,850	32,201	7,649
Total general government	<u>\$ 2,164,150</u>	<u>\$ 2,660,125</u>	<u>\$ 3,269,070</u>	<u>\$ (608,945)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
BUDGETARY COMPARISON SCHEDULES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public safety				
Police:				
Employee services	\$ 3,811,250	\$ 3,982,150	\$ 3,396,126	\$ 586,024
Supplies and services	522,900	566,000	503,392	62,608
Capital outlay	173,000	334,500	214,289	120,211
Total police	<u>4,507,150</u>	<u>4,882,650</u>	<u>4,113,807</u>	<u>768,843</u>
Fire:				
Employee services	1,519,700	1,518,500	1,494,906	23,594
Supplies and services	218,100	257,700	240,542	17,158
Total fire	<u>1,737,800</u>	<u>1,776,200</u>	<u>1,735,448</u>	<u>40,752</u>
Total public safety	<u>6,244,950</u>	<u>6,658,850</u>	<u>5,849,255</u>	<u>809,595</u>
Transportation				
Public works:				
Employee services	745,400	741,400	755,818	(14,418)
Supplies and services	501,750	679,350	668,523	10,827
Capital outlay	-	-	-	-
Total public works	<u>1,247,150</u>	<u>1,420,750</u>	<u>1,424,341</u>	<u>(3,591)</u>
Parks landscape:				
Supplies and services	35,700	35,700	34,410	1,290
Total parks landscape	<u>35,700</u>	<u>35,700</u>	<u>34,410</u>	<u>1,290</u>
Parking lots:				
Supplies and services	15,000	15,000	10,615	4,385
Total parking lots	<u>15,000</u>	<u>15,000</u>	<u>10,615</u>	<u>4,385</u>
Total transportation	<u>1,297,850</u>	<u>1,471,450</u>	<u>1,469,366</u>	<u>2,084</u>
Community development				
Building and planning:				
Employee services	355,400	295,200	278,000	17,200
Supplies and services	326,100	528,500	533,829	(5,329)
Total building and planning	<u>681,500</u>	<u>823,700</u>	<u>811,829</u>	<u>11,871</u>
Engineering:				
Supplies and services	225,000	225,000	296,896	(71,896)
Total engineering	<u>225,000</u>	<u>225,000</u>	<u>296,896</u>	<u>(71,896)</u>
Total community development	<u>906,500</u>	<u>1,048,700</u>	<u>1,108,725</u>	<u>(60,025)</u>
Total general fund	<u>\$ 10,613,450</u>	<u>\$ 11,839,125</u>	<u>\$ 11,696,416</u>	<u>\$ 142,709</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SONORA
BUDGETARY COMPARISON SCHEDULES - CDBG FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Investments earnings	\$ -	\$ -	\$ 48,873	\$ 48,873
Miscellaneous	<u>16,350</u>	<u>16,350</u>	<u>-</u>	<u>(16,350)</u>
Total revenues	<u>16,350</u>	<u>16,350</u>	<u>48,873</u>	<u>32,523</u>
EXPENDITURES				
Current:				
Salaries	32,500	32,500	76,018	(43,518)
Supplies and services	965,650	965,650	86,942	878,708
Capital outlay	<u>848,000</u>	<u>848,000</u>	<u>877,712</u>	<u>(29,712)</u>
Total expenditures	<u>1,846,150</u>	<u>1,846,150</u>	<u>1,040,672</u>	<u>805,478</u>
Excess/(deficiency) of revenues over expenditures	<u>(1,829,800)</u>	<u>(1,829,800)</u>	<u>(991,799)</u>	<u>838,001</u>
Net change in fund balance	(1,829,800)	(1,829,800)	(991,799)	838,001
Fund balance, beginning of year	<u>3,248,120</u>	<u>2,980,170</u>	<u>3,288,018</u>	<u>307,848</u>
Fund balance, end of year	<u>\$ 1,418,320</u>	<u>\$ 1,150,370</u>	<u>\$ 2,296,219</u>	<u>\$ 1,145,849</u>

**CITY OF SONORA
BUDGETARY COMPARISON SCHEDULES
SPECIAL SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Investment earnings	\$ 9,000	\$ 22,000	\$ 79,231	\$ 57,231
Sales tax	<u>2,202,500</u>	<u>2,202,500</u>	<u>2,294,358</u>	<u>91,858</u>
Total revenues	<u>2,211,500</u>	<u>2,224,500</u>	<u>2,373,589</u>	<u>149,089</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(2,460,000)</u>	<u>(2,769,400)</u>	<u>(2,769,400)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,460,000)</u>	<u>(2,769,400)</u>	<u>(2,769,400)</u>	<u>-</u>
Net change in fund balance	(248,500)	(544,900)	(395,811)	149,089
Fund balance, beginning of year	<u>1,111,240</u>	<u>1,123,740</u>	<u>2,098,706</u>	<u>974,966</u>
Fund balance, end of year	<u>\$ 862,740</u>	<u>\$ 578,840</u>	<u>\$ 1,702,895</u>	<u>\$ 1,124,055</u>

**CITY OF SONORA
BUDGETARY COMPARISON SCHEDULES
STOCKTON WASHINGTON TRANSIT PROJECT FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 2,285,000	\$ 2,285,000	\$ 1,698,605	\$ (586,395)
Total revenues	<u>2,285,000</u>	<u>2,285,000</u>	<u>1,698,605</u>	<u>(586,395)</u>
EXPENDITURES				
Capital outlay	<u>2,285,000</u>	<u>2,285,000</u>	<u>1,873,700</u>	<u>411,300</u>
Total expenditures	<u>2,285,000</u>	<u>2,285,000</u>	<u>1,873,700</u>	<u>411,300</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(175,095)</u>	<u>(175,095)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(175,095)</u>	<u>(175,095)</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>(266,603)</u>	<u>(266,603)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (441,698)</u>	<u>\$ (441,698)</u>

**CITY OF SONORA
BUDGETARY COMPARISON SCHEDULES
MITIGATION FEES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 40,200	\$ 40,500	\$ 45,581	\$ 5,081
Miscellaneous	15,000	15,000	10,485	(4,515)
Total revenues	<u>55,200</u>	<u>55,500</u>	<u>56,066</u>	<u>566</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net change in fund balance	53,200	53,500	54,066	566
Fund balance, beginning of year	<u>326,522</u>	<u>513,522</u>	<u>536,481</u>	<u>22,959</u>
Fund balance, end of year	<u><u>\$ 379,722</u></u>	<u><u>\$ 567,022</u></u>	<u><u>\$ 590,547</u></u>	<u><u>\$ 23,525</u></u>

FIDUCIARY FUND FINANCIAL STATEMENTS

CITY OF SONORA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	<u>Agency Fund</u>		
	<u>Sunrise Hills</u>	<u>Successor RDA Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	<u>\$ 55,249</u>	<u>\$ 184,241</u>	<u>\$ 239,490</u>
Total assets	<u>55,249</u>	<u>184,241</u>	<u>239,490</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Bonds payable	<u>55,249</u>	<u>-</u>	<u>55,249</u>
Total liabilities	<u>55,249</u>	<u>-</u>	<u>55,249</u>
NET POSITION			
Restricted	<u>-</u>	<u>184,241</u>	<u>184,241</u>
Total fund balances	<u>-</u>	<u>184,241</u>	<u>184,241</u>
Total liabilities and fund balances	<u>\$ 55,249</u>	<u>\$ 184,241</u>	<u>\$ 239,490</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Fiduciary Fund</u>
Additions	\$ -
Deductions	<u>-</u>
Net account activity before tribal contribution	-
Transfers in	<u>(327,000)</u>
Change in net position held in trust	(327,000)
Net position, beginning of year	<u>511,241</u>
Net position, end of year	\$ <u><u>184,241</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Sonora, California (the "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.
 - ◆ Governmental fund financial statements are 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.

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.

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 the City Attorney.

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

In addition, the City Council appoints the members of the following advisory Commissions and Boards:

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

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.

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

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.

The **Special 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 **Stockton Washington Transit Fund** to account for monies collected and expended for the transportation improvements on Stockton Road and Washington Road along Highway 49.

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.

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

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.

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

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.

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.

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

<u>Assets</u>	<u>Useful Life</u>
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.

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

6. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Sonora's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

Valuation Date	June 30, 2022
Measurement Date	June 30, 2024
Measurement period	July 1, 2022 to June 30, 2024

7. 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, 2023
Measurement Date	June 30, 2024
Measurement period	June 30, 2022 to June 30, 2024

8. 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.

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

9. Net Position and Fund Equity

In the government-wide financial statements, net position is 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 is 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.
- 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.

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

9. Net Position and Fund Equity - Cont'd

As of June 30, 2024, the fund balance details by classification are listed below:

	<u>General</u>	<u>CDBG</u>	<u>Special Sales Tax Fund</u>	<u>Stockton Washington Fund</u>	<u>Mitigation Fees</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:							
Nonspendable:							
Perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,213	\$ 156,213
Long term advances	<u>33,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,274</u>
Total	<u>33,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,213</u>	<u>189,487</u>
Restricted:							
CDBG	-	2,296,219	-	-	-	-	2,296,219
Public safety	-	-	1,702,895	-	-	762,186	2,465,081
Community development	-	-	-	-	590,547	-	590,547
Public housing	-	-	-	-	-	1,738,887	1,738,887
Transportation	-	-	-	-	-	245,324	245,324
Public works	-	-	-	-	-	37,338	37,338
Fleet replacement	-	-	-	-	-	208,128	208,128
CalPERS pension trust	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>568,567</u>	<u>568,567</u>
Total	<u>-</u>	<u>2,296,219</u>	<u>1,702,895</u>	<u>-</u>	<u>590,547</u>	<u>3,560,430</u>	<u>8,150,091</u>
Committed To:							
Historic preservation	-	-	-	-	-	2,982	2,982
In-Lieu parking	-	-	-	-	-	10,439	10,439
Compensated abs reserve	-	-	-	-	-	258,043	258,043
Greenlit road abs reserve	-	-	-	-	-	175,000	175,000
Gold rush trail project	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,986</u>	<u>11,986</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>458,450</u>	<u>458,450</u>
Assigned To:							
Vehicle abatement	-	-	-	-	-	29,087	29,087
Landscaping	-	-	-	-	-	129,198	129,198
RSTP	-	-	-	-	-	36,908	36,908
Farmers market	-	-	-	-	-	14,706	14,706
Road maintenance	-	-	-	-	-	570,150	570,150
South sonora	-	-	-	-	-	241,071	241,071
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,434</u>	<u>212,434</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,233,554</u>	<u>1,233,554</u>
Unassigned:	<u>9,731,628</u>	<u>-</u>	<u>-</u>	<u>(441,698)</u>	<u>-</u>	<u>(97,455)</u>	<u>9,192,475</u>
Total	<u>9,731,628</u>	<u>-</u>	<u>-</u>	<u>(441,698)</u>	<u>-</u>	<u>(97,455)</u>	<u>9,192,475</u>
Total Fund Balances	<u>\$ 9,764,902</u>	<u>\$ 2,296,219</u>	<u>\$ 1,702,895</u>	<u>\$ (441,698)</u>	<u>\$ 590,547</u>	<u>\$ 5,311,192</u>	<u>\$ 19,224,057</u>

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

10. 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

11. Current Accounting Pronouncement

The City adopted the following new accounting pronouncements issued by the GASB during the current fiscal year ended June 30, 2024:

GASB has issued Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62, effective for the year ending June 30, 2024. This Statement amends GASB Statement No. 62 in order to enhance accounting and financial reporting requirements for accounting changes and error corrections.

12. Future Accounting Pronouncement

GASB Statements listed below will be implemented in future financial statements:

The GASB has issued several new accounting pronouncements, which will be effective for the City in subsequent years. The following GASB pronouncements have been issued, but are not yet effective as of June 30, 2024

Statement No. 101	Compensated Absences	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.
Statement No. 102	Certain Risk Disclosure	The provisions of this statement are effective for fiscal years beginning after June 15, 2024.
Statement No. 103	Financial Reporting Model Improvements	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.
Statement No. 104	Disclosure of certain capital assets	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.

The City will implement the applicable new GASB pronouncements in the fiscal year no later than the required effective date. The City has not yet determined the financial impact from future implementation of these standards.

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - 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, 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, 2024 the following funds had actual expenditures over appropriations, at the functional level, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund:			
Capital outlay	\$ 794,100	\$ 1,332,210	\$ (538,110)
Debt service			
Principal	-	158,123	(158,123)
Interest	-	21,293	(21,293)
Total	<u>\$ 794,100</u>	<u>\$ 1,511,626</u>	<u>\$ (717,526)</u>
CDBG Fund:			
Salaries	\$ 32,500	\$ 76,018	\$ (43,518)
Capital outlay	848,000	877,712	(29,712)
Total	<u>\$ 880,500</u>	<u>\$ 953,730</u>	<u>\$ (73,230)</u>

C. Deficit Fund Equity

The Business Improvement Benefit Fund has a deficit fund balance of \$27,134 as of June 30, 2024. 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. FEMA CAL/OES fund has a deficit fund balance of \$46,516 as of June 30, 2024, and will be reimbursed by future reimbursements. Stockton/Washington Transit fund has a deficit fund balance of \$0 as of June 30, 2024, and will be future reimbursements. CCD Per Capital Grant fund has a deficit fund balance of \$- as of June 30, 2024, and will be reimbursed with future revenues. Local Early Action fund has a deficit fund balance of \$7,020, and will be reimbursed with future revenue. SB2 Planning Grant fund has a deficit fund balance of \$8,920 as of June 30, 2024, and will be reimbursed with future funds. Regional Early Action Planning fund has a deficit fund balance of \$7,865 as of June 30, 2024, and will be reimbursed with future funds.

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements for governmental activities as follows:

Cash and investments	\$ 6,750,417
Restricted cash	<u>10,178,583</u>
Total cash and investments	<u><u>\$ 16,929,000</u></u>

The City total cash and investments are detailed as follows:

Investment in local agency investment fund (LAIF)	\$ 6,739,892
Investment in stockton	2,942,649
Sweeps - stockton	5,954,391
CalPERS prefunding trust	568,567
Deposits with financial institutions	904,850
Cash on hand	<u>2,892</u>
Total cash and investments	17,113,241
Less: Cash with successor redevelopment fund	<u>(184,241)</u>
Cash and investment in governmental activities	<u><u>\$ 16,929,000</u></u>

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.

Deposits With Financial Institutions

As of June 30, 2024 the city carrying amount and bank balance for deposits reported in the basic financial statements were as follows:

<u>Governmental Activities</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash in Bank	<u>\$ 904,850</u>	<u>\$ 1,051,415</u>

The difference between the carrying amount and the bank balance is attributable to outstanding checks.

The City maintains cash deposits with various financial institutions. Deposits held in banks are insured up to the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000 per depositor, per insured bank. As of June 30, 2024, the City's total bank deposits amounted to \$1,051,415, of which 254,372 was insured under FDIC limits. The remaining balance was uninsured and exposed to custodial 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 217 days.

State investment pool	<u>\$ 6,739,892</u>
Total	<u><u>\$ 6,739,892</u></u>

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 - CASH AND INVESTMENTS - CONT'D

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 the 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.

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 - CASH AND INVESTMENTS - CONT'D

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, 2024 is \$10,178,583.

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.

NOTE 4 - 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, 2024 are \$1,005,830 (CDBG Fund) and \$476,916 (Low/Moderate Income Housing Fund). However, the City has recorded an allowance for uncollectible accounts totaling \$96,241 and \$24,055, respectively, therefore reporting \$909,589 and \$452,861, respectively on the City's financial statements.

NOTE 5 - RECEIVABLE

Receivables as of June 30, 2024 for the City's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows. All receivables are expected to be collected within one year.

<u>Governmental Activities</u>	<u>General Fund</u>	<u>CDBG</u>	<u>Special Sales Tax Fund</u>	<u>Mitigation Fees</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Accounts receivable	\$ 1,046,355	\$ -	\$ 207,639	\$ -	\$ 307,782	\$ 1,561,776
Interest receivable	7,757	588,921	18,813	12,728	296,651	924,870
Loan receivable	-	909,589	-	-	452,861	1,362,450
Total	<u>\$ 1,054,112</u>	<u>\$ 1,498,510</u>	<u>\$ 226,452</u>	<u>\$ 12,728</u>	<u>\$ 1,057,294</u>	<u>\$ 3,849,096</u>

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase/ Adjustment</u>	<u>Decrease</u>	<u>Ending balance</u>
Capital assets not being depreciated:				
Land	\$ 3,932,356	\$ -	\$ -	\$ 3,932,356
Construction in progress	<u>1,862,903</u>	<u>1,876,226</u>	<u>(403,587)</u>	<u>3,335,542</u>
Total capital assets not being depreciated	<u>5,795,259</u>	<u>1,876,226</u>	<u>(403,587)</u>	<u>7,267,898</u>
Capital assets being depreciated:				
Buildings and improvements	7,719,584	152,579	-	7,872,163
Equipment's and vehicle	4,113,045	1,554,387	-	5,667,432
Infrastructure	<u>13,316,680</u>	<u>538,159</u>	<u>-</u>	<u>13,854,839</u>
Total capital assets being depreciated	<u>25,149,309</u>	<u>2,245,125</u>	<u>-</u>	<u>27,394,434</u>
Less: accumulated depreciation for:				
Buildings and improvements	(5,937,280)	(204,954)	-	(6,142,234)
Equipment's and vehicle	(2,953,768)	(160,175)	-	(3,113,943)
Infrastructure	<u>(3,474,990)</u>	<u>(313,745)</u>	<u>-</u>	<u>(3,788,735)</u>
Total accumulated depreciation	<u>(12,366,038)</u>	<u>(678,874)</u>	<u>-</u>	<u>(13,044,912)</u>
Net capital assets being depreciated	<u>12,783,271</u>	<u>1,566,251</u>	<u>-</u>	<u>14,349,522</u>
Total net capital assets - governmental	<u>\$ 18,578,530</u>	<u>\$ 3,442,477</u>	<u>\$ (403,587)</u>	<u>\$ 21,617,420</u>

Depreciation was charged to functions/programs of governmental activities for the year ended June 30, 2024 as follows:

General Government	\$ 166,135
Public Safety	92,014
Public Works	31,068
Community Development	151,730
Culture and Leisure	<u>155,373</u>
Total depreciation expenses - governmental	<u>\$ 596,320</u>

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 - RIGHT-OF-USE LEASE ASSETS AND IT SUBSCRIPTION ARRANGEMENTS

The right-of-use lease asset activity for the year ended June 30, 2024, is summarized as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase/(Decrease)</u>	<u>Ending Balance</u>
Right-of-use lease assets			
Lease assets-equipment	\$ -	\$ 584,684	\$ 584,684
SBITA asset	-	56,610	56,610
Total right-of-use lease assets	-	641,294	641,294
Less: accumulated amortization			
Lease assets- equipment	-	(53,407)	(53,407)
SBITA assets	-	(15,439)	(15,439)
Total accumulated amortization	-	(68,846)	(68,846)
Total right-of-use lease assets, net	\$ -	\$ 572,448	\$ 572,448

The City's management charged \$68,846 in amortization expenditure for the year ended June 30, 2024. The amortization expense was charged to the general government function in the statement of activities.

NOTE 8 - TRANSFERS

Interfund transfers for the year ended June 30, 2024 consisted of the following amounts:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds		
General Fund	\$ 3,395,400	\$ 498,491
CDD Per Capita Grant	9,328	-
SB2 Grant Programs	68,407	-
Measure I	-	2,769,400
Mitigation Fees	-	2,000
Gas Tax Fund	-	110,000
SLESF	-	175,000
CalPers Pension Trust Fund	300,000	-
Self-Insurance Fund	27,771	-
Compensated Absences Fund	92,985	-
Cemetery Perpetual Care Fund	-	12,000
Total	3,893,891	3,566,891
Fiduciary Fund		
Successor RDA Fund	-	327,000
Total	\$ 3,893,891	\$ 3,893,891

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES

The following is a schedule of interfund receivables and payables as of June 30, 2024:

<u>Governmental Activities</u>	<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Net due from (to)</u>
General fund	\$ 522,575	\$ -	\$ 522,575
Stockton washington fund	-	(282,979)	(282,979)
Other nonmajor funds	-	(239,596)	(239,596)
Total governmental activities	<u>\$ 522,575</u>	<u>\$ (522,575)</u>	<u>\$ -</u>

NOTE 10 - ACCOUNTS PAYABLE

Accounts payable as of June 30, 2024 for the City's individual major funds and nonmajor funds in the aggregate are as follows:

<u>Governmental Activities</u>	<u>General</u>	<u>CDBG</u>	<u>Stockton Washington Fund</u>	<u>Mitigation Fees</u>	<u>Non-major Governmental</u>	<u>Total</u>
Vendors	\$ 540,695	\$ 40,533	\$ 158,719	\$ 579,076	\$ 43,140	\$ 1,362,163
Total	<u>\$ 540,695</u>	<u>\$ 40,533</u>	<u>\$ 158,719</u>	<u>\$ 579,076</u>	<u>\$ 43,140</u>	<u>\$ 1,362,163</u>

NOTE 11 - 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, 2024:

<u>Governmental Activities</u>	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance June 30, 2024</u>
Compensated absences	\$ 1,094,334	\$ 66,105	\$ (135,448)	\$ 1,024,991
Net pension liability	13,021,986	823,792	-	13,845,778
Other post-employment obligation	420,669	168,671	-	589,340
Lease liability	-	584,684	(140,443)	444,241
Subscription-based liability	-	56,610	(17,680)	38,930
Total Long-term debt of governmental activities	<u>\$ 14,536,989</u>	<u>\$ 1,699,862</u>	<u>\$ (293,571)</u>	<u>\$ 15,943,280</u>

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 - LEASES AND SUBSCRIPTION BASED IT ARRANGEMENT (SBITA)

The City has entered into certain lease agreements. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments at of their inception.

The City has entered into subscription-based information technology arrangements. Payments are due periodically. The subscription-based liabilities were initially recorded at the present value of future subscription payments and are being amortized using the effective interest method over the term of the subscription arrangement.

The City's lease liability and SBITA activities for the year ended June 30, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Repayments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Lease liability	\$ -	\$ 584,684	\$ (140,443)	\$ 444,241	\$ 84,826
Subscription-based liability	-	56,610	(17,680)	38,930	18,146
Total	<u>\$ -</u>	<u>\$ 641,294</u>	<u>\$ (158,123)</u>	<u>\$ 483,171</u>	<u>\$ 102,972</u>

The following is a schedule of future minimum annual lease rentals and subscription based payments under the agreement as of June 30, 2024:

<u>Years Ending June 30:</u>	<u>SBITA Payments</u>			<u>Lease Payments</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 18,146	\$ 4,495	\$ 22,641	\$ 84,826	\$ 33,384	\$ 118,210
2026	20,784	3,118	23,902	92,798	25,940	118,738
2027	-	1,624	1,624	101,483	17,800	119,283
2028	-	-	-	92,746	9,576	102,322
2029	-	-	-	72,388	2,048	74,436
Total	<u>\$ 38,930</u>	<u>\$ 9,237</u>	<u>\$ 48,167</u>	<u>\$ 444,241</u>	<u>\$ 88,748</u>	<u>\$ 532,989</u>

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 - 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. The bonds have matured; however, the City is awaiting the final distribution. During the fiscal year ended June 30, 2024 the only transactions recorded are interest postings.

NOTE 14 - EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 26, 2025, which represents the date the financial statements were available for issuance, for events requiring recording or disclosure in the financial statements, and concluded that no subsequent event has occurred that requires disclosure in the notes to the financial statements.

NOTE 15 - 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 6,500 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 of the City. The day-to-day business is handled by a management group employed by the CSJVRMA.

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 - RISK MANAGEMENT - CONT'D

The financial position and results of operations for the CSJVRMA, as of June 30, 2024, are presented below:

Total assets	<u>\$ 179,635,612</u>
Total liabilities	144,400,470
Total net assets	<u>35,235,142</u>
Total liabilities and net assets	<u>\$ 179,635,612</u>
Total revenue for year	\$ 89,306,501
Total expenses for year	<u>94,324,180</u>
Net income for year	<u>\$ (5,017,679)</u>

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.

NOTE 16 - 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.

NOTE 17 - 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.

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - 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 10 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

As of June 30, 2024, the following the City employees were covered by the benefit terms:

Retirees currently receiving benefits	1
Active employees	<u>7</u>
Total	<u>8</u>

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, 2024, the City contribution to the plan was \$66,766. Employees are not required to contribute to the plan.

Net OPEB Liability

The City's net OPEB liability of \$589,340 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2024 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, 2023
Measurement date	June 30, 2024
Funding method	Entry Age Normal Cost, Level Percent of pay
Asset valuation method	Not applicable (\$0; no OPEB trust has been established)
Discount rate	4.09% as of June 30, 2023 4.13% as of June 30, 2024
Participants valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation
Salary increase	3.00% 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	3.00% per year; a component of assumed salary increases
General inflation rate	2.50% per year

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - POST-RETIREMENT BENEFIT PLAN - CONT'D

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 Years High Grade Index. As of the beginning and end of the Measurement Period, use of this index results in discount rates of 4.09% as of June 30, 2023 and 4.13% as of June 30, 2024.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balance as of June 30, 2023			
Measurement date June 30, 2022	\$ 420,669	\$ -	\$ 420,669
Changes in the year:			
Service cost	27,655	-	27,655
Interest cost	17,228	-	17,228
Employer contributions	-	54,205	(54,205)
Benefit payments	(54,205)	(54,205)	-
Differences between expected and actual experience	-	-	-
Assumption changes	177,993	-	177,993
Net changes in fiscal year 2023-2024	168,671	-	168,671
Balance at fiscal year ending June 30, 2024			
measurement date June 30, 2023	\$ 589,340	\$ -	\$ 589,340

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% 3.13%	Current rate 4.13%	Current + 1% 5.13%
Net OPEB liability (asset)	\$ 616,839	\$ 589,340	\$ 562,797

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - POST-RETIREMENT BENEFIT PLAN - CONT'D

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:

<u>Change in Healthcare Cost Trend Rate</u>	<u>Current Trend - 1%</u>	<u>Current Trend</u>	<u>Current Trend + 1%</u>
Net OPEB liability (asset)	\$ 553,804	\$ 589,340	\$ 627,815

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$16,564. As of June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 131,392	\$ (21,779)
Differences between expected and actual experience	41,290	-
Deferred contributions	66,766	-
Total	<u>\$ 239,448</u>	<u>\$ (21,779)</u>

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

<u>Year Ending June 30,</u>	<u>Recognized Net Year Ending Deferred Outflows /(Inflows) of Resources</u>
2025	\$ 38,337
2026	32,161
2027	22,897
2028	29,590
2029	27,918
Total	<u>\$ 150,903</u>

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - 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.

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, 2024, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
Hire date		
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	52-57
Monthly benefits, as of % of eligible compensation	2.00% to 2.70%	1.00% to 2.50%
Required employee contribution rates	8.00%	8.50%
Required employer contribution rates	36.174%	8.00%

	<u>Safety</u>	
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
Hire date		
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%	2.00% to 2.70%
Required employee contribution rates	9.00%	13.50%
Required employer contribution rates - Fire	40.122%	13.54%
Required employer contribution rates - Police	50.236%	13.54%

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - CONT'D

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.

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, 2024, the contribution recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions - employer	\$ 164,650	\$ 352,238
Lump sum contributions - employer	<u>381,622</u>	<u>504,658</u>
Total	<u>\$ 546,272</u>	<u>\$ 856,896</u>

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

As of June 30, 2024, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 5,949,178
Safety	<u>7,896,600</u>
Total net pension liability	<u>\$ 13,845,778</u>

The City'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, 2024, 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, 2022 rolled forward to June 30, 2023 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - CONT'D

The City's proportionate share of the net pension liability for each Plan as of June 30, 2024, and 2024 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - 6/30/23	0.12282%	0.10587%	0.11274%
Proportion - 6/30/24	0.11897%	0.10564%	0.11099%
Change - Increase/(Decrease)	<u>(0.00385)%</u>	<u>(0.00023)%</u>	<u>(0.00175)%</u>

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 %.

For the year ended June 30, 2024, the City recognized pension expense (income) of \$(4,927,904). On June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 820,035	\$ -
Differences Between Expected and Actual Experience	883,672	(96,778)
Differences Between Projected and Actual Investment Earnings	2,043,873	-
Differences Between Employer's Contributions and Proportionate Share of Contributions	-	(1,432,453)
Change in Employer's Proportion	5,181,448	(78,172)
Pension Contributions Made Subsequent to Measurement	<u>516,888</u>	<u>-</u>
	<u>\$ 9,445,916</u>	<u>\$ (1,607,403)</u>

\$9,445,916 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
2025	\$ 1,615,459	\$ 1,893,107	\$ 3,508,566
2026	1,071,862	1,271,523	2,343,385
2027	613,531	798,341	1,411,872
2028	<u>27,639</u>	<u>30,163</u>	<u>57,802</u>
	<u>\$ 3,328,491</u>	<u>\$ 3,993,134</u>	<u>\$ 7,321,625</u>

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - CONT'D

Actuarial Assumptions - The total pension liabilities was determined by rolling forward the total pension liability determined in the June 30, 2023 actuarial accounting valuations to June 30, 2024. The June 30, 2024, total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
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 2.30% until purchasing power Protection allowance floor on power applies

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

CITY OF SONORA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - CONT'D

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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return(1),(2)</u>
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00)%	(0.59)%

- 1) An expected price inflation of 2.30% used for this period.
- 2) Figures are based on the 2021-22 Asset Liability Management study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate of 6.90% for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.90%) or 1-percentage point higher (6.90%) than the current rate:

<u>Summary</u>	<u>Discount Rate -1% (5.90%)</u>	<u>Current Discount rate (6.90%)</u>	<u>Discount Rate +1% (7.90%)</u>
Miscellaneous Plan	\$ 8,526,670	\$ 5,949,178	\$ 3,827,680
Safety Plan	11,552,349	7,896,600	4,907,765
Total	<u>\$ 20,079,019</u>	<u>\$ 13,845,778</u>	<u>\$ 8,735,445</u>

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 SUPPLEMENTARY INFORMATION

CITY OF SONORA
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - MISCELLANEOUS
JUNE 30, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.0840%	0.0844%	0.0868%	0.1256%	0.1277%	0.1299%	0.1285%	0.1318%	0.0863%	0.08141%
Proportion share of the net pension liability	\$ 5,949,178	\$ 5,746,889	\$ 3,526,243	\$ 5,299,172	\$ 5,111,834	\$ 4,896,082	\$ 5,065,626	\$ 4,577,489	\$ 2,366,853	\$ 2,011,976
Covered - employee payroll	\$ 1,394,982	\$ 3,260,822	\$ 3,338,126	\$ 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	426.47%	176.24%	105.64%	164.53%	164.10%	140.13%	147.06%	151.92%	197.35%	177.43%
Plan's fiduciary net position	\$13,108,666	\$12,348,245	\$13,795,038	\$11,394,330	\$11,027,177	\$10,660,670	\$10,124,468	\$ 9,477,208	\$6,141,333	\$6,302,141
Plan's fiduciary net position as a percentage of the total pension liability	68.78%	68.24%	79.64%	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, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.0896%	0.0896%	0.0893%	0.0933%	0.0965%	0.0976%	0.0970%	0.1023%	0.1054%	0.04351%
Proportion share of the net pension liability	7,896,600	7,275,098	3,833,859	6,414,463	6,022,098	5,725,212	5,798,526	4,213,686	4,344,646	1,632,087
Covered - employee payroll	\$ 1,637,006	\$ 3,735,131	\$ 3,770,036	\$ 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	482.38%	194.77%	101.69%	171.44%	165.75%	164.04%	165.43%	130.62%	387.64%	136.11%
Plan's fiduciary net position	\$18,752,261	\$17,883,874	\$19,577,224	\$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	70.37%	71.08%	83.62%	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, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution (actuarially determined)	\$ 546,272	\$ 1,682,136	\$ 1,466,900	\$ 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	<u>(546,272)</u>	<u>(2,322,915)</u>	<u>(1,912,140)</u>	<u>(1,528,096)</u>	<u>(1,251,042)</u>	<u>(1,152,240)</u>	<u>(802,074)</u>	<u>(765,021)</u>	<u>(364,596)</u>	<u>(296,470)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (640,779)</u>	<u>\$ (445,240)</u>	<u>\$ (290,315)</u>	<u>\$ (199,131)</u>	<u>\$ (62,986)</u>	<u>\$ 12,558</u>	<u>\$ (80,564)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 1,394,982	\$ 3,260,822	\$ 3,338,126	\$ 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	39.16%	51.59%	43.94%	38.43%	33.77%	31.18%	23.65%	22.72%	30.40%	26.14%

Notes to Schedule:

Valuation Date:	<u>06/30/2022</u>	<u>06/30/2021</u>	<u>06/30/2020</u>	<u>06/30/2019</u>	<u>06/30/2018</u>	<u>06/30/2017</u>	<u>06/30/2016</u>	<u>06/30/2015</u>	<u>06/30/2014</u>	<u>06/30/2013</u>
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Methods and assumptions used to determine contribution 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 CONTRIBUTIONS - SAFETY
JUNE 30, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution (actuarially determined)	\$ 856,896	\$ 1,926,814	\$ 1,656,698	\$ 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	<u>(856,896)</u>	<u>(2,660,800)</u>	<u>(2,159,546)</u>	<u>(1,775,155)</u>	<u>(1,459,126)</u>	<u>(1,327,402)</u>	<u>(921,165)</u>	<u>(819,073)</u>	<u>(527,765)</u>	<u>(486,250)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (733,986)</u>	<u>\$ (502,848)</u>	<u>\$ (337,253)</u>	<u>\$ (232,252)</u>	<u>\$ (220,526)</u>	<u>\$ (92,188)</u>	<u>\$ (86,256)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 1,637,006	\$ 3,735,131	\$ 3,770,036	\$ 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	52.35%	51.59%	43.94%	38.43%	33.77%	31.71%	23.65%	22.72%	47.09%	40.55%

Notes to Schedule:

Valuation Date:	<u>06/30/2022</u>	<u>06/30/2021</u>	<u>06/30/2020</u>	<u>06/30/2019</u>	<u>06/30/2018</u>	<u>06/30/2017</u>	<u>06/30/2016</u>	<u>06/30/2015</u>	<u>06/30/2014</u>	<u>06/30/2013</u>
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Methods and assumptions used to determine contribution 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 30,2024

	<u>Measurement Period 2023</u>
<u>Total OPEB Liability</u>	
Service Cost	\$ 27,655
Interest on total OPEB liability	17,228
Benefit payments	(54,205)
Assumption Changes	177,993
Net change in total OPEB liability	168,671
Total OPEB liability - beginning	<u>420,669</u>
Total OPEB liability - ending (a)	<u><u>\$ 589,340</u></u>
<u>Plan Fiduciary Net Position</u>	
Contributions - employer	\$ 54,205
Benefit payments	<u>(54,205)</u>
Net OPEB liability - ending (a) - (b)	<u><u>\$ 589,340</u></u>
Covered-employee payroll	\$ 935,674
Net OPEB liability as a percentage of covered-employee payroll	62.99%

CITY OF SONORA
SCHEDULE OF PLAN CONTRIBUTIONS
FOR THE CITY'S OPEB PLAN
JUNE 30, 2024

<u>Fiscal Year</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions in Relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency/(Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2024	\$ 66,766	\$ 66,766	\$ -	\$ 935,674	7.14%

SUPPLEMENTARY INFORMATION

CITY OF SONORA
COMBINING FINANCIAL STATEMENTS
NONMAJOR 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 firefighting 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.

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.

Low/Moderate Income Housing Fund - The 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.

Vision Sonora - To account for the monies collected by the Vision Sonora Committee for improvements projects along the downtown historic corridor in Sonora.

CCD Per Capital Grant - To account for monies collected and expended for improvements to Woods Creek park as part of the State of California's Per Capita Program for local park rehabilitation.

CITY OF SONORA
COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

FEMA CalOES Grant - This fund is used to account for revenues and expenditures associated with claims for damages reimbursed by CalOES and FEMA. It ensures proper tracking and management of disaster recovery funds for eligible repairs, mitigation efforts, and restoration of city assets impacted by declared emergencies.

PSPS Grant Fund - This fund is used to account for revenues and expenditures associated with the PSPS (Public Safety Power Shutoff) State Grant provided by CalOES. The grant provided funding for the City to install back-up power sources for its main public buildings.

Rural Capacity Grant (VFA) - This fund is used to account for revenues and expenditures associated with the Volunteer Fire Assistance (VFA) Grant.

Local Early Action Planning - To account for monies collected and expended for the Local Early Action Planning Grant to prioritize planning activities that accelerate housing production.

Fleet Replacement - This is a reserve fund to set aside resources to replace the City's vehicles as the transition to Electrification is mandated in the State of California.

CalPERS Pension Trust - This fund accounts for monies set aside by the City into a California's Employers' Pension Prefunding Trust, a section 115 trust, to help finance future pension costs. This fund allows the City to take advantage of the investment earnings potential provided by CalPERS.

Historic Downtown - This fund accounts for monies that were part of several programs to raise monies to improve the downtown historic corridor, including the bench program and the plaque program.

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

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.

Capital Projects

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.

South Sonora Lighting District - This is a lighting district that sets monies aside to fund the continued street lighting costs of the district.

Greenly Road Extension Grant - This fund accounts for monies set aside for the development of the Greenley Road extension project preconstruction studies.

ATP Project - To account for the Gold Rush Multi-Use Path Project. Currently at phase 1, this project is in the design phase and provide a walking trail.

**CITY OF SONORA
COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**

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.

SB2 Grant Programs - To account for funds for the SB2 Planning grant from the Department of Housing and Community Development SB2 Program.

Regional Early Action Planning Grant - To account for funds for the Regional Early Action Planning grant from the Department of Housing and Community Development.

CITY OF SONORA
COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>Special Revenue Fund</u>				
	<u>FEMA CalOES Grants</u>	<u>PSPS Grant</u>	<u>CDD Per Capital Grant</u>	<u>Local Early Action (LEAP)</u>	<u>Fleet Replacement Reserve Fund</u>
ASSETS					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-
Interest Receivable	-	-	-	-	2,264
Loans receivable	-	-	-	-	-
Restricted cash	-	-	-	-	205,864
Total assets	-	-	-	-	208,128
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	-	-	-	-	-
Due to other funds	46,516	-	-	7,020	-
Total liabilities	46,516	-	-	7,020	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	208,128
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(46,516)	-	-	(7,020)	-
Total fund balances	(46,516)	-	-	(7,020)	208,128
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -	\$ 208,128

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>Special Revenue Fund</u>					
	<u>CalPERS Pension Prefunding Trust</u>	<u>PEG Capital Fees</u>	<u>Dragoon Gulch Trail</u>	<u>Benefit Zones</u>	<u>Historic Downtown Program</u>	<u>Vision Sonora</u>
ASSETS						
Cash and investments	\$ -	\$ -	\$ 35,684	\$ -	\$ 1,484	\$ -
Accounts receivable	-	2,485	-	125	-	-
Interest Receivable	-	370	-	-	-	-
Loans receivable	-	-	-	-	-	-
Restricted cash	<u>568,567</u>	<u>34,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,553</u>
Total assets	<u>568,567</u>	<u>37,338</u>	<u>35,684</u>	<u>125</u>	<u>1,484</u>	<u>25,553</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	-	-	83	404	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,855</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>83</u>	<u>27,259</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	568,567	37,338	35,601	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	1,484	25,553
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,134)</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>568,567</u>	<u>37,338</u>	<u>35,601</u>	<u>(27,134)</u>	<u>1,484</u>	<u>25,553</u>
Total liabilities and fund balances	<u>\$ 568,567</u>	<u>\$ 37,338</u>	<u>\$ 35,684</u>	<u>\$ 125</u>	<u>\$ 1,484</u>	<u>\$ 25,553</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Fund				
	<u>Historic Preservation</u>	<u>Gas Tax Fund</u>	<u>Highway Users' Tax- Section 2103</u>	<u>Road Maintenance and Rehabilitation (SB1)</u>	<u>Regional Surface Transportation Fund Program</u>
ASSETS					
Cash and investments	\$ 2,982	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	9,367	3,966	10,822	-
Interest Receivable	-	86	2,872	5,963	401
Loans receivable	-	-	-	-	-
Restricted cash	-	-	265,019	554,130	36,507
Total assets	<u>2,982</u>	<u>9,453</u>	<u>271,857</u>	<u>570,915</u>	<u>36,908</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	-	-	2,527	765	-
Due to other funds	-	1,224	-	-	-
Total liabilities	-	1,224	2,527	765	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	8,229	269,330	-	-
Committed	2,982	-	-	-	-
Assigned	-	-	-	570,150	36,908
Unassigned	-	-	-	-	-
Total fund balances	<u>2,982</u>	<u>8,229</u>	<u>269,330</u>	<u>570,150</u>	<u>36,908</u>
Total liabilities and fund balances	<u>\$ 2,982</u>	<u>\$ 9,453</u>	<u>\$ 271,857</u>	<u>\$ 570,915</u>	<u>\$ 36,908</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Fund						
	<u>Local Transporta tion Fund</u>	<u>In Lieu Parking Fees</u>	<u>Certified Access Specialist Fund</u>	<u>Sunrise Hills Lighting & Landscaping</u>	<u>SLESF - COPS</u>	<u>Abandoned Vehicle</u>	<u>Asset Forfeiture</u>
ASSETS							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,087	\$ -
Accounts receivable	15,769	-	234	-	-	-	-
Interest Receivable	3,366	-	-	1,409	-	-	16
Loans receivable	-	-	-	-	-	-	-
Restricted cash	<u>310,982</u>	<u>10,439</u>	<u>24,293</u>	<u>127,789</u>	<u>160,937</u>	<u>-</u>	<u>1,442</u>
Total assets	<u>330,117</u>	<u>10,439</u>	<u>24,527</u>	<u>129,198</u>	<u>160,937</u>	<u>29,087</u>	<u>1,458</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	-	-	-	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	330,117	-	-	-	160,937	-	1,458
Committed	-	10,439	-	-	-	-	-
Assigned	-	-	24,527	129,198	-	29,087	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>330,117</u>	<u>10,439</u>	<u>24,527</u>	<u>129,198</u>	<u>160,937</u>	<u>29,087</u>	<u>1,458</u>
Total liabilities and fund balances	<u>\$ 330,117</u>	<u>\$ 10,439</u>	<u>\$ 24,527</u>	<u>\$ 129,198</u>	<u>\$ 160,937</u>	<u>\$ 29,087</u>	<u>\$ 1,458</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>Special Revenue Fund</u>			<u>Capital Projects</u>	
	<u>Low/Moderate Income Housing</u>	<u>Rural Capacity Grant (VFA)</u>	<u>Code 5 Fire Dept Reimbursement</u>	<u>Farmer's Market</u>	<u>South Sonora Lighting District</u>
ASSETS					
Cash and investments	\$ -	\$ -	\$ 119,744	\$ 14,782	\$ -
Accounts receivable	2,586	184,874	75,406	1,540	608
Interest Receivable	272,035	-	-	-	2,603
Loans receivable	452,861	-	-	-	-
Restricted cash	<u>1,011,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,860</u>
Total assets	<u>1,738,887</u>	<u>184,874</u>	<u>195,150</u>	<u>16,322</u>	<u>241,071</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	-	11,122	17,292	1,616	-
Due to other funds	<u>-</u>	<u>150,116</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>161,238</u>	<u>17,292</u>	<u>1,616</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	1,738,887	23,636	177,858	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	14,706	241,071
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,738,887</u>	<u>23,636</u>	<u>177,858</u>	<u>14,706</u>	<u>241,071</u>
Total liabilities and fund balances	<u>\$ 1,738,887</u>	<u>\$ 184,874</u>	<u>\$ 195,150</u>	<u>\$ 16,322</u>	<u>\$ 241,071</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>Capital Projects</u>		<u>Internal Service</u>	
	<u>Greenly Road Extension Project</u>	<u>ATP Project</u>	<u>Self- Insurance</u>	<u>Compensated Absences Reserve</u>
ASSETS				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-
Interest Receivable	-	-	-	1,795
Loans receivable	-	-	-	-
Restricted cash	<u>175,000</u>	<u>11,986</u>	<u>755</u>	<u>256,248</u>
Total assets	<u>175,000</u>	<u>11,986</u>	<u>755</u>	<u>258,043</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	-	-	411	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>411</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	344	-
Committed	175,000	11,986	-	258,043
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>175,000</u>	<u>11,986</u>	<u>344</u>	<u>258,043</u>
Total liabilities and fund balances	<u>\$ 175,000</u>	<u>\$ 11,986</u>	<u>\$ 755</u>	<u>\$ 258,043</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>Permanent Fund</u>			
	<u>SB2 Grant Programs</u>	<u>Regional Early Action Planning Grant</u>	<u>Cemetery</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ -	\$ -	\$ -	\$ 203,763
Accounts receivable	-	-	-	307,782
Interest Receivable	-	-	3,471	296,651
Loans receivable	-	-	-	452,861
Restricted cash	-	-	313,612	4,332,871
Total assets	-	-	317,083	5,593,928
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	8,920	-	-	43,140
Due to other funds	-	7,865	-	239,596
Total liabilities	8,920	7,865	-	282,736
FUND BALANCES				
Nonspendable	-	-	156,213	156,213
Restricted	-	-	-	3,560,430
Committed	-	-	-	458,450
Assigned	-	-	160,870	1,233,554
Unassigned	(8,920)	(7,865)	-	(97,455)
Total fund balances	(8,920)	(7,865)	317,083	5,311,192
Total liabilities and fund balances	\$ -	\$ -	\$ 317,083	\$ 5,593,928

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue Fund				
	<u>FEMA CalOES Grants</u>	<u>PSPS Grant Fund</u>	<u>CDD Per Capita Grant</u>	<u>Local Early Action Planning Grant</u>	<u>Fleet Replacement Reserve Fund</u>
REVENUES					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Investment earnings	-	-	-	-	8,128
Intergovernmental	3,750	-	-	22,830	-
Rental income	-	-	-	-	-
Service charges and miscellaneous	-	-	-	-	-
Total revenues	<u>3,750</u>	<u>-</u>	<u>-</u>	<u>22,830</u>	<u>8,128</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	3,911	8,376	7,020	-
Culture and leisure	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>3,911</u>	<u>8,376</u>	<u>7,020</u>	<u>-</u>
Excess (Deficiency) of revenue over expenditures	<u>3,750</u>	<u>(3,911)</u>	<u>(8,376)</u>	<u>15,810</u>	<u>8,128</u>
OTHER FINANCING SOURCES (USES)					
Operating transfer in	-	-	9,328	-	-
Operating transfer (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>9,328</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	3,750	(3,911)	952	15,810	8,128
Fund balances, beginning of year	<u>(50,266)</u>	<u>3,911</u>	<u>(952)</u>	<u>(22,830)</u>	<u>200,000</u>
Fund balances, end of year	<u>\$ (46,516)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,020)</u>	<u>\$ 208,128</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue Fund					
	<u>CalPERS Pension Prefunding Trust</u>	<u>PEG Capital Fees</u>	<u>Dragoon Gulch Trail</u>	<u>Benefit Zones</u>	<u>Historic Downtown Program</u>	<u>Vision Sonora</u>
REVENUES						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-	-
Licenses and permits	-	-	-	37,350	-	-
Investment earnings	42,025	2,239	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Rental income	-	-	12,000	-	-	-
Service charges and miscellaneous	-	9,985	10,150	-	-	-
Total revenues	<u>42,025</u>	<u>12,224</u>	<u>22,150</u>	<u>37,350</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community development	-	-	-	64,288	-	-
Culture and leisure	-	-	17,665	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>17,665</u>	<u>64,288</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of revenue over expenditures	<u>42,025</u>	<u>12,224</u>	<u>4,485</u>	<u>(26,938)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Operating transfer in	300,000	-	-	-	-	-
Operating transfer (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	342,025	12,224	4,485	(26,938)	-	-
Fund balances, beginning of year	<u>226,542</u>	<u>25,114</u>	<u>31,116</u>	<u>(196)</u>	<u>1,484</u>	<u>25,553</u>
Fund balances, end of year	<u>\$ 568,567</u>	<u>\$ 37,338</u>	<u>\$ 35,601</u>	<u>\$ (27,134)</u>	<u>\$ 1,484</u>	<u>\$ 25,553</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue Fund				
	<u>Historic Preservation</u>	<u>Gas Tax Fund</u>	<u>Highway Users' Tax- Section 2103</u>	<u>Road Maintenance and Rehabilitation (SB1)</u>	<u>Regional Surface Transportation Fund Program</u>
REVENUES					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Investment earnings	-	444	9,745	19,607	1,441
Intergovernmental	-	108,723	47,293	131,525	-
Rental income	-	-	-	-	-
Service charges and miscellaneous	<u>330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>330</u>	<u>109,167</u>	<u>57,038</u>	<u>151,132</u>	<u>1,441</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community development	192	-	(1)	765	-
Culture and leisure	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>2,527</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>192</u>	<u>-</u>	<u>2,526</u>	<u>765</u>	<u>-</u>
Excess (Deficiency) of revenue over expenditures	<u>138</u>	<u>109,167</u>	<u>54,512</u>	<u>150,367</u>	<u>1,441</u>
OTHER FINANCING SOURCES (USES)					
Operating transfer in	-	-	-	-	-
Operating transfer (out)	<u>-</u>	<u>(110,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(110,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	138	(833)	54,512	150,367	1,441
Fund balances, beginning of year	<u>2,844</u>	<u>9,062</u>	<u>214,818</u>	<u>419,783</u>	<u>35,467</u>
Fund balances, end of year	<u>\$ 2,982</u>	<u>\$ 8,229</u>	<u>\$ 269,330</u>	<u>\$ 570,150</u>	<u>\$ 36,908</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue Fund					
	<u>Local Transportation Fund</u>	<u>In Lieu Parking Fees</u>	<u>Certified Access Specialist Fund</u>	<u>Sunrise Hills Lighting & Landscaping</u>	<u>SLESF - COPS</u>	<u>Abandoned Vehicle</u>
REVENUES						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-	-
Licenses and permits	-	-	3,607	-	-	-
Investment earnings	12,014	-	-	5,104	-	-
Intergovernmental	23,161	-	-	-	186,158	-
Rental income	-	-	-	-	-	-
Service charges and miscellaneous	-	-	-	-	-	-
Total revenues	<u>35,175</u>	<u>-</u>	<u>3,607</u>	<u>5,104</u>	<u>186,158</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community development	-	-	-	3,208	-	-
Culture and leisure	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,208</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of revenue over expenditures	<u>35,175</u>	<u>-</u>	<u>3,607</u>	<u>1,896</u>	<u>186,158</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Operating transfer in	-	-	-	-	-	-
Operating transfer (out)	-	-	-	-	(175,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(175,000)</u>	<u>-</u>
Net changes in fund balances	35,175	-	3,607	1,896	11,158	-
Fund balances, beginning of year	<u>294,942</u>	<u>10,439</u>	<u>20,920</u>	<u>127,302</u>	<u>149,779</u>	<u>29,087</u>
Fund balances, end of year	<u>\$ 330,117</u>	<u>\$ 10,439</u>	<u>\$ 24,527</u>	<u>\$ 129,198</u>	<u>\$ 160,937</u>	<u>\$ 29,087</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Special Revenue Fund</u>			
	<u>Asset Forfeiture</u>	<u>Low/Moderate Income Housing</u>	<u>Rural Capacity Grant (VFA)</u>	<u>Code 5 Fire Dept. Reimbursement</u>
REVENUES				
Property tax	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Licenses and permits	-	-	-	-
Investment earnings	57	52,333	-	-
Intergovernmental	-	-	207,035	162,281
Rental income	-	-	-	-
Service charges and miscellaneous	-	-	-	-
Total revenues	<u>57</u>	<u>52,333</u>	<u>207,035</u>	<u>162,281</u>
EXPENDITURES				
Current:				
General government	-	-	(2,705)	40,931
Public safety	-	-	332	52,030
Public works	-	-	-	-
Community development	-	7,137	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	-	190,355	-
Total expenditures	<u>-</u>	<u>7,137</u>	<u>187,982</u>	<u>92,961</u>
Excess (Deficiency) of revenue over expenditures	<u>57</u>	<u>45,196</u>	<u>19,053</u>	<u>69,320</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	-	-	-
Operating transfer (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	57	45,196	19,053	69,320
Fund balances, beginning of year	<u>1,401</u>	<u>1,693,691</u>	<u>4,583</u>	<u>108,538</u>
Fund balances, end of year	<u>\$ 1,458</u>	<u>\$ 1,738,887</u>	<u>\$ 23,636</u>	<u>\$ 177,858</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Capital Projects				Internal Service	
	<u>Farmer's Market</u>	<u>South Sonora Lighting District</u>	<u>Greenly Road Extension Project</u>	<u>ATP Projects</u>	<u>Self Insurance</u>	<u>Compensated Absences Reserve</u>
REVENUES						
Property tax	\$ -	\$ 10,177	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Investment earnings	-	9,215	-	-	-	8,424
Intergovernmental	-	-	-	11,986	-	-
Rental income	-	-	-	-	-	-
Service charges and miscellaneous	<u>31,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>31,790</u>	<u>19,392</u>	<u>-</u>	<u>11,986</u>	<u>-</u>	<u>8,424</u>
EXPENDITURES						
Current:						
General government	500	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	26,731	-
Community development	18,217	1,702	-	-	-	116,949
Culture and leisure	-	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>18,717</u>	<u>1,702</u>	<u>-</u>	<u>-</u>	<u>26,731</u>	<u>116,949</u>
Excess (Deficiency) of revenue over expenditures	<u>13,073</u>	<u>17,690</u>	<u>-</u>	<u>11,986</u>	<u>(26,731)</u>	<u>(108,525)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfer in	-	-	-	-	27,771	92,985
Operating transfer (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,771</u>	<u>92,985</u>
Net changes in fund balances	13,073	17,690	-	11,986	1,040	(15,540)
Fund balances, beginning of year	<u>1,633</u>	<u>223,381</u>	<u>175,000</u>	<u>-</u>	<u>(696)</u>	<u>273,583</u>
Fund balances, end of year	<u>\$ 14,706</u>	<u>\$ 241,071</u>	<u>\$ 175,000</u>	<u>\$ 11,986</u>	<u>\$ 344</u>	<u>\$ 258,043</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Permanent Fund</u>			
	<u>SB2 Grant Programs</u>	<u>Regional Early Action Planning Grant</u>	<u>Cemetery</u>	<u>Total</u>
REVENUES				
Property tax	\$ -	\$ -	\$ -	\$ 10,177
Sales tax	-	-	-	-
Licenses and permits	-	-	-	40,957
Investment earnings	-	-	12,609	183,385
Intergovernmental	160,000	-	-	1,064,742
Rental income	-	-	-	12,000
Service charges and miscellaneous	-	-	675	52,930
Total revenues	<u>160,000</u>	<u>-</u>	<u>13,284</u>	<u>1,364,191</u>
EXPENDITURES				
Current:				
General government	-	-	-	38,726
Public safety	-	-	-	52,362
Public works	-	-	-	26,731
Community development	203,208	-	-	434,972
Culture and leisure	-	-	-	17,665
Capital outlay	-	-	-	192,882
Total expenditures	<u>203,208</u>	<u>-</u>	<u>-</u>	<u>763,338</u>
Excess (Deficiency) of revenue over expenditures	<u>(43,208)</u>	<u>-</u>	<u>13,284</u>	<u>600,853</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	68,407	-	-	498,491
Operating transfer (out)	-	-	(12,000)	(297,000)
Total other financing sources (uses)	<u>68,407</u>	<u>-</u>	<u>(12,000)</u>	<u>201,491</u>
Net changes in fund balances	25,199	-	1,284	802,344
Fund balances, beginning of year	<u>(34,119)</u>	<u>(7,865)</u>	<u>315,799</u>	<u>4,508,848</u>
Fund balances, end of year	<u><u>\$ (8,920)</u></u>	<u><u>\$ (7,865)</u></u>	<u><u>\$ 317,083</u></u>	<u><u>\$ 5,311,192</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SONORA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Other Identifying Number	Federal Expenditures
<u>U.S. Department of Homeland Security</u>			
Passed Through FEMA:			
Assistance to Firefighters Grant	97.044	EMW-2021-FG	\$ <u>22,979</u>
Total U.S. Department of Homeland Security			<u>22,979</u>
<u>U.S. Department of Transportation</u>			
Passed Through CalTrans:			
Washington-Stockton Corridor-Downtown Transit and Accessibility Project	20.205	CML-5010(6)	<u>288,133</u>
Total U.S. Department of Transportation			<u>288,133</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through Agency- California Department of Housing and Community Development:			
Fire Department Project	14.228	22-CDBG-PI-00009	<u>993,463</u>
Total U.S. Department of Housing and Urban Development			<u>993,463</u>
Total Federal Expenditure			<u><u>\$ 1,304,575</u></u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF SONORA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of City of Sonora (the "City") under the programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in net position of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the accompanying Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The City did not elect to use the 10% de minimis cost rate.

NOTE 4 - SUB-RECIPIENT

During the year ended June 30, 2024, the City did not provide any federal awards to sub recipients.

COMPLIANCE SECTION

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

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 informations, which collectively of the City of Sonora (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statement comprise the City's basic financial statements, and have issued our report thereon dated March 26, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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.

Harshmal & Company LLP

San Diego, California

March 26, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

To the City Council
City of Sonora
State of California,

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Sonora (the "City"), compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures, as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Harshmal & Company LLP

San Diego, California

March 26, 2025

CITY OF SONORA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION - I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	None reported
• Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with <i>Uniform Guidance 2 CFR 200.516(a)</i> ?	No
Instances where results of audit follow-up procedures disclosed that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding?	No

Identification of major federal programs:

Federal Assistance Listing Number(s)	Name of Major Federal Program or Cluster
14.228	Community Development Block Grants Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

**CITY OF SONORA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings reported in the current year.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings reported in the current year.

**CITY OF SONORA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

The City had no findings noted in prior year that require a status update.