CITY OF SONORA, CALIFORNIA

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2025

CITY OF SONORA
TABLE OF CONTENTS
JUNE 30, 2025

	Page(s)
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	26
Budgetary Comparison Schedules - Labor Reserve Fund	27
Budgetary Comparison Schedules - Stockton Washington Transit Project Fund	28
Budgetary Comparison Schedules - Mitigation Fees	29
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	30
Statement of Changes in Fiduciary Net Position	31
Notes to Basic Financial Statements	32
Required Supplementary Information	
Schedule of The Local Government's Proportionate Share of the Net Pension Liability - Miscellaneous	60
Schedule of The Local Government's Proportionate Share of the Net Pension Liability - Safety	61
Schedule of Contributions - Miscellaneous	62
Schedule of Contributions - Safety	63
Schedule of Changes in The City's Net OPEB Liability and Related Ratios	64
Schedule of Plan Contributions for the City's OPEB Plan	66

CITY OF SONORA
TABLE OF CONTENTS
JUNE 30, 2025

Supplementary Information

Combining Financial Statements - Nonmajor Governmental Funds 67

Combining Balance Sheet - Nonmajor Governmental Funds 70

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds 76

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* 82

Schedule of Findings and Responses 84

Summary Schedule of Prior Year Audit Findings 86

HARSHWAL® & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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, 2025, 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, 2025, 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 the 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 29 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 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 relates 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 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 5, 2026, 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.

Harshwal & Company LLP

San Diego, California
March 5, 2026

CITY OF SONORA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025

This management discussion and analysis of the City of Sonora (the "City") financial performance for the fiscal year ended June 30, 2025, 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 position) at the close of the fiscal year by $34,135,784, an increase of $608,957 from the fiscal year 2024.
- General Fund expenditures exceeded General Fund revenues, including transfers, by $2,450,765. The City General Fund revenues totaled $15,401,112, including transfers in, and General Fund expenses totaled $17,851,877, including transfers out, for fiscal year 2025. Public safety (police and fire protection) costs comprised $6,641,976 or 37% of this amount.
- The City's General Fund ended the year with a fund balance of $7,314,137, a decrease of $2,450,765 from the previous year. Including other financing sources (uses), revenues were $996,912 more than budgeted and Expenditures were $1,705,873 less than budgeted, the majority of the decrease in fund balance was the result of transfers to the City's reserve funds.
- As of June 30, 2025, 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 rate increase provided $2,142,359 of revenue in 2025 versus $2,294,358 in 2024, a decrease of $151,999. 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, 2025, the City received $4,287,435.

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, 2024 through June 30, 2025 using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. The Statement of Net Position 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, 2025

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 position 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 position. Over time, increases or decreases in net position 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 position changed in the most recent fiscal year. All changes in net position 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.

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, 2025, and 2024.

Table 1
Statements of Net Position

	Governmental Activities			
	2025	2024	Net Change	Percentage Change
Assets				
Current and other assets	$ 24,000,360	$ 20,811,370	$ 3,188,990	15.32%
Capital assets, net of acc. depreciation	22,984,596	22,189,868	794,728	3.58%
Total assets	46,984,956	43,001,238	3,983,718	9.26%
Deferred outflows of resources	6,135,956	9,685,364	(3,549,408)	(36.65)%
Liabilities				
Current liabilities	1,476,682	1,690,285	(213,603)	(12.64)%
Noncurrent liabilities	15,889,147	15,840,308	48,839	0.31%
Total liabilities	17,365,829	17,530,593	(164,764)	(0.94)%
Deferred inflows of resources	1,619,299	1,629,182	(9,883)	(0.61)%
Net Position				
Invested in capital assets, net of related debt	22,111,787	21,706,697	405,090	1.87%
Restricted	14,702,375	8,641,371	6,061,004	70.14%
Unrestricted	(2,678,378)	3,178,759	(5,857,137)	(184.26)%
Total Net Position	$ 34,135,784	$ 33,526,827	$ 608,957	1.82%

- Compared to the prior year, total net position of the City's governmental activities increased by $608,957 or 2%. The City's total net position includes three components: Invested in capital assets, net of related debt, restricted net position and unrestricted net position.
- Of total net position, $22,111,787 is the City's investment in capital assets (e.g. land, buildings and improvements, vehicles and equipment, infrastructure, SBITA, and lease right-to-use assets) less any related debt used to acquire those assets that are still outstanding.
- Restricted net position of $14,702,375 represent 43% 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.

- 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 is $(2,678,378) 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 $608,957. Below is a table showing the governmental activities of the City for the years ended June 30, 2025 and 2024.

Table 2
Changes in Net Position

	Governmental Activities			
	2025	2024	Net Change	Percentage Change
Revenues				
Program revenues:				
Fines, fees, and charges for services	$ 599,924	$ 457,934	$ 141,990	31.01%
Operating grants and contributions	865,523	1,052,756	(187,233)	(17.79)%
Capital grants and contributions	680,214	1,710,591	(1,030,377)	(60.24)%
General revenues:				
Taxes	12,822,664	14,025,325	(1,202,661)	(8.57)%
Investment earnings	799,787	624,261	175,526	28.12%
Gain on sale of assets	-	1,910	(1,910)	(100.00)%
Transfer in/(out)	184,241	327,000	(142,759)	(43.66)%
Total revenues	15,952,353	18,199,777	(2,247,424)	(12.35)%
Expenses				
Program expenses				
General government	2,383,762	1,969,341	414,421	21.04%
Public safety	9,974,852	1,187,609	8,787,243	739.91%
Public works	1,244,518	963,624	280,894	29.15%
Community development	1,527,743	1,795,257	(267,514)	(14.90)%
Culture and leisure	212,521	209,660	2,861	1.36%
Total expenses	15,343,396	6,125,491	9,217,905	150.48%
Change in net position	$ 608,957	$ 12,074,286	$ (11,465,329)	(94.96)%

Total governmental revenues for the year decreased by $2,247,424 or 12% over fiscal year 2024. The decrease is primarily attributable to the completion of the Stockton Transit grant in the prior year, which resulted in lower grant revenues recognized in the current fiscal year.

Total governmental expenses for the year were $15,343,396 an increase of $9,217,905 or 150% from fiscal year 2024, the primary reason for the increased costs was due to an adjustment in pension expense of $8,076,766.

FINANCIAL ANALYSIS OF THE CITY'S FUND

The City's governmental funds ended the year with a combined fund balance of $22,744,654. This is an increase of $3,520,597 from the prior year due to additional revenues, as stated above, in fiscal year 2025.

Major fund balance changes are noted below:

- General Fund expenditures exceeded revenues and transfers by $2,450,765. General Fund revenues totaled $15,401,112 (including other financing sources). Police and fire protection costs were $6,641,976 or 37% of total General Fund expenditures.
- The creation of a Special Sales and Use Tax District (Measure I) provided sales tax revenue of $2,142,359 in fiscal year 2025. This revenue was used to support operations in the police department, fire department, and public works department. The allocation of this revenue was $1,285,415 for Police, $535,590 for Fire and $321,354 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 provides the City with approximately an additional $4.2 million annually. In 2025, Measure Y generated $4,287,435.
- 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 $11,376,400, while actual revenue was $11,489,177. The budgeted General Fund expenditures were $13,502,550 and actual expenditures were $12,531,304. When considering other financing sources (uses) $(1,408,638), the general fund ended the year with excess expenditures over revenues of $2,450,765. This operating deficit was primarily the result of planned transfers of fund balance into designated reserve funds established for specific long-term purposes, including the General Plan Reserve, Capital Improvement Reserve, Fleet Replacement Reserve, and Labor Reserve. These transfers reflect intentional policy decisions to set aside resources for future obligations rather than structural operating imbalance.

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

CAPITAL AND DEBT ADMINISTRATION

Capital Assets: As of June 30, 2025, the City had $22,984,596, invested in a broad range of capital assets, including land, construction in progress, buildings, equipment, infrastructure, SBITA and lease right-to-use assets. This amount represents a net increase of $794,728 or an 4% increase from the prior year. The table below sets forth the City's net asset investment as of June 30, 2025, and 2024.

Table 3
Capital Assets, Right-to-use Lease Assets and SBITA

	Government Activities			
	2025	2024	Net Change	Percentage Change
Land	$ 3,932,356	$ 3,932,356	$ -	0.00%
Construction in progress	3,668,718	3,335,542	333,176	9.99%
Buildings and improvements, net	1,550,075	1,729,929	(179,854)	(10.40)%
Equipment's and vehicle, net	2,385,503	2,553,489	(167,986)	(6.58)%
Infrastructure, net	10,440,517	10,066,104	374,413	3.72%
Right-to-use lease assets	946,582	531,277	415,305	78.17%
Right-to-use SBITA assets	60,845	41,171	19,674	47.79%
Total	$ 22,984,596	$ 22,189,868	$ 794,728	3.58%

Long-Term Debt: As of June 30, 2025, the City's governmental activities had $16,110,123 in long-term debt. The table below sets forth the City's long-term debt as of June 30, 2025, and 2024.

Table 4
Long - Term Debt

	Government Activities			
	2025	2024	Net Change	Percentage Change
Compensated absences	$ 1,166,139	$ 1,024,991	$ 141,148	13.77%
Net pension liability	13,486,307	13,845,778	(359,471)	(2.60)%
Other post-employment obligation	584,868	589,340	(4,472)	(0.76)%
Lease liability	818,100	444,241	373,859	84.16%
Subscription-based liability	54,709	38,930	15,779	40.53%
Total	$ 16,110,123	$ 15,943,280	$ 166,843	1.05%

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

NEXT YEAR'S BUDGETS – FISCAL YEAR 2026 ECONOMIC FACTORS

In preparing the budget for fiscal year 2026, the City management has taken into consideration the following economic factors:

- Sales tax and other the City's revenues are projected to continue to slow in fiscal year 2026 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 $2,081,600 in revenue in fiscal year 2026.
- Property tax revenue is projected to increase approximately 3.5% in 2026 compared to 2025 as economic recovery has accelerated the increase in home values.
- Increased CalPERS employer contribution rates were incorporated into the current budget, and the City continues to plan for projected rate increases over the next several years. Due to the way CalPERS amortizes and finances its Unfunded Accrued Liability (UAL), including investment return smoothing and fixed amortization schedules, many agencies, including the City, are expected to experience elevated UAL payments into the early to mid-2030s before those obligations begin to decline. To mitigate the impact of these anticipated increases, the City has proactively funded a California Employers' Pension Prefunding Trust (CEPPT), a Section 115 trust, over the past several years. This trust allows the City to set aside resources specifically designated for future pension obligations, helping to smooth contribution volatility and reduce long-term cost pressures.

For fiscal year 2026, General Fund revenues are projected to total $11,171,140, a decrease of $318,037 from fiscal year 2025 actual revenues of $11,489,177. The projected reduction reflects a prudent and conservative budgeting approach given ongoing inflationary pressures, higher borrowing costs, and uncertainty in the broader economic environment that could impact local revenue streams.

General fund expenditures for fiscal year 2026 are budgeted at $15,838,076, an increase of $3,306,772, 26% over fiscal year 2025 actual expenditures of $12,531,304. The increase reflects the planned appropriation of available fund balance for capital improvement projects and expanded maintenance funding consistent with City Council priorities. A balanced General Fund budget was adopted for fiscal year 2026.

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, 2025

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Current assets:	
Cash and investments	$ 4,673,896
Accounts receivable	1,361,112
Interest receivable	976,252
Loans receivable	1,358,987
Deposits	33,274
Restricted cash	15,596,839
Total current assets	24,000,360
Noncurrent assets:	
Capital assets:	
Capital assets not being depreciated	7,601,074
Capital assets being depreciated, net	14,376,095
Right-to-use lease assets, net	946,582
Right-to-use SBITA assets, net	60,845
Total capital assets	22,984,596
Total noncurrent assets	22,984,596
Total assets	46,984,956
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension	5,934,818
Related to OPEB	201,138
Total deferred outflows of resources	6,135,956
Total assets and deferred outflows of resources	53,120,912
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Current liabilities:	
Accounts payable	980,510
Accrued payroll and other payable	275,196
Lease liability	189,483
Subscription-based liability	31,493
Total current liabilities	1,476,682
Noncurrent liabilities:	
Compensated absences	1,166,139
Other post-employment obligations	584,868
Net pension liability	13,486,307
Lease liability, net of current portion	628,617
Subscription-based liability, net of current portion	23,216
Total noncurrent liabilities	15,889,147
Total liabilities	17,365,829

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

CITY OF SONORA
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
DEFERRED INFLOWS OF RESOURCES	
Related to pension	1,604,638
Related to OPEB	14,661
Total deferred inflows of resources	1,619,299
Total liabilities and deferred inflows of resources	18,985,128
NET POSITION	
Net investment in capital assets	22,111,787
Restricted for:	
Capital projects	9,277,395
Community development projects	2,304,910
Other purposes	2,798,907
Perpetual care:	
Expendable	164,949
Nonexpendable	156,214
Unrestricted	(2,678,378)
Total net position	34,135,784
Total liabilities, deferred inflows of resources, and net position	$ 53,120,912

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

CITY OF SONORA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program revenues: Fines, Fees, and Charges For Services	Program revenues: Operating Grants and Contributions	Program revenues: Capital Grants and Contributions	Net (expenses) Revenues & Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES:					
General government	$ 2,383,762	$ 155,807	$ 129,235	$ -	$ (2,098,720)
Public safety	9,974,852	97,164	290,217	-	(9,587,471)
Public works	1,244,518	63,313	235,809	-	(945,396)
Community development	1,527,743	256,948	210,262	680,214	(380,319)
Culture and leisure	212,521	26,692	-	-	(185,829)
Total governmental activities	$ 15,343,396	$ 599,924	$ 865,523	$ 680,214	(13,197,735)
		GENERAL REVENUES:			
		Taxes:			
		Property tax			1,586,987
		Sales tax			9,848,725
		Cannabis public benefit fee			672,431
		Transient lodging tax			497,753
		Franchise tax			173,637
		Other taxes			20,093
		Miscellaneous revenues			23,038
		Investments earnings			799,787
		Transfers			184,241
		Total general revenues			13,806,692
		Change in net position			608,957
		Net position, beginning of year			33,526,827
		Net position, end of year			$ 34,135,784

FUND FINANCIAL STATEMENTS

CITY OF SONORA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	CDBG	Special Sales Tax Fund
ASSETS			
Cash and investments	$ 3,887,298	$ 471,703	$ -
Accounts receivable	1,115,737	275	194,561
Interest receivable	18,102	623,219	13,425
Loans receivable	-	907,939	-
Deposits	33,274	-	-
Due from other funds	37,192	-	-
Restricted cash	2,855,863	301,774	1,239,551
Total assets	7,947,466	2,304,910	1,447,537
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	348,801	-	-
Accrued payroll and other payable	275,196	-	-
Due to other funds	9,332	-	-
Total liabilities	633,329	-	-
FUND BALANCES			
Nonspendable	33,274	-	-
Restricted	-	2,304,910	1,447,537
Committed	-	-	-
Assigned	-	-	-
Unassigned	7,280,863	-	-
Total fund balances	7,314,137	2,304,910	1,447,537
Total liabilities and fund balances	$ 7,947,466	$ 2,304,910	$ 1,447,537

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

CITY OF SONORA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	Labor Reserve Fund	Mitigation Fees Fund	Stockton Washington
ASSETS			
Cash and investments	$ -	$ -	$ -
Accounts receivable	-	-	18,852
Interest receivable	3,566	11,102	-
Loans receivable	-	-	-
Deposits	-	-	-
Due from other funds	-	-	-
Restricted cash	3,940,321	1,211,675	58,786
Total assets	3,943,887	1,222,777	77,638
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	-	579,076	-
Accrued payroll and other payable	-	-	-
Due to other funds	-	-	-
Total liabilities	-	579,076	-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	3,943,887	643,701	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	77,638
Total fund balances	3,943,887	643,701	77,638
Total liabilities and fund balances	$ 3,943,887	$ 1,222,777	$ 77,638

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

CITY OF SONORA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	$ 314,895	$ 4,673,896
Accounts receivable	31,687	1,361,112
Interest receivable	306,838	976,252
Loans receivable	451,048	1,358,987
Deposits	-	33,274
Due from other funds	9,332	46,524
Restricted cash	5,988,869	15,596,839
Total assets	7,102,669	24,046,884
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	52,633	980,510
Accrued payroll and other payable	-	275,196
Due to other funds	37,192	46,524
Total liabilities	89,825	1,302,230
FUND BALANCES		
Nonspendable	156,214	189,488
Restricted	5,120,605	13,460,640
Committed	445,817	445,817
Assigned	1,085,521	1,085,521
Unassigned	204,687	7,563,188
Total fund balances	7,012,844	22,744,654
Total liabilities and fund balances	$ 7,102,669	$ 24,046,884

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, 2025

Total fund balances - governmental funds		$ 22,744,654
Total net position 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:		
Capital assets, net of accumulated depreciation		21,977,169
Right-to-use lease assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		946,582
SBITA lease assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		60,845
Deferred outflows of resources		6,135,956
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	(818,100)	
Subscription-based liability	(54,709)	
Other post-employment obligations	(584,868)	
Compensated absences	(1,166,139)	
Net pension liability	(13,486,307)	
Deferred inflows of resources	(1,619,299)	(17,729,422)
Total net position - governmental activities		$ 34,135,784

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, 2025

	General	CDBG	Special Sales Tax Fund
REVENUES			
Property tax	$ 1,577,128	$ -	$ -
Sales tax	7,706,366	-	2,142,359
Other tax and franchises	1,359,632	-	-
Licenses and permits	315,882	-	-
Fines and forfeitures	20,947	-	-
Investment earnings	196,149	36,050	67,283
Intergovernmental	129,235	-	-
Rental income	54,863	-	-
Service charges and miscellaneous	128,975	-	-
Total revenues	11,489,177	36,050	2,209,642
EXPENDITURES			
Current:			
General government	1,721,026	-	-
Public safety	6,641,976	14,217	-
Public works	1,190,005	-	-
Community development	1,264,774	7,569	-
Culture and leisure	43,725	-	-
Debt service:			
Principal	299,817	-	-
Interest and other charges	74,678	-	-
Capital outlay	1,295,303	5,573	-
Total expenditures	12,531,304	27,359	-
Excess (deficiency) of revenues over expenditures	(1,042,127)	8,691	2,209,642
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of leases	689,455	-	-
Operating transfers in	3,222,480	-	-
Operating transfers out	(5,320,573)	-	(2,465,000)
Total other financing sources (uses)	(1,408,638)	-	(2,465,000)
Net changes in fund balances	(2,450,765)	8,691	(255,358)
Fund balances, beginning of year	9,764,902	2,296,219	1,702,895
Fund balances, end of year	$ 7,314,137	$ 2,304,910	$ 1,447,537

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, 2025

	Labor Reserve Fund	Mitigation Fees Fund	Stockton Washington Fund
REVENUES			
Property tax	$ -	$ -	$ -
Sales tax	-	-	-
Other tax and franchises	-	-	-
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Investment earnings	164,687	51,063	-
Intergovernmental	-	-	519,336
Rental income	-	-	-
Service charges and miscellaneous	-	4,091	-
Total revenues	164,687	55,154	519,336
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community development	-	-	-
Culture and leisure	-	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	164,687	55,154	519,336
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of leases	-	-	-
Operating transfers in	4,015,000	-	-
Operating transfers out	(235,800)	(2,000)	-
Total other financing sources (uses)	3,779,200	(2,000)	-
Net changes in fund balances	3,943,887	53,154	519,336
Fund balances, beginning of year	-	590,547	(441,698)
Fund balances, end of year	$ 3,943,887	$ 643,701	$ 77,638

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, 2025

	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES		
Property tax	$ 9,859	$ 1,586,987
Sales tax	-	9,848,725
Other tax and franchises	4,282	1,363,914
Licenses and permits	39,413	355,295
Fines and forfeitures	-	20,947
Investment earnings	284,555	799,787
Intergovernmental	897,166	1,545,737
Rental income	12,600	67,463
Service charges and miscellaneous	46,191	179,257
Total revenues	1,294,066	15,768,112
EXPENDITURES		
Current:		
General government	29,494	1,750,520
Public safety	52,834	6,709,027
Public works	24,043	1,214,048
Community development	106,589	1,378,932
Culture and leisure	16,412	60,137
Debt service:		
Principal	-	299,817
Interest and other charges	-	74,678
Capital outlay	333,176	1,634,052
Total expenditures	562,548	13,121,211
Excess (deficiency) of revenues over expenditures	731,518	2,646,901
OTHER FINANCING SOURCES (USES)		
Proceeds from issuance of leases	-	689,455
Operating transfers in	1,305,573	8,543,053
Operating transfers out	(335,439)	(8,358,812)
Total other financing sources (uses)	970,134	873,696
Net changes in fund balances	1,701,652	3,520,597
Fund balances, beginning of year	5,311,192	19,224,057
Fund balances, end of year	$ 7,012,844	$ 22,744,654

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, 2025

Net change in fund balances - total governmental funds		$ 3,520,597
The changes in net position 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	1,634,052	
Less: depreciation expenses	(584,848)	1,049,204
Compensated absences are expended 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.		(141,148)
Right-to-use lease assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Amortization on lease assets	(229,283)	
Amortization on SBITA assets	(25,193)	(254,476)
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	(44,867)	
Lease acquisition	(644,588)	
Principal retirements on lease and SBITA liability	299,817	(389,638)
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)	(26,720)	
Net pension incomes (expenses)	(3,148,862)	(3,175,582)
Changes in net positions of governmental activities		$ 608,957

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

BUDGETARY COMPARISONS

CITY OF SONORA
BUDGETARY COMPARISON SCHEDULES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Over (Under)
REVENUES				
Property tax	$ 1,483,600	$ 1,483,600	$ 1,577,128	$ 93,528
Sales tax	7,852,000	7,577,000	7,706,366	129,366
Other tax and franchise fees	1,522,500	1,520,500	1,359,632	(160,868)
Licenses and permits	117,300	167,800	315,882	148,082
Intergovernmental	-	-	129,235	129,235
Fines and forfeitures	23,200	24,200	20,947	(3,253)
Investment earnings	225,000	225,000	196,149	(28,851)
Rental income	41,900	45,400	54,863	9,463
Service charges and miscellaneous	408,400	332,900	128,975	(203,925)
Total revenues	11,673,900	11,376,400	11,489,177	112,777
EXPENDITURES				
Current:				
General government	1,766,000	2,088,950	1,721,026	367,924
Public safety	6,911,400	6,847,100	6,641,976	205,124
Public works	2,589,450	2,429,425	1,190,005	1,239,420
Community development	1,769,100	1,897,150	1,264,774	632,376
Culture and leisure	41,700	45,700	43,725	1,975
Capital outlay	512,600	194,225	1,295,303	(1,101,078)
Debt service:				
Principal	-	-	299,817	(299,817)
Interest	-	-	74,678	(74,678)
Total expenditures	13,590,250	13,502,550	12,531,304	971,246
Excess (deficiency) of revenues over expenditures	(1,916,350)	(2,126,150)	(1,042,127)	1,084,023
OTHER FINANCING SOURCES (USES)				
Proceeds from lease and subscription	-	-	689,455	689,455
Operating transfers in	3,007,800	3,027,800	3,222,480	194,680
Operating transfers out	(5,147,000)	(6,055,200)	(5,320,573)	734,627
Total other financing sources (uses)	(2,139,200)	(3,027,400)	(1,408,638)	1,618,762
Net change in fund balance	(4,055,550)	(5,153,550)	(2,450,765)	2,702,785
Fund balance, beginning of year	9,764,902	9,764,902	9,764,902	-
Fund balance, end of year	$ 5,709,352	$ 4,611,352	$ 7,314,137	$ 2,702,785

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, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Over (Under)
General government				
Council:				
Employee services	$ 16,900	$ 17,100	$ 17,026	$ 74
Supplies and services	217,600	480,100	442,064	38,036
Total council	234,500	497,200	459,090	38,110
Administration:				
Employee services	864,200	868,800	847,774	21,026
Supplies and services	242,900	240,200	233,754	6,446
Total administration	1,107,100	1,109,000	1,081,528	27,472
Opera hall:				
Employee services	10,900	10,900	10,900	-
Supplies and services	37,700	48,700	38,789	9,911
Total opera hall	48,600	59,600	49,689	9,911
Clerk:				
Employee services	82,900	83,000	82,129	871
Supplies and services	41,500	42,700	25,955	16,745
Total clerk	124,400	125,700	108,084	17,616
Information technology:				
Supplies and services	104,250	58,250	23,020	35,230
Total information technology	104,250	58,250	23,020	35,230
Cemetery:				
Employee services	38,000	37,600	35,931	1,669
Supplies and services	15,800	36,700	29,844	6,856
Total cemetery	53,800	74,300	65,775	8,525
Capital Projects				
Supplies and Services	1,380,000	900,500	550,518	349,982
Total capital project	1,380,000	900,500	550,518	349,982
Fleet Services:				
Unemployment insurance	-	-	-	-
Total fleet services	-	-	-	-
General services:				
Supplies and services	5,443,400	6,541,600	5,780,923	760,677
Capital outlay	-	-	644,588	(644,588)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total general services	5,443,400	6,541,600	6,425,511	116,089
Facilities:				
Supplies and services	81,750	38,850	27,845	11,005
Total facilities	81,750	38,850	27,845	11,005
Total general government	$ 8,577,800	$ 9,405,000	$ 8,791,060	$ 613,940

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, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Over (Under)
Public safety				
Police:				
Employee services	$ 4,275,300	$ 4,170,000	$ 4,048,474	$ 121,526
Supplies and services	538,300	553,100	681,029	(127,929)
Capital outlay	296,000	334,500	214,289	120,211
Total police	5,109,600	5,057,600	4,943,792	113,808
Fire:				
Employee services	1,666,700	1,674,300	1,564,544	109,756
Supplies and services	218,900	215,000	212,578	2,422
Capital Outlay	144,500	89,700	90,394	(694)
Total fire	2,030,100	1,979,000	1,867,516	111,484
Total public safety	7,139,700	7,036,600	6,811,308	225,292
Transportation				
Public works:				
Employee services	861,500	861,500	762,185	99,315
Supplies and services	795,750	772,550	360,077	412,473
Capital outlay	176,100	173,800	58,627	115,173
Total public works	1,833,350	1,807,850	1,180,889	626,961
Parks landscape:				
Supplies and services	37,200	39,200	34,860	4,340
Total parks landscape	37,200	39,200	34,860	4,340
Parking lots:				
Supplies and services	15,700	17,200	12,603	4,597
Total parking lots	15,700	17,200	12,603	4,597
Total transportation	1,886,250	1,864,250	1,228,352	635,898
Community development				
Building and planning:				
Employee services	437,100	365,400	323,835	41,565
Supplies and services	422,400	425,500	301,876	123,624
Total building and planning	859,500	790,900	625,711	165,189
Engineering:				
Supplies and services	274,000	461,000	395,446	65,554
Total engineering	274,000	461,000	395,446	65,554
Total community development	1,133,500	1,251,900	1,021,157	230,743
Total general fund	$ 18,737,250	$ 19,557,750	$ 17,851,877	$ 1,705,873

CITY OF SONORA
BUDGETARY COMPARISON SCHEDULES - CDBG FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Over (Under)
REVENUES				
Investments earnings	$ 1,000	$ 1,000	$ 676	$ (324)
Miscellaneous	33,350	33,350	35,374	2,024
Total revenues	34,350	34,350	36,050	1,700
EXPENDITURES				
Current:				
Salaries	9,250	9,250	7,569	1,681
Supplies and services	25,250	25,250	14,217	11,033
Capital outlay	-	-	5,573	(5,573)
Total expenditures	34,500	34,500	27,359	7,141
Excess/(deficiency) of revenues over expenditures	(150)	(150)	8,691	8,841
Net change in fund balance	(150)	(150)	8,691	8,841
Fund balance, beginning of year	2,296,219	2,296,219	2,296,219	-
Fund balance, end of year	$ 2,296,069	$ 2,296,069	$ 2,304,910	$ 8,841

CITY OF SONORA
BUDGETARY COMPARISON SCHEDULES
SPECIAL SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Over (Under)
REVENUES				
Investment earnings	$ 55,500	$ 55,500	$ 67,283	$ 11,783
Sales tax	2,357,200	2,357,200	2,142,359	(214,841)
Total revenues	2,412,700	2,412,700	2,209,642	(203,058)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(2,465,000)	(2,465,000)	(2,465,000)	-
Total other financing sources (uses)	(2,465,000)	(2,465,000)	(2,465,000)	-
Net change in fund balance	(52,300)	(52,300)	(255,358)	(203,058)
Fund balance, beginning of year	1,702,895	1,702,895	1,702,895	-
Fund balance, end of year	$ 1,650,595	$ 1,650,595	$ 1,447,537	$ (203,058)

CITY OF SONORA
BUDGETARY COMPARISON SCHEDULES
LABOR RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Over (Under)
REVENUES				
Investment earnings	$ 160,000	$ 160,000	$ 164,687	$ 4,687
Total revenues	160,000	160,000	164,687	4,687
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	160,000	160,000	164,687	4,687
OTHER FINANCING SOURCES (USES)				
Operating transfers in	4,015,000	4,015,000	4,015,000	-
Operating transfers out	(235,800)	(235,800)	(235,800)	-
Total other financing sources (uses)	3,779,200	3,779,200	3,779,200	-
Net change in fund balance	3,939,200	3,939,200	3,943,887	4,687
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ 3,939,200	$ 3,939,200	$ 3,943,887	$ 4,687

CITY OF SONORA
BUDGETARY COMPARISON SCHEDULES
STOCKTON WASHINGTON TRANSIT PROJECT FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Over (Under)
REVENUES				
Intergovernmental	$ 500,000	$ 500,000	$ 519,336	$ 19,336
Total revenues	500,000	500,000	519,336	19,336
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	500,000	500,000	519,336	19,336
Net change in fund balance	500,000	500,000	519,336	19,336
Fund balance, beginning of year	(441,698)	(441,698)	(441,698)	-
Fund balance, end of year	$ 58,302	$ 58,302	$ 77,638	$ 19,336

CITY OF SONORA
BUDGETARY COMPARISON SCHEDULES
MITIGATION FEES
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Over (Under)
REVENUES				
Investment earnings	$ 38,400	$ 38,400	$ 51,063	$ 12,663
Miscellaneous	12,500	12,500	4,091	(8,409)
Total revenues	50,900	50,900	55,154	4,254
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(2,000)	(2,000)	(2,000)	-
Total other financing sources (uses)	(2,000)	(2,000)	(2,000)	-
Net change in fund balance	48,900	48,900	53,154	4,254
Fund balance, beginning of year	590,547	590,547	590,547	-
Fund balance, end of year	$ 639,447	$ 639,447	$ 643,701	$ 4,254

FIDUCIARY FUND FINANCIAL STATEMENTS

CITY OF SONORA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Custodial Fund			
	Sunrise Hills	Successor RDA Fund	Tuolumne LAFCO	Total
ASSETS				
Cash and investments	$ 57,663	$ -	$ 63,062	$ 120,725
Interest receivable	-	-	576	576
Total assets	57,663	-	63,638	121,301
LIABILITIES AND NET POSITION				
LIABILITIES				
Accounts payable	-	-	9,286	9,286
Bonds payable	57,663	-	-	57,663
Total liabilities	57,663	-	9,286	66,949
NET POSITION				
Restricted	-	-	54,352	54,352
Total fund balances	-	-	54,352	54,352
Total liabilities and fund balances	$ 57,663	$ -	$ 63,638	$ 121,301

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, 2025

	Custodial Fund			
	Sunrise Hills	Successor RDA Fund	Tuolumne LAFCO	Total
Additions				
LAFCO revenues	$ -	$ -	$ 74,990	$ 74,990
Interest and investment income	-	-	576	576
Total additions	-	-	75,566	75,566
Deductions				
Admin expenses	-	-	21,214	21,214
Total deductions	-	-	21,214	21,214
Net account activity before contribution	-	-	54,352	54,352
Transfers out	-	(184,241)	-	(184,241)
Change in net position held in trust	-	(184,241)	54,352	(129,889)
Net position, beginning of year	-	184,241	-	184,241
Net position, end of year	$ -	$ -	$ 54,352	$ 54,352

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

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 modified accrual basis of accounting for all of the City's activities, including infrastructure (roads, streets, bridges, etc.).

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.

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.

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 **Labour Reserve Fund** account to ensure the long-term fiscal sustainability of newly approved employee Memoranda of Understanding (MOUs). The fund was initially capitalized using unspent Fiscal Year 2023-2024 Measure Y sales tax revenues.

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.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Cont'd

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.

The **Tuolumne County Local Agency Formation Commission** (Tuolumne LAFCO) - The City provides accounting, treasury, and financial reporting services for the Tuolumne County Local Agency Formation Commission (Tuolumne LAFCO). Tuolumne LAFCO is governed by a separate board and operates independently of the City. The City is not financially accountable to LAFCO and cannot modify or redirect the use of its resources. Accordingly, the financial activity of LAFCO is reported as a custodial fund in the accompanying fiduciary fund financial statements.

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

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

D. Assets, Liabilities, Net Position or Equity - Cont'd

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

2. Receivables and Payables

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

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

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

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:

Assets	Useful Life (in years)
Buildings	32
Building Improvements	10 to 25
Cemetery	32
Infrastructure	15 to 50
Equipment and Furnishings	10 to 30
Computer Equipment	5
Vehicles	5 to10

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.

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

D. Assets, Liabilities, Net Position or Equity - Cont'd

A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

6. Pensions

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, 2023
Measurement Date	June 30, 2024
Measurement period	July 1, 2023 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, 2023 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.

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

D. Assets, Liabilities, Net Position or Equity - 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 represents 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 is 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.

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

D. Assets, Liabilities, Net Position or Equity - Cont'd

9. Net Position and Fund Equity - Cont'd

As of June 30, 2025, the fund balance details by classification are listed below:

	General	CDBG	Special Sales Tax Fund	Labor Reserve Fund	Stockton Washington Fund	Mitigation Fees	Other Funds	Total Governmental Funds
Fund Balances:								
Nonspendable:								
Perpetual care	$ -	$ -	$ -	$ -	$ -	$ -	$ 156,214	$ 156,214
Long term advances	33,274	-	-	-	-	-	-	33,274
Total	33,274	-	-	-	-	-	156,214	189,488
Restricted:								
CDBG	-	2,304,910	-	-	-	-	-	2,304,910
Public safety	-	-	1,447,537	-	-	-	1,451,771	2,899,308
Community development	-	-	-	3,943,887	-	643,701	-	4,587,588
Public housing	-	-	-	-	-	-	1,790,499	1,790,499
SB2 planning	-	-	-	-	-	-	68,407	68,407
Local early action	-	-	-	-	-	-	35,150	35,150
Transportation	-	-	-	-	-	-	262,731	262,731
Public works	-	-	-	-	-	-	43,265	43,265
Fleet replacement	-	-	-	-	-	-	519,837	519,837
CalPERS pension trust	-	-	-	-	-	-	948,945	948,945
Total	-	2,304,910	1,447,537	3,943,887	-	643,701	5,120,605	13,460,640
Committed To:								
Compensated abs reserve	-	-	-	-	-	-	270,817	270,817
Greenlit road abs reserve	-	-	-	-	-	-	175,000	175,000
Total	-	-	-	-	-	-	445,817	445,817
Assigned To:								
Vehicle abatement	-	-	-	-	-	-	28,737	28,737
Historic preservation	-	-	-	-	-	-	2,489	2,489
Landscaping	-	-	-	-	-	-	131,436	131,436
RSTP	-	-	-	-	-	-	38,516	38,516
Road maintenance	-	-	-	-	-	-	664,767	664,767
Other purposes	-	-	-	-	-	-	219,576	219,576
Total	-	-	-	-	-	-	1,085,521	1,085,521
Unassigned:	7,280,863	-	-	-	77,638	-	204,687	7,563,188
Total	7,280,863	-	-	-	77,638	-	204,687	7,563,188
Total Fund Balances	$ 7,314,137	$ 2,304,910	$ 1,447,537	$ 3,943,887	$ 77,638	$ 643,701	$ 7,012,844	$ 22,744,654

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

D. Assets, Liabilities, Net Position or Equity - 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. New Accounting Pronouncement

The City has adopted all current statements of the Governmental Accounting Standards Board (GASB) that are applicable. As of June 30, 2025, the City implemented the following new standards issued by GASB:

GASB has issued Statement No. 101, Compensated Absences, effective for the year ending June 30, 2025. This Statement amends the existing requirements related to Compensated Absences by updating the recognition and measurement guidance.

GASB has issued Statement No. 102, Certain Risk Disclosures, effective for the year ending June 30, 2025. This Statement's objective is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

The City has evaluated the effects of these pronouncements and has determined that the adoption did not result in any material change.

12. Future Accounting Pronouncement

GASB has issued Statement No. 103, Financial Reporting Model Improvements, effective for the year ending June 30, 2026. This Statement's objective is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision-making and assisting a government's accountability. Additionally, the statements also address certain application issues.

GASB Statement No. 104, Disclosure of Certain Capital Assets issued in September 2024, this Statement is effective for fiscal years beginning after June 15, 2025, and for all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 105, Subsequent Events issued in December 2025. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

The City will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

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, 2025 the following funds had actual expenditures over appropriations, at the functional level, as follows:

	Budget	Actual	Excess
General Fund:			
Capital outlay	$ 194,225	$ 1,295,303	$ (1,101,078)
Debt service			
Principal	-	299,817	(299,817)
Interest	-	74,678	(74,678)
Total	$ 194,225	$ 1,669,798	$ (1,475,573)
CDBG Fund:			
Capital outlay	$ -	$ 5,573	$ (5,573)
Total	$ -	$ 5,573	$ (5,573)

C. Deficit Fund Equity

As of June 30, 2025, certain special revenue and capital project funds reported deficit fund balances. The FEMA CalOES Fund reported a deficit fund balance of $4,516, which is expected to be eliminated through future grant reimbursements. The CDD Per Capita Grant Fund reported a deficit fund balance of $18,452, which will be offset by future program revenues. The ATP Project Fund reported a deficit fund balance of $27,176, which is also expected to be reimbursed through future revenues. Management believes these deficit fund balances are temporary in nature and will be resolved as related revenues are received.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2025 are classified in the accompanying financial statements for governmental activities as follows:

Cash and investments	$ 4,673,896
Restricted cash	15,596,839
Total cash and investments	$ 20,270,735

The City total cash and investments are detailed as follows:

Investment in local agency investment fund (LAIF)	$ 7,053,865
Investment in Stockton	8,087,110
Sweeps - Stockton	3,750,230
CalPERS prefunding trust	948,945
Deposits with financial institutions	493,065
Cash on hand	582
Total cash and investments	20,333,797
Less: Cash with Tuolumne county local area formation commission fund (Fiduciary)	(63,062)
Cash and investment in governmental activities	$ 20,270,735

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, 2025 the city carrying amount and bank balance for deposits reported in the basic financial statements were as follows:

Governmental Activities	Carrying Amount	Bank Balance
Cash in Bank	$ 493,065	$ 577,692

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

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, 2025, the City's total bank deposits amounted to $577,692, of which 250,000 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 248 days.

State investment pool	$ 7,053,865
Total	$ 7,053,865

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.

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, 2025 is $15,596,839.

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, 2025 are $1,004,180 (CDBG Fund) and $475,103 (Low/Moderate Income Housing Fund). However, the City has recorded an allowance for uncollectible accounts totaling $96,241 and $24,055, respectively, therefore reporting $907,939 and $451,048, respectively on the City's financial statements.

NOTE 5 - RECEIVABLE

Receivables as of June 30, 2025 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.

Governmental Activities	General Fund	CDBG	Special Sales Tax Fund	Stockton Washington Fund	Labor Reserve Fund	Mitigation Fees	Nonmajor Governmental Funds	Total
Accounts receivable	$ 1,115,737	$ 275	$ 194,561	$ 18,852	$ -	$ -	$ 31,687	$ 1,361,112
Interest receivable	18,102	623,219	13,425	-	3,566	11,102	306,838	976,252
Loan receivable	-	907,939	-	-	-	-	451,048	1,358,987
Total	$ 1,133,839	$ 1,531,433	$ 207,986	$ 18,852	$ 3,566	$ 11,102	$ 789,573	$ 3,696,351

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	$ 3,932,356	$ -	$ -	$ 3,932,356
Construction in progress	3,335,542	333,176	-	3,668,718
Total capital assets not being depreciated	7,267,898	333,176	-	7,601,074
Capital assets being depreciated:				
Buildings and improvements	7,872,163	29,889	-	7,902,052
Equipment's and vehicle	5,667,432	37,882	-	5,705,314
Infrastructure	13,854,839	543,650	-	14,398,489
Total capital assets being depreciated	27,394,434	611,421	-	28,005,855
Less: accumulated depreciation for:				
Buildings and improvements	(6,142,234)	(209,743)	-	(6,351,977)
Equipment's and vehicle	(3,113,943)	(205,868)	-	(3,319,811)
Infrastructure	(3,788,735)	(169,237)	-	(3,957,972)
Total accumulated depreciation	(13,044,912)	(584,848)	-	(13,629,760)
Net capital assets being depreciated	14,349,522	26,573	-	14,376,095
Total net capital assets - governmental	$ 21,617,420	$ 359,749	$ -	$ 21,977,169

Depreciation was charged to functions/programs of governmental activities for the year ended June 30, 2025 as follows:

General Government	$ 162,940
Public Safety	90,243
Public Works	30,470
Community Development	148,811
Culture and Leisure	152,384
Total depreciation expenses - governmental	$ 584,848

NOTE 7 - Right-to-use LEASE ASSETS AND IT SUBSCRIPTION ARRANGEMENTS

The Right-to-use lease asset activity for the year ended June 30, 2025, is summarized as follows:

Governmental Activities	Beginning Balance	Increase/(Decrease)	Ending Balance
Right-to-use lease assets			
Lease assets-equipment	$ 584,684	$ 644,588	$ 1,229,272
SBITA asset	56,610	44,867	101,477
Total Right-to-use lease assets	641,294	689,455	1,330,749
Less: accumulated amortization			
Lease assets- equipment	(53,407)	(229,283)	(282,690)
SBITA assets	(15,439)	(25,193)	(40,632)
Total accumulated amortization	(68,846)	(254,476)	(323,322)
Total Right-to-use lease assets, net	$ 572,448	$ 434,979	$ 1,007,427

The City's management charged $254,476 in amortization expenditure for the year ended June 30, 2025. 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, 2025 consisted of the following amounts:

Fund	Transfer In	Transfer Out
Governmental Funds		
General Fund	$ 3,222,480	$ 5,320,573
General Plan Reserve Fund	300,000	-
SB2 Grant Programs	77,327	-
Measure I	-	2,465,000
Public Safety Mitigation	-	2,000
Gas Tax Fund	-	110,000
SLESF	-	175,000
In Lieu Parking Fees Fund	-	10,439
South Sonora Lighting District	-	30,000
Regional Early Action Fund	7,865	-
Fleet Replacement Reserve Fund	75,000	-
Risk Management Reserve Fund	250,000	-
Capital Replacement reserve Fund	215,000	-
Labor Reserve Fund	4,015,000	235,800
CalPERS Pension Trust Fund	300,000	-
Self-Insurance Fund	23,219	-
Compensated Absences Fund	1,528	-
Benefit Zones	55,634	-
Cemetery Perpetual Care Fund	-	10,000
Total	8,543,053	8,358,812
Fiduciary Fund		
Successor RDA Fund	-	184,241
Total	$ 8,543,053	$ 8,543,053

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES

The following is a schedule of interfund receivables and payables as of June 30, 2025:

Governmental Activities	Due from other funds	Due to other funds	Net due from (to)
General fund	$ 37,192	$ (9,332)	$ 27,860
Other nonmajor funds	9,332	(37,192)	(27,860)
Total governmental activities	$ 46,524	$ (46,524)	$ -

NOTE 10 - ACCOUNTS PAYABLE

Accounts payable as of June 30, 2025 for the City's individual major funds and nonmajor funds in the aggregate are as follows:

Governmental Activities	General	Mitigation Fees	Nonmajor Governmental	Total
Vendors	$ 348,801	$ 579,076	$ 52,633	$ 980,510
Total	$ 348,801	$ 579,076	$ 52,633	$ 980,510

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, 2025:

Governmental Activities	Beginning Balance	Additions	Repayments	Ending Balance
Compensated absences	$ 1,024,991	$ 185,395	$ (44,247)	$ 1,166,139
Net pension liability	13,845,778	-	(359,471)	13,486,307
Other post-employment obligation	589,340	-	(4,472)	584,868
Lease liability	444,241	644,588	(270,729)	818,100
Subscription-based liability	38,930	44,867	(29,088)	54,709
Total Long-term debt of governmental activities	$ 15,943,280	$ 874,850	$ (708,007)	$ 16,110,123

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, 2025, was as follows:

	Beginning Balance	Additions	Repayments	Ending Balance	Due Within One Year
Lease liability	$ 444,241	$ 644,588	$ (270,729)	$ 818,100	$ 189,483
Subscription-based liability	38,930	44,867	(29,088)	54,709	31,493
Total	$ 483,171	$ 689,455	$ (299,817)	$ 872,809	$ 220,976

The following is a schedule of future minimum annual lease rentals and subscription-based payments under the agreement as of June 30, 2025:

Years Ending June 30:	SBITA Payments			Lease Payments		
	Principal	Interest	Total	Principal	Interest	Total
2026	$ 31,493	$ 4,211	$ 35,704	$ 189,483	$ 59,889	$ 249,372
2027	11,128	2,002	13,130	206,625	43,291	249,916
2028	12,088	1,042	13,130	207,088	25,869	232,957
2029	-	-	-	196,733	8,337	205,070
2030	-	-	-	18,171	206	18,377
Total	$ 54,709	$ 7,255	$ 61,964	$ 818,100	$ 137,592	$ 955,692

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, 2025 the only transactions recorded are interest postings.

NOTE 14 - EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 5, 2026, 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.

NOTE 15 - RISK MANAGEMENT - CONT'D

The financial position and results of operations for the CSJVRMA, as of June 30, 2025, are presented below:

Total assets	$ 206,777,744
Total liabilities	157,063,998
Total net position	49,713,746
Total liabilities and net position	$ 206,777,744
Total revenue for year	$ 94,036,144
Total expenses for year	86,877,199
Net income for year	$ 7,158,945

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.

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, 2025, the following the City employees were covered by the benefit terms:

Retirees currently receiving benefits	1
Active employees	7
Total	8

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, 2025, the City contribution to the plan was $69,522. Employees are not required to contribute to the plan.

Net OPEB Liability

The City's net OPEB liability of $584,868 was measured as of June 30, 2025 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2025 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	4.13% as of June 30, 2024 3.93% as of June 30, 2025
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

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 4.13% as of June 30, 2024 and 3.93% as of June 30, 2025.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balance as of June 30, 2024 Measurement date June 30, 2023	$ 589,340	$ -	$ 589,340
Changes in the year:			
Service cost	32,703	-	32,703
Interest cost	24,312	-	24,312
Employer contributions	-	66,766	(66,766)
Benefit payments	(66,766)	(66,766)	-
Changes due to change in discount rate	5,279	-	5,279
Net changes in fiscal year 2024-2025	(4,472)	-	(4,472)
Balance at fiscal year ending June 30, 2025 Measurement date June 30, 2024	$ 584,868	$ -	$ 584,868

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% 2.93%	Current rate 3.93%	Current + 1% 4.93%
Net OPEB liability (asset)	$ 611,795	$ 584,868	$ 558,813

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:

Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
Net OPEB liability (asset)	$ 549,602	$ 584,868	$ 623,051

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

For the year ended June 30, 2025, the City recognized OPEB expense of $26,720. As of June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 99,116	$ (14,661)
Differences between expected and actual experience	32,500	-
Deferred contributions	69,522	-
Total	$ 201,138	$ (14,661)

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

Year Ending June 30,	Recognized Net Year Ending Deferred Outflows /(Inflows) of Resources
2026	$ 33,051
2027	23,787
2028	30,480
2029	28,808
2030	829
Total	$ 116,955

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 employers 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, 2025, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	52-57
Monthly benefits, as of % of eligible compensation	2.00% to 2.70%	1.00% to 2.50%
Required employee contribution rates	8.00%	8.25%
Required employer contribution rates	16.94% + $468,848	8.18% + $2,294

	Safety	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	50-57
Monthly Benefits, as of % of eligible compensation	3.00%	2.00% to 2.50%
Required employee contribution rates	9.00%	13.75%
Required employer contribution rates - Fire	27.32% + $175,158	13.76% + $1,227
Required employer contribution rates - Police	27.32% + $452,045	13.76% + $2,791

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, 2025, the contribution recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety
Contributions - employer	$ 176,703	$ 388,058
Lump sum contributions - employer	453,677	606,908
Total	$ 630,380	$ 994,966

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

As of June 30, 2025, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 5,705,492
Safety	7,780,815
Total net pension liability	$ 13,486,307

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, 2023 rolled forward to June 30, 2024 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.

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 2025 was as follows:

	Miscellaneous	Safety	Total
Proportion - 6/30/24	0.11897%	0.10564%	0.11099%
Proportion - 6/30/25	0.11796%	0.10672%	0.11120%
Change - Increase/(Decrease)	(0.00101)%	0.00108%	0.00021%

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, 2025, the City recognized pension expense (income) of $3,148,862. On June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	$ 338,343	$ -
Differences Between Expected and Actual Experience	1,128,276	(39,893)
Differences Between Projected and Actual Investment Earnings	704,547	-
Differences Between Employer's Contributions and Proportionate Share of Contributions	-	(1,306,783)
Change in Employer's Proportion	2,138,306	(257,962)
Pension Contributions Made Subsequent to Measurement	1,625,346	-
	$ 5,934,818	$ (1,604,638)

$1,625,346 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2026	$ 910,393	$ 1,140,856	$ 2,051,249
2027	448,690	671,792	1,120,482
2028	(122,046)	(103,612)	(225,658)
2029	(112,558)	(128,681)	(241,239)
	$ 1,124,479	$ 1,580,355	$ 2,704,834

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, 2024 actuarial accounting valuations to June 30, 2025. The June 30, 2025, 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.

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:

Asset Class	Assumed Asset Allocation	Real Return (1), (2)
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 (7.90%) than the current rate:

Summary	Discount Rate -1% (5.90%)	Current Discount rate (6.90%)	Discount Rate +1% (7.90%)
Miscellaneous Plan	$ 8,436,993	$ 5,705,492	$ 3,457,065
Safety Plan	11,617,543	7,780,815	4,642,910
Total	$ 20,054,536	$ 13,486,307	$ 8,099,975

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, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.0841%	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	$ 5,705,492	$ 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	$ 1,672,051	$ 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	341.23%	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	$14,536,785	$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	71.81%	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, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.0899%	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	$ 7,780,815	$ 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	$ 2,009,855	$ 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	387.13%	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	$20,306,708	$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	72.30%	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, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution (actuarially determined)	$ 630,380	$ 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	(630,380)	(546,272)	(2,322,915)	(1,912,140)	(1,528,096)	(1,251,042)	(1,152,240)	(802,074)	(765,021)	(364,596)	(296,470)
Contribution deficiency (excess)	$ -	$ -	$ (640,779)	$ (445,240)	$ (290,315)	$ (199,131)	$ (62,986)	$ 12,558	$ (80,564)	$ -	$ -
Covered - employee payroll	$ 1,672,051	$ 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	37.70%	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:	06/30/2023	06/30/2022	06/30/2021	06/30/2020	06/30/2019	06/30/2018	06/30/2017	06/30/2016	06/30/2015	06/30/2014	06/30/2013

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	2.30%
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, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution (actuarially determined)	$ 994,966	$ 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	(994,966)	(856,896)	(2,660,800)	(2,159,546)	(1,775,155)	(1,459,126)	(1,327,402)	(921,165)	(819,073)	(527,765)	(486,250)
Contribution deficiency (excess)	$ -	$ -	$ (733,986)	$ (502,848)	$ (337,253)	$ (232,252)	$ (220,526)	$ (92,188)	$ (86,256)	$ -	$ -
Covered - employee payroll	$ 2,009,855	$ 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	49.50%	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:	06/30/2023	06/30/2022	06/30/2021	06/30/2020	06/30/2019	06/30/2018	06/30/2017	06/30/2016	06/30/2015	06/30/2014	06/30/2013

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
LAST 10 YEARS*
JUNE 30, 2025

Fiscal Year Ending	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**
Measurement Date	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**
Discount Rate on Measurement Date	3.93 %	4.13 %	4.09 %	2.18 %
Total OPEB Liability				
Service Cost	$ 32,703	$ 27,655	$ 27,139	$ 18,577
Interest on total OPEB liability	24,312	17,228	8,933	10,076
Changes of benefit terms	-	-	70,676	-
Differences between expected and actual experience	-	48,480	-	2,830
Changes of assumptions	5,279	129,513	(36,015)	68,194
Benefit payments	(66,766)	(54,205)	(65,409)	(89,067)
Net change in total OPEB liability	(4,472)	168,671	5,324	10,610
Total OPEB liability - beginning	589,340	420,669	415,345	404,735
Total OPEB liability - ending (a)	$ 584,868	$ 589,340	$ 420,669	$ 415,345
Plan Fiduciary Net Position				
Plan fiduciary net position - beginning of year	$ -	$ -	$ -	$ -
Plan fiduciary net position - end of year (b)	$ -	$ -	$ -	$ -
Net OPEB liability - ending (a) - (b)	$ 584,868	$ 589,340	$ 420,669	$ 415,345
Covered-employee payroll	$ 880,168	$ 935,674	$ 784,590	$ 600,630
Net OPEB liability as a percentage of covered-employee payroll	66.45%	62.99%	53.62%	69.15%

*Fiscal year 2019 was the first year of the implementation of GASB 75, therefore only seven years are shown.

CITY OF SONORA
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS*
JUNE 30, 2025

Fiscal Year Ending	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**
Measurement Date	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Discount Rate on Measurement Date	2.66 %	2.79 %	2.92 %
Total OPEB Liability			
Service Cost	$ 17,934	$ 17,119	$ 16,170
Interest on total OPEB liability	12,263	14,277	16,057
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(3,797)	-
Changes of assumptions	451	2,296	4,141
Benefit payments	(93,828)	(67,608)	(55,122)
Net change in total OPEB liability	(63,180)	(37,713)	(18,754)
Total OPEB liability - beginning	467,915	505,628	524,382
Total OPEB liability - ending (a)	$ 404,735	$ 467,915	$ 505,628
Plan Fiduciary Net Position			
Plan fiduciary net position - beginning of year	$ -	$ -	$ -
Plan fiduciary net position - end of year (b)	$ -	$ -	$ -
Net OPEB liability - ending (a) - (b)	$ 404,735	$ 467,915	$ 505,628
Covered-employee payroll	$ 572,456	$ 644,000	$ 627,000
Net OPEB liability as a percentage of covered-employee payroll	70.70%	72.66%	80.64%

CITY OF SONORA
SCHEDULE OF PLAN CONTRIBUTIONS FOR THE CITY'S OPEB PLAN
LAST 10 YEARS*
JUNE 30, 2025

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/(Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2025	$ 69,522	$ 69,522	$ -	$ 880,168	7.90%
2024	$ 66,766	$ 66,766	$ -	$ 935,674	7.14%
2023	$ 54,205	$ 54,205	$ -	$ 784,590	6.91%
2022	$ 65,409	$ 65,409	$ -	$ 600,630	10.89%
2021	$ 89,067	$ 89,067	$ -	$ 572,456	15.56%
2020	$ 93,828	$ 93,828	$ -	$ 644,000	14.57%
2019	$ 67,608	$ 67,608	$ -	$ 627,000	10.78%

*Fiscal year 2019 was the first year of the implementation of GASB 75, therefore only seven years are shown.

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.

Risk Management Reserve Fund - To account for financial resources for uninsured and underinsured risks, including liability claims, workers' compensation claims, property damage, and other potential losses arising from the City operations.

Capital Replacement Reserve Fund - To account for the funding source for the repair, rehabilitation, and replacement of the City's capital assets. These assets include vehicles, equipment, technology systems, major building components, road improvements, sidewalks, and other public infrastructure necessary to maintain service levels and public safety.

General Plan Reserve Fund - To account for accumulated and set aside financial resources for comprehensive updates, amendments, and implementation activities related to the City's General Plan and associated planning documents.

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.

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.

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.

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

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 fun 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, 2025

	Special Revenue Fund						
	FEMA CalOES Grants	CDD Per Capita Grant	Local Early Action (LEAP)	Fleet Replacement Reserve Fund	Risk Management Reserve Fund	Capital Replacement Reserve Fund	General Plan Reserve Fund
ASSETS							
Cash and investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts receivable	-	-	-	-	-	-	-
Interest Receivable	-	-	-	8	7	6	1,421
Loans receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Restricted cash	4,452	-	35,150	295,459	260,888	224,364	311,644
Total assets	4,452	-	35,150	295,467	260,895	224,370	313,065
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	8,968	-	-	-	-	-	-
Due to other funds	-	18,452	-	-	-	-	-
Total liabilities	8,968	18,452	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	35,150	295,467	260,895	224,370	313,065
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	(4,516)	(18,452)	-	-	-	-	-
Total fund balances	(4,516)	(18,452)	35,150	295,467	260,895	224,370	313,065
Total liabilities and fund balances	$ 4,452	$ -	$ 35,150	$ 295,467	$ 260,895	$ 224,370	$ 313,065

CITY OF SONORA
COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Fund						
	CalPERS Pension Prefunding Trust	PEG Capital Fees	Dragoon Gulch Trail	Benefit Zones	Historic Downtown Program	Vision Sonora	Historic Preservation
ASSETS							
Cash and investments	$ -	$ -	$ 38,789	$ -	$ 1,484	$ -	$ 2,489
Accounts receivable	-	2,074	-	251	-	-	-
Interest Receivable	-	374	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Restricted cash	948,945	40,781	-	-	-	25,553	-
Total assets	948,945	43,229	38,789	251	1,484	25,553	2,489
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	-	-	-	215	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	-	-	-	215	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	948,945	43,229	38,789	36	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	1,484	25,553	2,489
Unassigned	-	-	-	-	-	-	-
Total fund balances	948,945	43,229	38,789	36	1,484	25,553	2,489
Total liabilities and fund balances	$ 948,945	$ 43,229	$ 38,789	$ 251	$ 1,484	$ 25,553	$ 2,489

CITY OF SONORA
COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Fund						
	Gas Tax Fund	Highway Users' Tax-Section 2103	Road Maintenance and Rehabilitation (SB1)	Regional Surface Transportation Fund Program	Local Transportation Fund	In Lieu Parking Fees	Certified Access Specialist Fund
ASSETS							
Cash and investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts receivable	9,495	3,993	11,900	-	-	-	292
Interest Receivable	84	2,864	6,033	350	3,377	-	-
Loans receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Restricted cash	-	316,413	665,374	38,166	368,698	-	27,298
Total assets	9,579	323,270	683,307	38,516	372,075	-	27,590
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	-	-	18,540	-	-	-	-
Due to other funds	427	-	-	-	-	-	-
Total liabilities	427	-	18,540	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	9,152	323,270	-	-	372,075	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	664,767	38,516	-	-	27,590
Unassigned	-	-	-	-	-	-	-
Total fund balances	9,152	323,270	664,767	38,516	372,075	-	27,590
Total liabilities and fund balances	$ 9,579	$ 323,270	$ 683,307	$ 38,516	$ 372,075	$ -	$ 27,590

CITY OF SONORA
COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Fund						
	Sunrise Hills Lighting & Landscaping	SLESF - COPS	Abandoned Vehicle	Asset Forfeiture	Low/Moderate Income Housing	Rural Capacity Grant (VFA)	Code 5 Fire Dept Reimbursement
ASSETS							
Cash and investments	$ -	$ -	$ 28,737	$ -	$ -	$ 51,209	$ 166,486
Accounts receivable	-	-	-	-	-	-	-
Interest Receivable	1,196	-	-	14	286,052	-	-
Loans receivable	-	-	-	-	451,048	-	-
Due from other funds	-	-	-	-	-	-	-
Restricted cash	130,240	180,601	-	1,507	1,053,399	-	-
Total assets	131,436	180,601	28,737	1,521	1,790,499	51,209	166,486
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	-	-	-	-	-	2,905	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	2,905	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	180,601	-	1,521	1,790,499	48,304	166,486
Committed	-	-	-	-	-	-	-
Assigned	131,436	-	28,737	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	131,436	180,601	28,737	1,521	1,790,499	48,304	166,486
Total liabilities and fund balances	$ 131,436	$ 180,601	$ 28,737	$ 1,521	$ 1,790,499	$ 51,209	$ 166,486

CITY OF SONORA
COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Capital Projects				Internal Service	
	Farmer's Market	South Sonora Lighting District	Greenly Road Extension Project	ATP Project	Self-Insurance	Compensated Absences Reserve
ASSETS						
Cash and investments	$ 25,701	$ -	$ -	$ -	$ -	$ -
Accounts receivable	3,680	2	-	-	-	-
Interest Receivable	-	2,115	-	-	-	7
Loans receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Restricted cash	-	227,117	175,000	-	370	270,810
Total assets	29,381	229,234	175,000	-	370	270,817
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	3,784	-	-	8,863	26	-
Due to other funds	-	-	-	18,313	-	-
Total liabilities	3,784	-	-	27,176	26	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	344	-
Committed	-	-	175,000	-	-	270,817
Assigned	-	-	-	-	-	-
Unassigned	25,597	229,234	-	(27,176)	-	-
Total fund balances	25,597	229,234	175,000	(27,176)	344	270,817
Total liabilities and fund balances	$ 29,381	$ 229,234	$ 175,000	$ -	$ 370	$ 270,817

CITY OF SONORA
COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Permanent Fund			
	SB2 Grant Programs	Regional Early Action Planning Grant	Cemetery	Total
ASSETS				
Cash and investments	$ -	$ -	$ -	$ 314,895
Accounts receivable	-	-	-	31,687
Interest Receivable	-	-	2,930	306,838
Loans receivable	-	-	-	451,048
Due from other funds	9,332	-	-	9,332
Restricted cash	68,407	-	318,233	5,988,869
Total assets	77,739	-	321,163	7,102,669
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	9,332	-	-	52,633
Due to other funds	-	-	-	37,192
Total liabilities	9,332	-	-	89,825
FUND BALANCES				
Nonspendable	-	-	156,214	156,214
Restricted	68,407	-	-	5,120,605
Committed	-	-	-	445,817
Assigned	-	-	164,949	1,085,521
Unassigned	-	-	-	204,687
Total fund balances	68,407	-	321,163	7,012,844
Total liabilities and fund balances	$ 77,739	$ -	$ 321,163	$ 7,102,669

CITY OF SONORA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Fund						
	FEMA CalOES Grants	CDD Per Capita Grant	Local Early Action Planning Grant	Fleet Replacement Reserve Fund	Risk Management Reserve Fund	Capital Replacement Reserve Fund	General Plan Reserve Fund
REVENUES							
Property tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-
Investment earnings	-	-	-	12,339	10,895	9,370	13,065
Intergovernmental	75,713	-	42,170	-	-	-	-
Other tax and franchises	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-
Service charges and miscellaneous	-	-	-	-	-	-	-
Total revenues	75,713	-	42,170	12,339	10,895	9,370	13,065
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Community development	-	360	-	-	-	-	-
Culture and leisure	-	-	-	-	-	-	-
Capital outlay	33,713	18,092	-	-	-	-	-
Total expenditures	33,713	18,452	-	-	-	-	-
Excess (deficiency) of revenue over expenditures	42,000	(18,452)	42,170	12,339	10,895	9,370	13,065
OTHER FINANCING SOURCES (USES)							
Operating transfer in	-	-	-	75,000	250,000	215,000	300,000
Operating transfer (out)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	75,000	250,000	215,000	300,000
Net changes in fund balances	42,000	(18,452)	42,170	87,339	260,895	224,370	313,065
Fund balances, beginning of year	(46,516)	-	(7,020)	208,128	-	-	-
Fund balances, end of year	$ (4,516)	$ (18,452)	$ 35,150	$ 295,467	$ 260,895	$ 224,370	$ 313,065

CITY OF SONORA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Fund						
	CalPERS Pension Prefunding Trust	PEG Capital Fees	Dragoon Gulch Trail	Benefit Zones	Historic Downtown Program	Vision Sonora	Historic Preservation
REVENUES							
Property tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	36,350	-	-	-
Investment earnings	80,378	1,676	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Other tax and franchises	-	4,282	-	-	-	-	-
Rental income	-	-	12,600	-	-	-	-
Service charges and miscellaneous	-	-	7,000	-	-	-	-
Total revenues	80,378	5,958	19,600	36,350	-	-	-
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	493
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Community development	-	67	-	64,814	-	-	-
Culture and leisure	-	-	16,412	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	-	67	16,412	64,814	-	-	493
Excess (deficiency) of revenue over expenditures	80,378	5,891	3,188	(28,464)	-	-	(493)
OTHER FINANCING SOURCES (USES)							
Operating transfer in	300,000	-	-	55,634	-	-	-
Operating transfer (out)	-	-	-	-	-	-	-
Total other financing sources (uses)	300,000	-	-	55,634	-	-	-
Net changes in fund balances	380,378	5,891	3,188	27,170	-	-	(493)
Fund balances, beginning of year	568,567	37,338	35,601	(27,134)	1,484	25,553	2,982
Fund balances, end of year	$ 948,945	$ 43,229	$ 38,789	$ 36	$ 1,484	$ 25,553	$ 2,489

CITY OF SONORA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Fund						
	Gas Tax Fund	Highway Users' Tax-Section 2103	Road Maintenance and Rehabilitation (SB1)	Regional Surface Transportation Fund Program	Local Transportation Fund	In Lieu Parking Fees	Certified Access Specialist Fund
REVENUES							
Property tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	3,063
Investment earnings	457	12,478	26,355	1,608	15,291	-	-
Intergovernmental	110,466	49,631	141,424	-	26,667	-	-
Other tax and franchises	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-
Service charges and miscellaneous	-	-	-	-	-	-	-
Total revenues	110,923	62,109	167,779	1,608	41,958	-	3,063
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Culture and leisure	-	-	-	-	-	-	-
Capital outlay	-	8,169	73,162	-	-	-	-
Total expenditures	-	8,169	73,162	-	-	-	-
Excess (deficiency) of revenue over expenditures	110,923	53,940	94,617	1,608	41,958	-	3,063
OTHER FINANCING SOURCES (USES)							
Operating transfer in	-	-	-	-	-	-	-
Operating transfer (out)	(110,000)	-	-	-	-	(10,439)	-
Total other financing sources (uses)	(110,000)	-	-	-	-	(10,439)	-
Net changes in fund balances	923	53,940	94,617	1,608	41,958	(10,439)	3,063
Fund balances, beginning of year	8,229	269,330	570,150	36,908	330,117	10,439	24,527
Fund balances, end of year	$ 9,152	$ 323,270	$ 664,767	$ 38,516	$ 372,075	$ -	$ 27,590

CITY OF SONORA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Fund						
	Sunrise Hills Lighting & Landscaping	SLESF - COPS	Abandoned Vehicle	Asset Forfeiture	Low/Moderate Income Housing	Rural Capacity Grant (VFA)	Code 5 Fire Dept. Reimbursement
REVENUES							
Property tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-
Investment earnings	5,744	-	-	63	59,912	-	-
Intergovernmental	-	194,664	-	-	-	57,584	37,969
Other tax and franchises	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-
Service charges and miscellaneous	-	-	-	-	-	-	-
Total revenues	5,744	194,664	-	63	59,912	57,584	37,969
EXPENDITURES							
Current:							
General government	-	-	350	-	-	27,816	783
Public safety	-	-	-	-	-	5,100	47,734
Public works	-	-	-	-	-	-	824
Community development	3,506	-	-	-	8,300	-	-
Culture and leisure	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	3,506	-	350	-	8,300	32,916	49,341
Excess (deficiency) of revenue over expenditures	2,238	194,664	(350)	63	51,612	24,668	(11,372)
OTHER FINANCING SOURCES (USES)							
Operating transfer in	-	-	-	-	-	-	-
Operating transfer (out)	-	(175,000)	-	-	-	-	-
Total other financing sources (uses)	-	(175,000)	-	-	-	-	-
Net changes in fund balances	2,238	19,664	(350)	63	51,612	24,668	(11,372)
Fund balances, beginning of year	129,198	160,937	29,087	1,458	1,738,887	23,636	177,858
Fund balances, end of year	$ 131,436	$ 180,601	$ 28,737	$ 1,521	$ 1,790,499	$ 48,304	$ 166,486

CITY OF SONORA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

	Capital Projects				Internal Service	
	Farmer's Market	South Sonora Lighting District	Greenly Road Extension Project	ATP Projects	Self-Insurance	Compensated Absences Reserve
REVENUES						
Property tax	$ -	$ 9,859	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-
Investment earnings	-	10,049	-	-	-	11,246
Intergovernmental	-	-	-	160,878	-	-
Other tax and franchises	-	-	-	-	-	-
Rental income	-	-	-	-	-	-
Service charges and miscellaneous	38,740	-	-	-	-	-
Total revenues	38,740	19,908	-	160,878	-	11,246
EXPENDITURES						
Current:						
General government	52	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	23,219	-
Community development	27,797	1,745	-	-	-	-
Culture and leisure	-	-	-	-	-	-
Capital outlay	-	-	-	200,040	-	-
Total expenditures	27,849	1,745	-	200,040	23,219	-
Excess (deficiency) of revenue over expenditures	10,891	18,163	-	(39,162)	(23,219)	11,246
OTHER FINANCING SOURCES (USES)						
Operating transfer in	-	-	-	-	23,219	1,528
Operating transfer (out)	-	(30,000)	-	-	-	-
Total other financing sources (uses)	-	(30,000)	-	-	23,219	1,528
Net changes in fund balances	10,891	(11,837)	-	(39,162)	-	12,774
Fund balances, beginning of year	14,706	241,071	175,000	11,986	344	258,043
Fund balances, end of year	$ 25,597	$ 229,234	$ 175,000	$ (27,176)	$ 344	$ 270,817

CITY OF SONORA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

	Permanent Fund			
	SB2 Grant Programs	Regional Early Action Planning Grant	Cemetery	Total
REVENUES				
Property tax	$ -	$ -	$ -	$ 9,859
Licenses and permits	-	-	-	39,413
Investment earnings	-	-	13,629	284,555
Intergovernmental	-	-	-	897,166
Other tax and franchises	-	-	-	4,282
Rental income	-	-	-	12,600
Service charges and miscellaneous	-	-	451	46,191
Total revenues	-	-	14,080	1,294,066
EXPENDITURES				
Current:				
General government	-	-	-	29,494
Public safety	-	-	-	52,834
Public works	-	-	-	24,043
Community development	-	-	-	106,589
Culture and leisure	-	-	-	16,412
Capital outlay	-	-	-	333,176
Total expenditures	-	-	-	562,548
Excess (deficiency) of revenue over expenditures	-	-	14,080	731,518
OTHER FINANCING SOURCES (USES)				
Operating transfer in	77,327	7,865	-	1,305,573
Operating transfer (out)	-	-	(10,000)	(335,439)
Total other financing sources (uses)	77,327	7,865	(10,000)	970,134
Net changes in fund balances	77,327	7,865	4,080	1,701,652
Fund balances, beginning of year	(8,920)	(7,865)	317,083	5,311,192
Fund balances, end of year	$ 68,407	$ -	$ 321,163	$ 7,012,844

COMPLIANCE SECTION

HARSHWAL® & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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, each major fund, and the aggregate remaining fund information of City of Sonora (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 5, 2026.

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. 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 or significant deficiencies may exist that were not 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 statements. 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.

Harshwal & Company LLP

San Diego, California
March 5, 2026

CITY OF SONORA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025

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

CITY OF SONORA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings reported in the current year.

CITY OF SONORA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

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