

**Northern Sonoma County
Air Pollution Control District**

**Basic Financial Statements
For the Fiscal Years Ended
June 30, 2020 and 2019**

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**Northern Sonoma County
Air Pollution Control District
Roster of Board Members**

As of June 30, 2020, the District's Board of Directors consisted of the following members:

<u>Board Members</u>	<u>Term Expires</u>
Melanie Bagby - Chair	12/31/2020
Lynda Hopkins – Vice Chair	12/31/2020
James Gore - Director	12/31/2020
Dominic Foppoli - Director	12/31/2020
OPEN- Director	12/31/2020



Independent Auditor's Report

Board of Directors
Northern Sonoma County Air
Pollution Control District
Healdsburg, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Northern Sonoma County Air Pollution Control District (the "District"), a special district within the County of Sonoma, California, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the each fiduciary fund type of the District as of and for the years ended June 30, 2020 and 2019, as displayed in the District's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Independent Auditor's Report (continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund and the fiduciary fund type of the District, as of June 30, 2020 and 2019, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and agreements and other matters. The purpose of that report is 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 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 District's internal control over financial reporting and compliance.

Pisenti & Brink LLP

Santa Rosa, California
January 28, 2022

Management's Discussion and Analysis

**Northern Sonoma County
Air Pollution Control District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2020 and 2019**

As management of the Northern Sonoma County Air Pollution Control District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the District's financial statements (pages 9-20) and the accompanying notes to the basic financial statements (pages 21-32).

Financial Highlights

The assets of the District exceeded its liabilities as of June 30, 2020 by \$3,646,385 (net position), of which \$2,776,425 is reported as unrestricted net position.

Over the two years presented in these audited financial statements, the District's total net position increased by \$377,958. This increase was primarily the result of an increase of \$589,021 in program revenue, from the previously audited period ended June 30, 2018.

For the fiscal year ended June 30, 2020, the District recorded program revenue of \$2,143,637 comprised of \$1,193,945 in operating grants and contributions, and \$949,692 in charges for services. For the fiscal year ended June 30, 2020, the District reported \$2,111,074 in program expense. Program expenses were comprised of air quality monitoring and air quality improvement program costs. Air quality monitoring costs including salaries and employee benefits, services and supplies, and depreciation, totaled \$1,410,814. Air quality improvement program costs totaled \$700,260. The District reported resulting net program revenue of \$32,563.

As of the close of fiscal year June 30 2020, the District's governmental funds reported an ending fund balance of \$3,634,266, an increase of \$377,207 from fiscal year ended June 30, 2018.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business, and are composed of the *statements of net position* and the *statements of activities*.

The *statements of net position* presents information about the financial position of the District, reflecting all of the District's (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources on a full accrual basis, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statements of activities* presents information about the District's revenues and expenses, also on a full accrual basis, with the emphasis on measuring net revenues and expenses of the District. The *statements of activities* reflects how the government's net position changed during the most recent fiscal year.

**Northern Sonoma County
Air Pollution Control District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2020 and 2019**

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., unused vacation leave).

The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements

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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's fund is a governmental fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District's governmental fund accounts for its activities, which include preservation of open space in the District's boundaries. The District adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 11-18 of this report.

Fiduciary fund Financial Statements

Fiduciary funds are used to account for component units of the government that operate for the benefit of organizations or other governments that are not part of the financial reporting entity. Additionally, assets in fiduciary funds are not derived from the government's provisions of goods or services to those organizations or other governments, nor are these assets administered in a way by which the government is a beneficiary.

The District's fiduciary fund accounts for the assets and activities of the Geysers Air Monitoring Program. The fiduciary fund financial statements can be found on pages 19-20 of this report and additional details can be found in Note 1 of the notes to the basic Financial Statements.

Notes to the basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 21-32 of this report.

**Northern Sonoma County
Air Pollution Control District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2020 and 2019**

Government-wide Financial Analysis

Condensed Statements of Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets:			
Current and other assets	\$ 3,717,726	\$ 3,343,644	\$ 3,275,541
Capital assets	<u>77,630</u>	<u>91,271</u>	<u>60,643</u>
Total assets	<u>3,795,356</u>	<u>3,434,915</u>	<u>3,336,184</u>
Liabilities:			
Current liabilities outstanding	83,460	7,479	18,482
Long-term liabilities outstanding	<u>65,511</u>	<u>43,605</u>	<u>49,275</u>
Total liabilities	<u>148,971</u>	<u>51,084</u>	<u>67,757</u>
Net Position:			
Net investment in capital assets	77,630	91,271	60,643
Restricted	792,330	755,723	972,117
Unrestricted	<u>2,776,425</u>	<u>2,536,837</u>	<u>2,235,667</u>
Total net position	<u>\$ 3,646,385</u>	<u>\$ 3,383,831</u>	<u>\$ 3,268,427</u>

At the end of fiscal year June 30, 2020, the District is able to report positive balances in all categories of net position. The District's total net position increased by \$262,554 during the fiscal year ended June 30, 2020, and by \$115,404 during the fiscal year ended June 30, 2019. These increases were primarily the result of increased air quality improvement program revenues.

**Northern Sonoma County
Air Pollution Control District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2020 and 2019**

Condensed Statements of Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues:			
Program revenue	\$ 2,143,637	\$ 1,641,009	\$ 1,554,616
Property taxes	163,337	154,790	140,898
Investment income	66,654	116,288	46,154
Gain on sale of assets	-	14,000	-
Total revenue	<u>2,373,628</u>	<u>1,926,087</u>	<u>1,741,668</u>
Expenses:			
Program expenses	<u>2,111,074</u>	<u>1,810,683</u>	<u>2,157,612</u>
Total expenses	2,111,074	1,810,683	2,157,612
Change in net position	262,554	115,404	(415,944)
Net position - beginning of the year	<u>3,383,831</u>	<u>3,268,427</u>	<u>3,684,371</u>
Net position - end of the year	<u>\$ 3,646,385</u>	<u>\$ 3,383,831</u>	<u>\$ 3,268,427</u>

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with legal and governmental accounting requirements.

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year June 30, 2020, the District's governmental funds reported an ending fund balance of \$3,634,266. This represents an increase of \$298,101 for the year ended June 30, 2020, and \$79,106 for the year ended June 30, 2019. Of the total ending fund balance, \$792,330 represents restricted fund balance associated with State of California funded air quality improvement programs, \$1,287,258 represents fund balance assigned to air quality improvement programs, and \$1,554,678 represents unassigned fund balance.

**Northern Sonoma County
Air Pollution Control District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2020 and 2019**

General Fund Budgetary Highlights

The material difference between the original budget and the final amended budget of the District's general fund can be briefly summarized as follows:

- During the fiscal years ended June 30, 2020 and 2019, expenditure appropriations were increased for higher than anticipated professional services.

Capital Assets

The District's net investment in capital assets as of June 30, 2020 amounted to \$77,630. This investment in capital assets includes land and machinery and equipment. This amount represents a decrease in the District's investment in capital assets of \$13,641 from the fiscal year ended June 30, 2019, and an increase \$16,987 from the fiscal year ended June 30, 2018. The cumulative increase is due to the replacement of a fully depreciated asset.

Additional information on the District's capital assets can be found in the notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The primary funding for the District comes from charges for services and State of California special project grant funds. The budget for fiscal year 20-21 shows changes in grant program amounts budgeted for funding and expense reimbursement in alignment with grant project goals.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Northern Sonoma County Air Pollution Control District, 150 Matheson St., Healdsburg, CA 95448. The District can also be reached by telephone at (707) 433-5911.

Northern Sonoma County Air Pollution Control District
Statements of Net Position
June 30, 2020 and 2019

	Governmental Activities	
	2020	2019
Assets		
Cash and investments	\$ 2,837,467	\$ 2,543,223
Accounts receivable	76,685	-
Due from other governments	32,243	31,440
Prepaid items	20,620	23,727
Restricted cash and investments	750,711	745,254
Capital assets:		
Land	46,206	46,206
Machinery and equipment, net	31,424	45,065
Total assets	3,795,356	3,434,915
Liabilities		
Accounts payable	83,460	7,479
Long-term liabilities:		
Compensated absences payable	65,511	43,605
Total liabilities	148,971	51,084
Net Position		
Net investment in capital assets	77,630	91,271
Restricted for:		
Air pollution programs	792,330	755,723
Unrestricted	2,776,425	2,536,837
Total net position	\$ 3,646,385	\$ 3,383,831

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

Northern Sonoma County Air Pollution Control District
Statements of Activities
For the Fiscal Years Ended June 30, 2020 and 2019

	Governmental Activities	
	2020	2019
Program Expenses		
Air quality - monitoring		
Salaries and employee benefits	\$ 1,025,313	\$ 914,833
Services and supplies	371,860	384,859
Depreciation	13,641	7,390
Air quality - improvement		
Program reimbursements	<u>700,260</u>	<u>503,601</u>
Total program expenses	<u>2,111,074</u>	<u>1,810,683</u>
Program Revenues		
Operating grants and contributions	1,193,945	693,870
Charges for services		
Fines and forfeitures	200	900
Licenses and permits	946,780	925,149
Other charges for services	<u>2,712</u>	<u>21,090</u>
Total charges for services	<u>949,692</u>	<u>947,139</u>
Total program revenues	<u>2,143,637</u>	<u>1,641,009</u>
Net program revenue (expense)	<u>32,563</u>	<u>(169,674)</u>
General Revenues		
Property taxes	163,337	154,790
Investment income	66,654	116,288
Gain on sale of assets	<u>-</u>	<u>14,000</u>
Total general revenues	<u>229,991</u>	<u>285,078</u>
Change in net position	<u>262,554</u>	<u>115,404</u>
Net position - beginning of year	<u>3,383,831</u>	<u>3,268,427</u>
Net position - end of year	<u>\$ 3,646,385</u>	<u>\$ 3,383,831</u>

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

Northern Sonoma County Air Pollution Control District
Balance Sheets
Governmental Funds
June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and investments	\$ 1,604,513	\$ 1,232,954	\$ 2,837,467
Accounts receivable	-	76,685	76,685
Due from other governments	-	32,243	32,243
Prepaid items	20,620	-	20,620
Restricted cash and investments	-	750,711	750,711
	<u>\$ 1,625,133</u>	<u>\$ 2,092,593</u>	<u>\$ 3,717,726</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 70,455	\$ 13,005	\$ 83,460
	<u>70,455</u>	<u>13,005</u>	<u>83,460</u>
Fund balances:			
Restricted	-	2,079,588	2,079,588
Unassigned	1,554,678	-	1,554,678
	<u>1,554,678</u>	<u>2,079,588</u>	<u>3,634,266</u>
Total liabilities and fund balances	<u>\$ 1,625,133</u>	<u>\$ 2,092,593</u>	<u>\$ 3,717,726</u>

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

Northern Sonoma County Air Pollution Control District
Balance Sheets
Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and investments	\$ 1,450,987	\$ 1,092,236	\$ 2,543,223
Due from other governments	-	31,440	31,440
Prepaid items	23,727	-	23,727
Restricted cash and investments	-	745,254	745,254
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,474,714</u>	<u>\$ 1,868,930</u>	<u>\$ 3,343,644</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	<u>6,832</u>	<u>647</u>	<u>7,479</u>
Total liabilities	<u>6,832</u>	<u>647</u>	<u>7,479</u>
Fund balances:			
Restricted	-	1,868,283	1,868,283
Unassigned	<u>1,467,882</u>	<u>-</u>	<u>1,467,882</u>
Total fund balances	<u>1,467,882</u>	<u>1,868,283</u>	<u>3,336,165</u>
Total liabilities and fund balances	<u>\$ 1,474,714</u>	<u>\$ 1,868,930</u>	<u>\$ 3,343,644</u>

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

Northern Sonoma County Air Pollution Control District
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position
June 30, 2020

Fund balances - total governmental funds \$ 3,634,266

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. 77,630

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:

Compensated absences (65,511)

Net position of governmental activities \$ 3,646,385

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

Northern Sonoma County Air Pollution Control District
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position
June 30, 2019

Fund balances - total governmental funds \$ 3,336,165

Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities
are not current financial resources and therefore
are not reported in the governmental funds. 91,271

Long-term liabilities are not due and payable in the
current period and therefore are not reported
in the governmental funds:

Compensated absences (43,605)

Net position of governmental activities \$ 3,383,831

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

Northern Sonoma County Air Pollution Control District
Statements of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 163,337	\$ -	\$ 163,337
Licenses and permits	946,780	-	946,780
Investment income	31,242	35,412	66,654
Operating grants and contributions	99,918	1,094,027	1,193,945
Other charges for services	1,881	831	2,712
Fines and forfeitures	-	200	200
Total revenues	<u>1,243,158</u>	<u>1,130,470</u>	<u>2,373,628</u>
Expenditures			
Current:			
Salaries and employee benefits	1,003,407	-	1,003,407
Services and supplies	305,073	66,787	371,860
Program reimbursements	-	700,260	700,260
Total expenditures	<u>1,308,480</u>	<u>767,047</u>	<u>2,075,527</u>
Excess (deficiency) of revenues over (under) expenditures	(65,322)	363,423	298,101
Other Financing Sources (Uses)			
Transfers in	167,118	50,541	217,659
Transfers out	<u>(15,000)</u>	<u>(202,659)</u>	<u>(217,659)</u>
Total other financing sources (uses)	<u>152,118</u>	<u>(152,118)</u>	<u>-</u>
Net change in fund balances	86,796	211,305	298,101
Fund balances, beginning of year	<u>1,467,882</u>	<u>1,868,283</u>	<u>3,336,165</u>
Fund balances, end of year	<u>\$ 1,554,678</u>	<u>\$ 2,079,588</u>	<u>\$ 3,634,266</u>

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

Northern Sonoma County Air Pollution Control District
Statements of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 154,790	\$ -	\$ 154,790
Licenses and permits	925,149	-	925,149
Investment income	53,809	62,479	116,288
Operating grants and contributions	73,645	620,225	693,870
Other charges for services	6,075	15,015	21,090
Fines and forfeitures	-	900	900
	<u>1,213,468</u>	<u>698,619</u>	<u>1,912,087</u>
Expenditures			
Current:			
Salaries and employee benefits	920,504	-	920,504
Services and supplies	353,957	30,901	384,858
Program reimbursements	-	503,601	503,601
Capital outlay	24,018	-	24,018
	<u>1,298,479</u>	<u>534,502</u>	<u>1,832,981</u>
Excess (deficiency) of revenues over (under) expenditures	(85,011)	164,117	79,106
Other Financing Sources (Uses)			
Transfers in	169,095	-	169,095
Transfers out	-	(169,095)	(169,095)
	<u>169,095</u>	<u>(169,095)</u>	<u>-</u>
Net change in fund balances	84,084	(4,978)	79,106
Fund balances, beginning of year	<u>1,383,798</u>	<u>1,873,261</u>	<u>3,257,059</u>
Fund balances, end of year	<u>\$ 1,467,882</u>	<u>\$ 1,868,283</u>	<u>\$ 3,336,165</u>

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

**Northern Sonoma County Air Pollution Control District
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Governmental Fund Balances to the Statement of Activities
 For the Fiscal Year Ended June 30, 2020**

Net change in fund balances - total governmental funds: \$ 298,101

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital asset 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.

Depreciation expense (13,641)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absences (21,906)

Change in net position of governmental activities \$ 262,554

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

**Northern Sonoma County Air Pollution Control District
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Governmental Fund Balances to the Statement of Activities
 For the Fiscal Year Ended June 30, 2019**

Net change in fund balances - total governmental funds: \$ 79,106

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital asset 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	24,018
Depreciation expense	(7,390)
Gain on sale of capital assets	14,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absences	<u>5,670</u>
Change in net position of governmental activities	<u><u>\$ 115,404</u></u>

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

Northern Sonoma County Air Pollution Control District
Statements of Fiduciary Net Position
Fiduciary Fund
June 30, 2020 and 2019

	Private-purpose Trust Fund 2020	Private-purpose Trust Fund 2019
	<u>2020</u>	<u>2019</u>
Assets		
Restricted cash and investments	\$ 236,174	\$ 212,474
Total assets	<u>236,174</u>	<u>212,474</u>
Liabilities		
Accounts payable	<u>16,747</u>	<u>22,384</u>
Total liabilities	<u>16,747</u>	<u>22,384</u>
Net Position		
Restricted		
Held in trust for Geysers Air Monitoring Program	<u>219,427</u>	<u>190,090</u>
Total net position	<u>\$ 219,427</u>	<u>\$ 190,090</u>

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

Northern Sonoma County Air Pollution Control District
Statements of Changes in Fiduciary Net Position
For the Fiscal Years Ended June 30, 2020 and 2019

	Private-purpose Trust Fund 2020	Private-purpose Trust Fund 2019
Additions		
Participant contributions	\$ 238,705	\$ 243,552
Investment income	3,606	6,458
Miscellaneous	-	371
Total additions	242,311	250,381
Deductions		
Air quality monitoring program activities:		
Services and supplies	212,974	218,677
Total deductions	212,974	218,677
Change in fiduciary net position	29,337	31,704
Net position - beginning of year	190,090	158,386
Net position - end of year	\$ 219,427	\$ 190,090

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

Notes to the Basic Financial Statements

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019**

Note 1 – Summary of Significant Accounting Policies

Definition of Reporting Entity

The Northern Sonoma County Air Pollution Control District (the District) was established and organized under the provisions of Section 24350.3 of the California Health and Safety Code, although it is currently operating under Section 39000 et seq. The District was formed to provide services to the citizens of the Northern Sonoma County area for the purposes of controlling air pollution from all sources other than vehicular sources as authorized under Resolution No. 34069, dated August 17, 1971, by the County of Sonoma.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major individual governmental funds, which are displayed in a separate column.

Funds Presented

The District reports the following major governmental funds:

- General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues received for completing the administrative tasks related to pass through Grant activities are paid by operating transfers between the related Special Revenue Fund and the General Fund.
- Special Revenue Fund – The Special Revenue Fund is used by the District to account for the proceeds of specific revenue sources that are legally restricted, or allocated, to expenditures for specified purposes. The Special Revenue Funds also transfer funds to the General fund for pass through grants. The Special Revenue Fund is comprised of the following funds:

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019**

Note 1 – Summary of Significant Accounting Policies (continued)

Funds Presented (continued)

- *Vehicle Pollution Monitoring Program Fund* was established to implement specified activities and to mitigate the air pollution impacts of the use of motor vehicles. Revenues are derived from a surcharge on each motor vehicle registered within the boundaries of the District.
 - *DMV Moyer Fund* was established to provide grants for reductions in emissions from eligible heavy-duty diesel engines. Revenues are derived from a surcharge on motor vehicle registration.
 - *Carl Moyer Fund* was established to provide grants for reductions in emissions from eligible heavy-duty diesel engines. Revenues are derived from State fees paid in lieu of smog check obligations in the early years of a vehicle's life and by a surcharge on tire sales.
 - *Community Programs Fund* was established as a mechanism to address community concerns related to air pollution. Revenues are derived mainly from penalties assessed against facilities that have violated District regulations.
- **Fiduciary Fund** – The *Geysers Air Monitoring Program Fund* was established to administer a program on behalf of a consortium of regulatory agencies, which was established to monitor downwind impacts of the Geysers geothermal development to determine if the District's control meets the State hydrogen sulfide air quality standards. Revenues are derived from member contributions. The District's role is strictly as the program's custodian.

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. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of the related cash flows. 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. Under this method, revenues are recognized when 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 District considers revenues to be available if they are collectible within 365 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 and claims judgments are recorded only when payment is due.

Deposits and Investments

In accordance with GASB Statement No. 31, the District reports cash and investments at fair value in the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred.

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019**

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital asset balances at year end are reported in the government-wide financial statements in the Statement of Net Position. Capital and intangible assets are recorded at historical cost and include machinery and equipment, non-depreciable land and easements. In the year of acquisition the difference between fair market value and historical cost is recorded as donations and include land easements acquired through purchase or matching grant agreements. The historical cost of the assets include the District's cost for the assets as well as donations applied to the purchase and associated costs such as legal fees, appraisal fees, negotiation fees and other incidental expenses.

Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment and position held. Vacation leave and compensatory time off is subject to certain maximum accumulations and is payable upon separation from County service. The liability for accrued vacation leave and compensatory time off balances is recorded in the period that these benefits accrue to employees in the government-wide financial statements. In compliance with GASB Statement No. 16, *Accounting for Compensated Absences*, the amounts reported include estimated employer liability for taxes.

Property Tax Revenue

Property taxes, including tax rates, are regulated by the State of California (the State) and are administered locally by the County. The County is responsible for assessing, collecting and distributing property taxes in accordance with state law. The County is responsible for the allocation of property taxes to the District.

The County has adopted the Alternative Method of Property Tax Allocation known as the Teeter Plan. State Revenue and Taxation Code allows counties to distribute secured real property and supplemental property taxes on an accrual basis resulting in full payment to the District each fiscal year. Any subsequent delinquent payments and related penalties and interest will revert to the County.

Property taxes are recognized as revenue when levied for governmental funds, as amounts are considered to be both measurable and available. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County. Secured property taxes are due in two equal installments on November 1 and February 1, and are delinquent after December 10 and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in the assessed valuations occur due to sales transactions or the completion of construction. Property tax collection and valuation information is disclosed in the County's Comprehensive Annual Financial Report.

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019**

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position

Net position is classified into three components; 1) net investment in capital assets, 2) restricted, and 3) and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of associated notes payable.
- Restricted net position – This component of net position consists of net position with limits on their use that are imposed by outside parties.
- Unrestricted net position – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund Balance

The District’s fund financial statements report governmental fund balances using the following classifications as stated in the provisions of GASB Statement No. 54:

- Nonspendable – amounts that are not in a spendable form or are to be maintained intact.
- Restricted – amounts that can be spent only for the specific purposed stipulated by external resource providers or through enabling legislation.
- Committed – amounts that can be used only for the specific purposed determined by a formal action of the government’s highest level of decision making authority.
- Assigned – amounts intended to be used by the government for specific purposed determined either by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned – the residual classification for the general fund and includes all amounts not contained in the other classifications. This amount is technically available for any purpose.

In general, when both restricted and unrestricted resources are available, restricted resources are used first. When expenditures are made of unrestricted resources, the District first applies committed, then assigned and then unassigned resources.

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019**

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements for both fiscal years ended June 30, 2020, and 2019:

- The Sonoma County Treasury Pool is valued using significant other observable inputs (Level 2).

Note 2 – Cash and Investments

The District follows the County’s practice of pooling cash and investments with the County Treasurer, except for the cash on hand used as a petty cash fund.

The amount of cash at fiscal year end June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Pooled investment in County Treasury	\$ 3,587,978	\$ 3,288,277
Petty Cash	200	200
	<u>\$ 3,588,178</u>	<u>\$ 3,288,477</u>

As of June 30, 2020, and 2019 the District’s cash and investments presented above include an unrealized loss adjustment to fair value of \$20,991 and \$27,496, respectively.

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019**

Note 2 – Cash and Investments (continued)

Investment in the Sonoma County Treasurer’s Investment Pool

The District’s cash is pooled with the Sonoma County Treasurer, who acts as disbursing agent for the District. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the Treasurer is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Investment Oversight Committee has oversight for all monies deposited into the Treasury Pool.

Investment Guidelines

The District’s pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of principal, liquidity and yield. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the County investment policy is available upon request from the Sonoma County Auditor-Controller-Treasurer-Tax Collector’s Office at 585 Fiscal Drive, Room 100, Santa Rosa, California 95403-2871.

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 market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the Treasury Pool manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2020 and 2019, approximately 36.00 and 48.30 percent, respectively, of the securities in the Treasury Pool had maturities of one year or less as reported by the Sonoma County Treasurer. Of the remainder, 0.49 and 0.65 percent of the securities had a maturity of more than five years as of June 30, 2020 and June 30, 2019, respectively.

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. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization. It is the County’s policy to purchase investments meeting rating requirements established by the California Government Code.

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019**

Note 2 – Cash and Investments (continued)

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 custodial credit risk for investments is the risk that, in the event of the failure of the counterparty 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.

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 the Treasury Pool).

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the June 30, 2021 Sonoma County Annual Comprehensive Financial Report (the last currently available).

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019**

Note 3 – Capital Assets

Capital asset activity for the years ended June 30, 2020 and 2019, was as follows:

Fiscal Year Ended June 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 46,206	\$ -	\$ -	\$ -	\$ 46,206
Total capital assets, not being depreciated	<u>46,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,206</u>
Capital assets, being depreciated:					
Machinery and equipment	298,702	-	-	-	298,702
Total capital assets, being depreciated	<u>298,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,702</u>
Less accumulated depreciation for:					
Machinery and equipment	(253,637)	(13,641)	-	-	(267,278)
Total accumulated depreciation	<u>(253,637)</u>	<u>(13,641)</u>	<u>-</u>	<u>-</u>	<u>(267,278)</u>
Total capital assets, being depreciated, net	<u>45,065</u>	<u>(13,641)</u>	<u>-</u>	<u>-</u>	<u>31,424</u>
Total capital assets, net	<u>\$ 91,271</u>	<u>\$ (13,641)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,630</u>

Depreciation expense was charged to functions within the governmental activities as follows:

Governmental activities:	<u>\$ 13,641</u>
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**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019**

Note 3 – Capital Assets (continued)

Fiscal Year Ended June 30, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 46,206	\$ -	\$ -	\$ -	\$ 46,206
Total capital assets, not being depreciated	<u>46,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,206</u>
Capital assets, being depreciated:					
Machinery and equipment	299,209	38,018	(38,525)	-	298,702
Total capital assets, being depreciated	<u>299,209</u>	<u>38,018</u>	<u>(38,525)</u>	<u>-</u>	<u>298,702</u>
Less accumulated depreciation for:					
Machinery and equipment	(284,772)	(7,390)	38,525	-	(253,637)
Total accumulated depreciation	<u>(284,772)</u>	<u>(7,390)</u>	<u>38,525</u>	<u>-</u>	<u>(253,637)</u>
Total capital assets, being depreciated, net	<u>14,437</u>	<u>30,628</u>	<u>-</u>	<u>-</u>	<u>45,065</u>
Total capital assets, net	<u>\$ 60,643</u>	<u>\$ 30,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,271</u>

Depreciation expense was charged to functions within the governmental activities as follows:

Governmental activities:	<u>\$ 7,390</u>
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**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019**

Note 4 – Long-Term Liabilities

The long-term liability activity for the fiscal years ended June 30, 2020 and 2019, was as follows:

Fiscal Year Ended June 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Long-term liabilities				
Compensated absences	\$ 43,605	\$ 58,889	\$ (36,983)	\$ 65,511
Total long-term liabilities	<u>\$ 43,605</u>	<u>\$ 58,889</u>	<u>\$ (36,983)</u>	<u>\$ 65,511</u>

Fiscal Year Ended June 30, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Long-term liabilities				
Compensated absences	\$ 49,275	\$ 49,614	\$ (55,284)	\$ 43,605
Total long-term liabilities	<u>\$ 49,275</u>	<u>\$ 49,614</u>	<u>\$ (55,284)</u>	<u>\$ 43,605</u>

Note 5 – Leases

Commitments under non-cancelable operating lease agreements for an air-monitoring station and office space provide for minimum annual rental payments as follows:

<u>Year ended June 30,</u>	
2021	\$ 75,483
2022	<u>77,730</u>
	<u>\$ 153,213</u>

Rental expense for lease agreements for the years ended June 30, 2020 and 2019 was \$71,962 and \$73,528, respectively.

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019**

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District is covered by the County’s self-insurance program, which is accounted for in the County’s Risk Management Internal Service Fund. The District is covered under this program for general liability, auto liability, public employees’ performance/dishonesty and property insurance.

Effective August 1, 1987, the County became a participant in the CSAC Excess Insurance Authority excess liability insurance program. The County is covered under this program for \$1,000,000 to \$25,000,000 per occurrence for liability claims. Amounts in excess of \$300 per occurrence for workers’ compensation claims with statutory limits are maintained through participation in the CSAC Excess Insurance Authority, Excess Worker’s Compensation Program.

The County maintains “All Risk” coverage for physical loss and damage including flood and earthquake coverage (for certain structures) through participation in the CSAC Excess Insurance Authority with the following limits and deductibles: \$600,000,000 limit per occurrence for “All-Risk”, \$225,000,000 per occurrence for flood, (limits vary in FEMA flood zones) and earthquake coverage with shared limits of \$665,000,000. Deductibles for most perils are \$50,000 per occurrence.

The County of Sonoma is permissibly self-insured for workers’ compensation for its employees and volunteers. Excess workers’ compensation coverage is obtained through participation in the CSAC-EIA.

The District pays an annual premium to the County for this insurance coverage. Settled claims have not exceeded this coverage for any of the past three fiscal years.

Note 7 – Future Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) has released the following standards which will be implemented in future financial statements:

GASB Statement No. 95, Postponement of the effective date of certain authoritative guidance.

The primary objective of this statement provides temporary relief to help governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides. The requirements of this Statement are effective immediately and applies to the Statements listed.

GASB Statement No. 87, Leases

The requirements of this Statement are effective for the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019**

Note 7 – Future Governmental Accounting Standards (continued)

GASB Statement No. 92, Omnibus

The objective of this Statement is to enhance comparability in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB statements. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Required Supplementary Information

Northern Sonoma County Air Pollution Control District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Property taxes	\$ 130,000	\$ 130,000	\$ 163,337	\$ 33,337
Licenses and permits	915,000	915,000	946,780	31,780
Investment income	20,000	20,000	31,242	11,242
Operating grants and contributions	63,625	63,625	99,918	36,293
Other charges for services	1,760	1,760	1,881	121
	<u>1,130,385</u>	<u>1,130,385</u>	<u>1,243,158</u>	<u>112,773</u>
Expenditures				
Current:				
Salaries and employee benefits	1,054,883	1,054,883	1,003,407	51,476
Services and supplies	417,761	438,111	305,073	133,038
Capital outlay	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Total expenditures	<u>1,527,644</u>	<u>1,547,994</u>	<u>1,308,480</u>	<u>239,514</u>
Excess (deficiency) of revenues over (under) expenditures	(397,259)	(417,609)	(65,322)	352,287
Other Financing Sources (Uses)				
Transfers in	167,118	167,118	167,118	-
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>152,118</u>	<u>152,118</u>	<u>152,118</u>	<u>-</u>
Net change in fund balance	<u>\$ (245,141)</u>	<u>\$ (265,491)</u>	86,796	<u>\$ 352,287</u>
GAAP basis difference			-	
Fund balance - beginning of year			<u>1,467,882</u>	
Fund balance - end of year			<u>\$1,554,678</u>	

See note to required supplementary information.

Northern Sonoma County Air Pollution Control District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budgetary Basis
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Property taxes	\$ 123,500	\$ 123,500	\$ 154,790	\$ 31,290
Licenses and permits	850,000	850,000	925,149	75,149
Investment income	12,500	12,500	53,809	41,309
Operating grants and contributions	63,625	63,625	73,645	10,020
Other charges for services	1,850	1,850	6,075	4,225
Total revenues	<u>1,051,475</u>	<u>1,051,475</u>	<u>1,213,468</u>	<u>161,993</u>
Expenditures				
Current:				
Salaries and employee benefits	959,798	959,798	920,504	39,294
Services and supplies	448,226	466,002	353,957	112,045
Capital outlay	55,400	55,400	24,018	31,382
Total expenditures	<u>1,463,424</u>	<u>1,481,200</u>	<u>1,298,479</u>	<u>182,721</u>
Excess (deficiency) of revenues over (under) expenditures	(411,949)	(429,725)	(85,011)	344,714
Other Financing Sources (Uses)				
Transfers in	215,000	215,000	169,095	(45,905)
Transfers out	(35,000)	(35,000)	-	35,000
Total other financing sources (uses)	<u>180,000</u>	<u>180,000</u>	<u>169,095</u>	<u>(10,905)</u>
Net change in fund balance	<u>\$ (231,949)</u>	<u>\$ (249,725)</u>	84,084	<u>\$ 333,809</u>
GAAP basis difference			-	
Fund balance - beginning of year			<u>1,383,798</u>	
Fund balance - end of year			<u>\$1,467,882</u>	

See note to required supplementary information.

Northern Sonoma County Air Pollution Control District
Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Investment income	\$ -	\$ -	\$ 35,412	\$ 35,412
Operating grants and contributions	829,984	829,984	1,094,027	264,043
Other charges for services	-	-	831	831
Fines and forfeitures	-	-	200	200
Total revenues	<u>829,984</u>	<u>829,984</u>	<u>1,130,470</u>	<u>300,486</u>
Expenditures				
Current:				
Services and supplies	70,715	70,715	66,787	3,928
Program reimbursements	<u>1,295,433</u>	<u>1,230,274</u>	<u>700,260</u>	<u>530,014</u>
Total expenditures	<u>1,366,148</u>	<u>1,300,989</u>	<u>767,047</u>	<u>533,942</u>
Excess (deficiency) of revenues over (under) expenditures	(536,164)	(471,005)	363,423	834,428
Other Financing Sources (Uses)				
Transfers in	15,000	15,000	50,541	35,541
Transfers out	<u>(137,500)</u>	<u>(202,659)</u>	<u>(202,659)</u>	<u>-</u>
Total other financing sources (uses)	<u>(122,500)</u>	<u>(187,659)</u>	<u>(152,118)</u>	<u>35,541</u>
Net change in fund balances	<u>\$ (658,664)</u>	<u>\$ (658,664)</u>	211,305	<u>\$ 869,969</u>
GAAP basis difference			-	
Fund balance - beginning of year			<u>1,868,283</u>	
Fund balance - end of year			<u>\$ 2,079,588</u>	

See note to required supplementary information.

Northern Sonoma County Air Pollution Control District
Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budgetary Basis
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Investment income	\$ 18,900	\$ 18,900	\$ 62,479	\$ 43,579
Operating grants and contributions	649,000	649,000	620,225	(28,775)
Other charges for services	-	-	15,015	15,015
Fines and forfeitures	-	-	900	900
	<u>667,900</u>	<u>667,900</u>	<u>698,619</u>	<u>30,719</u>
Expenditures				
Current:				
Services and supplies	472,820	472,820	30,901	441,919
Program reimbursements	673,000	673,000	503,601	169,399
Capital outlay	20,000	20,000	-	20,000
	<u>1,165,820</u>	<u>1,165,820</u>	<u>534,502</u>	<u>631,318</u>
Excess (deficiency) of revenues over (under) expenditures	(497,920)	(497,920)	164,117	662,037
Other Financing Sources (Uses)				
Transfers in	100,000	100,000	-	(100,000)
Transfers out	(265,500)	(265,500)	(169,095)	96,405
	<u>(165,500)</u>	<u>(165,500)</u>	<u>(169,095)</u>	<u>(3,595)</u>
Net change in fund balances	<u>\$ (663,420)</u>	<u>\$ (663,420)</u>	(4,978)	<u>\$ 658,442</u>
GAAP basis difference			-	
Fund balance - beginning of year			<u>1,873,261</u>	
Fund balance - end of year			<u>\$ 1,868,283</u>	

See note to required supplementary information.

**Northern Sonoma County
Air Pollution Control District
Note to Required Supplementary Information
For the Fiscal Years Ended June 30, 2020 and 2019**

Note 1 – Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized adjustment which was contingent upon new or additional revenue sources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. All budgets are adopted on a non-GAAP basis. The District's final budgetary information was amended during the year by resolution of the Board of Directors.



**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***

Independent Auditor's Report

Board of Directors
Northern Sonoma County
Air Pollution Control District
Healdsburg, California

We have audited, 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, the financial statements of the governmental activities and each major fund as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Northern Sonoma County Air Pollution Control District's ("the District") basic financial statements, and have issued our report thereon dated January 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on 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 (continued)**

Independent Auditor's Report (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Santa Rosa, California
January 28, 2022