

**Northern Sonoma County
Air Pollution Control District**

**Basic Financial Statements
For the Fiscal Years Ended
June 30, 2024 and 2023**

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

As of June 30, 2024, the District's Board of Directors consisted of the following members:

<u>Board Members</u>	<u>Term Expires</u>
Lynda Hopkins - Chair	12/31/2025
Sam Salmon - Vice Chair	12/31/2025
James Gore - Director	12/31/2025
Brian Wheeler - Director	12/31/2025
Ariel Kelley - Director	12/31/2025

Independent Auditor's Report

Board of Directors
Northern Sonoma County Air Pollution Control District

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2024 and 2023, 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 each fiduciary fund type of the District as of and for the years ended June 30, 2024 and 2023, as displayed in the District's basic financial statements.

In our opinion, the accompanying 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 Northern Sonoma County Air Pollution Control District as of June 30, 2024 and 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 District 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.



Pisenti & Brinker LLP has joined practices with Kosmatka, Donnelly & Co., LLP (dba, KDP Certified Public Accountants, LLP). The former Pisenti & Brinker LLP Partners are now Partners of KDP Certified Public Accountants, LLP (KDP). KDP Certified Public accountants, LLP is a licensed CPA firm that provides attest services to its clients. Pisenti & Brinker Management LLC provides professional tax and business consulting services to its clients. Pisenti & Brinker Management, LLC and KDP Certified Public Accountants, LLP practice as an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable laws, regulations, and professional standards.

Independent Auditor's Report (continued)

Responsibilities of Management for the Financial Statements (continued)

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 District's ability to continue as a going concern for 12 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 opinion. 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 GAAS 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 GAAS 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 District'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 District'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.

Independent Auditor's Report (continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2025, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

Kosmatka, Donnelly & Co., LLP

Santa Rosa, California
February 14, 2025

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, 2024 and 2023**

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, 2024 and 2023. We encourage readers to consider the information presented here in conjunction with the District's financial statements (pages 10-21) and the accompanying notes to the basic financial statements (pages 22-33).

Financial Highlights

The assets of the District exceeded its liabilities as of June 30, 2024 by \$5,036,289 (net position), of which \$1,159,436 is reported as unrestricted net position.

Over the two years presented in these audited financial statements, the District's total net position increased by \$1,203,480. The change in net position is due to an increase in Moyer grant funding in fiscal year 2023 and a decrease in expenses with an increase in interest earnings in fiscal year 2024.

For the fiscal year ended June 30, 2024, the District recorded program revenues of \$1,713,817 comprised of \$512,235 in operating grants and contributions, and \$1,201,582 in charges for services. For the fiscal year ended June 30, 2024, the District reported \$1,589,978 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 \$1,497,425. Air quality improvement program costs totaled \$92,553. The District reported net program revenue of \$123,839.

As of June 30, 2024, the District's governmental funds reported an ending fund balance of \$2,962,979, a decrease of \$898,138 from the previously audited period ended June 30, 2022.

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 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.

**Northern Sonoma County
Air Pollution Control District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2024 and 2023**

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.

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 10-11 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 the regulation of air quality 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 12-19 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.

**Northern Sonoma County
Air Pollution Control District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2024 and 2023**

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 20-21 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 22-33 of this report.

Government-wide Financial Analysis

Condensed Statements of Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets:			
Current and other assets	\$ 4,949,218	\$ 4,619,598	\$ 3,869,805
Capital assets	<u>2,240,425</u>	<u>210,185</u>	<u>289,961</u>
Total assets	<u>7,189,643</u>	<u>4,829,783</u>	<u>4,159,766</u>
Liabilities:			
Current liabilities	2,118,858	267,185	110,318
Long-term liabilities	<u>34,496</u>	<u>96,851</u>	<u>216,639</u>
Total liabilities	<u>2,153,354</u>	<u>364,036</u>	<u>326,957</u>
Net Position:			
Net investment in capital assets	2,150,742	46,492	54,940
Restricted	1,726,111	2,109,265	712,186
Unrestricted	<u>1,159,436</u>	<u>2,309,990</u>	<u>3,065,683</u>
Total net position	<u>\$ 5,036,289</u>	<u>\$ 4,465,747</u>	<u>\$ 3,832,809</u>

At the end of fiscal year June 30, 2024, the District is able to report positive balances in all categories of net position. The District's total net position increased by \$570,542 during the fiscal year ended June 30, 2024, and increased by \$632,938 during the fiscal year ended June 30, 2023. The change in net position is due to an increase in Moyer grant funding in fiscal year 2023 and a decrease in expenses with an increase in interest earnings in fiscal year 2024.

**Northern Sonoma County
Air Pollution Control District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2024 and 2023**

Condensed Statements of Activities

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues:			
Program revenue	\$ 1,713,817	\$ 2,351,694	\$ 1,726,122
Property taxes	196,668	187,002	171,352
Investment income (loss)	<u>250,035</u>	<u>56,358</u>	<u>(111,687)</u>
Total revenue	2,160,520	2,595,054	1,785,787
Expenses:			
Program expenses	<u>1,589,978</u>	<u>1,962,116</u>	<u>1,963,202</u>
Total expenses	1,589,978	1,962,116	1,963,202
Change in net position	570,542	632,938	(177,415)
Net position - beginning of the year	<u>4,465,747</u>	<u>3,832,809</u>	<u>4,010,224</u>
Net position - end of the year	<u>\$ 5,036,289</u>	<u>\$ 4,465,747</u>	<u>\$ 3,832,809</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, 2024, the District's governmental funds reported an ending fund balance of \$2,962,979 . This represents a decrease of \$1,516,233 for the year ended June 30, 2024, and an increase of \$618,095 for the year ended June 30, 2023. As of June 30, 2024, the total ending fund balance represents \$21,160 of nonspendable reserved for prepaid expenses, \$1,704,951 restricted for State of California fund air quality improvement projects, and \$1,236,868 represents the unassigned fund balance.

**Northern Sonoma County
Air Pollution Control District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2024 and 2023**

Capital Assets

The District's investment in capital assets as of June 30, 2024 amounted to \$2,240,425. This investment in capital assets includes land, building, machinery and equipment and right-to-use lease asset. The increase in the District's investment in capital assets is due to the purchase of a commercial office building at the end of fiscal year 2024.

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 ended June 30, 2024 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, 650 Center 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, 2024 and 2023

	Governmental Activities	
	2024	2023
Assets		
Cash and investments	\$ 1,922,938	\$ 3,504,025
Accounts receivable	-	2,516
Due from other governments	-	29,218
Prepaid items	21,160	23,759
Restricted cash and investments	3,005,120	1,060,080
Capital assets:		
Construction in Progress - Building	1,717,115	-
Land	438,211	46,206
Lease asset, net	85,099	156,375
Machinery and equipment, net	-	7,604
Total assets	<u>7,189,643</u>	<u>4,829,783</u>
Liabilities		
Current liabilities:		
Accounts payable	14,306	5,362
Compensated absences	55,701	52,695
Lease liability	76,773	74,010
Interest payable	145	94
Unearned Revenue	1,971,933	135,024
Noncurrent liabilities:		
Lease liability	12,910	89,683
Compensated absences	21,586	7,168
Total liabilities	<u>2,153,354</u>	<u>364,036</u>
Net Position		
Net investment in capital assets	2,150,742	46,492
Restricted for:		
Air pollution programs	1,726,111	2,109,265
Unrestricted	<u>1,159,436</u>	<u>2,309,990</u>
Total net position	<u>\$ 5,036,289</u>	<u>\$ 4,465,747</u>

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, 2024 and 2023

	Governmental Activities	
	<u>2024</u>	<u>2023</u>
Program Expenses		
Air quality - monitoring		
Salaries and employee benefits	\$ 1,119,710	\$ 1,018,128
Services and supplies	297,892	339,987
Depreciation & amortization	78,880	79,776
Interest expense	943	1,178
Air quality - improvement		
Program reimbursements	<u>92,553</u>	<u>523,047</u>
Total program expenses	<u>1,589,978</u>	<u>1,962,116</u>
Program Revenues		
Operating grants and contributions	512,235	1,216,850
Charges for services		
Fines and forfeitures	5,200	200
Licenses and permits	1,121,289	1,125,123
Other charges for services	<u>75,093</u>	<u>9,521</u>
Total charges for services	<u>1,201,582</u>	<u>1,134,844</u>
Total program revenues	<u>1,713,817</u>	<u>2,351,694</u>
Net program revenue	<u>123,839</u>	<u>389,578</u>
General Revenues		
Property taxes	196,668	187,002
Investment income	<u>250,035</u>	<u>56,358</u>
Total general revenues	<u>446,703</u>	<u>243,360</u>
Change in net position	<u>570,542</u>	<u>632,938</u>
Net position - beginning of year	<u>4,465,747</u>	<u>3,832,809</u>
Net position - end of year	<u>\$ 5,036,289</u>	<u>\$ 4,465,747</u>

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

Northern Sonoma County Air Pollution Control District
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and investments	\$ 1,251,061	\$ 671,876	\$ 1,922,937
Prepaid items	16,440	4,720	21,160
Restricted cash and investments	-	3,005,121	3,005,121
Total assets	1,267,501	3,681,717	4,949,218
Liabilities			
Accounts payable	14,193	113	14,306
Unearned Revenue	-	1,971,933	1,971,933
Total liabilities	14,193	1,972,046	1,986,239
Fund balances			
Nonspendable	16,440	4,720	21,160
Restricted	-	1,704,951	1,704,951
Unassigned	1,236,868	-	1,236,868
Total fund balances	1,253,308	1,709,671	2,962,979
Total liabilities and fund balances	\$ 1,267,501	\$ 3,681,717	\$ 4,949,218

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

Northern Sonoma County Air Pollution Control District
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and investments	\$ 2,337,065	\$ 1,166,960	\$ 3,504,025
Accounts receivable	2,516	-	2,516
Due from other governments	-	29,218	29,218
Prepaid items	19,969	3,790	23,759
Restricted cash and investments	-	1,060,080	1,060,080
Total assets	<u>2,359,550</u>	<u>2,260,048</u>	<u>4,619,598</u>
Liabilities			
Accounts payable	5,261	101	5,362
Unearned Revenue	-	135,024	135,024
Total liabilities	<u>5,261</u>	<u>135,125</u>	<u>140,386</u>
Fund balances			
Nonspendable	19,969	3,790	23,759
Restricted	-	2,121,133	2,121,133
Unassigned	<u>2,334,320</u>	-	<u>2,334,320</u>
Total fund balances	<u>2,354,289</u>	<u>2,124,923</u>	<u>4,479,212</u>
Total liabilities and fund balances	<u>\$ 2,359,550</u>	<u>\$ 2,260,048</u>	<u>\$ 4,619,598</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, 2024

Fund balances - total governmental funds	\$ 2,962,979
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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.	2,240,425
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:

Lease liability	(89,683)
Compensated absences	(77,287)
Accrued interest payable	<u>(145)</u>
Net position of governmental activities	<u><u>\$ 5,036,289</u></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, 2023

Fund balances - total governmental funds	\$ 4,479,212
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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.	210,185
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:

Lease liability	(163,693)
Compensated absences	(59,863)
Accrued interest payable	(94)
	(94)

Net position of governmental activities	\$ 4,465,747
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The accompanying notes are an integral part of these financial statements.

Northern Sonoma County Air Pollution Control District
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 196,668	\$ -	\$ 196,668
Licenses and permits	1,121,289	-	1,121,289
Investment income	140,072	109,963	250,035
Operating grants and contributions	97,364	414,871	512,235
Other charges for services	75,093	-	75,093
Fines and forfeitures	-	5,200	5,200
Total revenues	<u>1,630,486</u>	<u>530,034</u>	<u>2,160,520</u>
Expenditures			
Current:			
Salaries and employee benefits	1,102,286	-	1,102,286
Services and supplies	288,149	9,743	297,892
Program reimbursements	-	92,553	92,553
Debt Service:			
Principal	74,009	-	74,009
Interest	893	-	893
Capital Outlay	<u>2,109,120</u>	<u>-</u>	<u>2,109,120</u>
Total expenditures	<u>3,574,457</u>	<u>102,296</u>	<u>3,676,753</u>
Excess (deficiency) of revenues over (under) expenditures	(1,943,971)	427,738	(1,516,233)
Other Financing Sources (Uses)			
Net transfers in (out)	<u>842,990</u>	<u>(842,990)</u>	<u>-</u>
Total other financing sources (uses)	<u>842,990</u>	<u>(842,990)</u>	<u>-</u>
Net change in fund balances	(1,100,981)	(415,252)	(1,516,233)
Fund balances, beginning of year	<u>2,354,289</u>	<u>2,124,923</u>	<u>4,479,212</u>
Fund balances, end of year	<u>\$ 1,253,308</u>	<u>\$ 1,709,671</u>	<u>\$ 2,962,979</u>

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

Northern Sonoma County Air Pollution Control District
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 187,002	\$ -	\$ 187,002
Licenses and permits	1,125,123	-	1,125,123
Investment income	32,374	23,984	56,358
Operating grants and contributions	97,914	1,118,936	1,216,850
Other charges for services	9,343	176	9,519
Fines and forfeitures	-	200	200
Total revenues	<u>1,451,756</u>	<u>1,143,296</u>	<u>2,595,052</u>
Expenditures			
Current:			
Salaries and employee benefits	1,041,204	-	1,041,204
Services and supplies	288,925	51,061	339,986
Program reimbursements	-	523,047	523,047
Debt Service:			
Principal	71,329	-	71,329
Interest	1,391	-	1,391
Total expenditures	<u>1,402,849</u>	<u>574,108</u>	<u>1,976,957</u>
Excess (deficiency) of revenues over (under) expenditures	48,907	569,188	618,095
Other Financing Sources (Uses)			
Net transfers in (out)	259,639	(259,639)	-
Total other financing sources (uses)	<u>259,639</u>	<u>(259,639)</u>	<u>-</u>
Net change in fund balances	308,546	309,549	618,095
Fund balances, beginning of year	<u>2,045,743</u>	<u>1,815,374</u>	<u>3,861,117</u>
Fund balances, end of year	<u>\$ 2,354,289</u>	<u>\$ 2,124,923</u>	<u>\$ 4,479,212</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, 2024**

Net change in fund balances - total governmental funds: \$ (1,516,233)

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 and amortization expense.

Capital Outlay	2,109,120
Depreciation and amortization expense	(78,880)

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 lease liability	73,959
Change in compensated absences	<u>(17,424)</u>
Change in net position of governmental activities	<u>\$ 570,542</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, 2023**

Net change in fund balances - total governmental funds: \$ 618,095

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 and amortization expense.

Depreciation and amortization expense	(79,776)
---------------------------------------	----------

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 lease liability	71,542
Change in compensated absences	<u>23,077</u>
Change in net position of governmental activities	<u><u>\$ 632,938</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, 2024 and 2023

	Private-purpose Trust Fund 2024	Private-purpose Trust Fund 2023
Assets		
Restricted cash and investments	\$ 354,945	\$ 308,443
Total assets	354,945	308,443
Liabilities		
Accounts payable	23,940	41,718
Total liabilities	23,940	41,718
Net Position		
Restricted		
Held in trust for Geysers Air Monitoring Program	331,005	266,725
Total net position	\$ 331,005	\$ 266,725

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, 2024 and 2023

	Private-purpose Trust Fund 2024	Private-purpose Trust Fund 2023
	<u>2024</u>	<u>2023</u>
Additions		
Participant contributions	\$ 348,992	\$ 268,324
Investment income	14,853	2,605
Total additions	<u>363,845</u>	<u>270,929</u>
Deductions		
Air quality monitoring program activities:		
Services and supplies	<u>299,565</u>	<u>236,303</u>
Total deductions	<u>299,565</u>	<u>236,303</u>
Change in fiduciary net position	<u>64,280</u>	<u>34,626</u>
Net position - beginning of year	<u>266,725</u>	<u>232,099</u>
Net position - end of year	<u>\$ 331,005</u>	<u>\$ 266,725</u>

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, 2024 and 2023**

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 Statements of Net Position and the Statements of Activities) report information on all of the activities of the District.

The Statements 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, 2024 and 2023**

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 from grants provided to support local projects as well as from penalties assessed against facilities that have violated District regulations.
- *The Funding Agricultural Replacement Measures for Emissions Reductions* program provides funding through local air districts for agricultural harvesting equipment, heavy-duty trucks, agriculture pump engines, tractors, and other equipment used in agriculture.

The District reports the following fiduciary fund:

- *The Private Purpose Trust 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 and fiduciary fund 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.

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023**

Note 1 – Summary of Significant Accounting Policies (continued)

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.

Capital Assets

Capital asset balances at year end are reported in the government-wide financial statements in the Statements of Net Position. Capital, tangible and intangible assets are recorded at historical cost and include machinery and equipment, non-depreciable land, easements and right-to-use lease assets. 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.

Capital assets used in operations are depreciated or amortized using the straight-line method over the estimated useful life. The capitalization thresholds and estimated useful lives for capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land	\$ -	N/A
Building & Building Improvements	\$ 100,000	15-50 years
Vehicles	\$ 15,000	5-15 years
Equipment	\$ 5,000	5-15 years
Intangible assets		
Right-to-Use Lease assets	\$ 100,000	Shorter of lease term or useful life of underlying asset
Right-to-Use Software assets	\$ 100,000	Shorter of subscription term or useful life of underlying IT assets

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023**

Note 1 – Summary of Significant Accounting Policies (continued)

Leases

The District recognizes a lease liability and a lease asset at the commencement of the lease term; unless the lease is a short-term lease, below the lease capitalization threshold of \$100,000, or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

The District uses estimates and judgments to determine 1) the discount rate it uses to discount the expected lease payments and lease receipts to present values and 2) the lease term. The District uses the interest rate identified in the contract as the discount rate. If no interest rate is specified, the District uses as estimated incremental borrowing rate as the discount rate. The lease term includes the noncancelable periods of the lease and extensions the District is reasonably certain to exercise.

The District monitors changes in circumstances that may significantly affect the District's lease that may require a remeasurement of its lease liability.

Unearned Revenues

Unearned revenues represent California Air Resource Board grant funds for the Funding Agriculture Replacement Measures for Emission Reductions grant program received in advance of project funding programs.

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.

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.

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023**

Note 1 – Summary of Significant Accounting Policies (continued)

Property Tax Revenue (continued)

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 Annual Comprehensive Financial Report.

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, amortization and reduced by the outstanding balance of associated debt.
- Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- 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, 2024 and 2023**

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 as of June 30, 2024 and 2023 is as follows:

	2024	2023
Pooled investment in County Treasury	\$ 4,927,858	\$4,563,905
Petty Cash	200	200
	\$ 4,928,058	\$4,564,105

As of June 30, 2024 and 2023, the District’s cash and investments presented above include an unrealized loss adjustment to fair value of \$71,766 and \$162,911, respectively.

Investment in the Sonoma County Treasurer’s Investment Pool

The District’s cash and investments are pooled with the Sonoma County Treasurer, (the Treasury Pool), who acts as disbursing agent for the District. The fair value of the District’s investment in the Treasury 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, Suite 100, Santa Rosa, California 95403-2871.

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023**

Note 2 – Cash and Investments (continued)

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 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, 2024 and 2023, approximately 34.3% and 44.6%, 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, less than 1% of the securities in the Treasury Pool have a maturity of more than five years as of June 30, 2024 and 2023.

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.

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 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, 2023 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, 2024 and 2023**

Note 3 – Capital Assets

Capital asset activity for the years ended June 30, 2024 and 2023, was as follows:

Fiscal Year Ended June 30, 2024

	<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	\$ 392,005	\$ -	\$ -	\$ 438,211
Construction in Progress - Building	-	1,717,115	-	-	1,717,115
Total capital assets, not being depreciated	<u>46,206</u>	<u>2,109,120</u>	<u>-</u>	<u>-</u>	<u>2,155,326</u>
Capital assets, being depreciated/amortized:					
Machinery and equipment	298,702	-	-	-	298,702
Right-to-use leased office space	342,821	-	-	-	342,821
Total capital assets, being depreciated/amortized	<u>641,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>641,523</u>
Less accumulated depreciation/amortization for:					
Machinery and equipment	(291,098)	(7,604)	-	-	(298,702)
Right-to-use leased office space	(186,446)	(71,276)	-	-	(257,722)
Total accumulated depreciation/amortization:	<u>(477,544)</u>	<u>(78,880)</u>	<u>-</u>	<u>-</u>	<u>(556,424)</u>
Total capital assets, being depreciated, net	<u>163,979</u>	<u>(78,880)</u>	<u>-</u>	<u>-</u>	<u>85,099</u>
Total capital assets, net	<u>\$ 210,185</u>	<u>\$ 2,030,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,240,425</u>

Depreciation and amortization expense for the year ended June 30, 2024 was \$7,604 and \$71,276, respectively.

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023**

Note 3 – Capital Assets (continued)

Fiscal Year Ended June 30, 2023

	Beginning Balance	Additions	Retirements	Transfers & Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 46,206	\$ -	\$ -	\$ -	\$ 46,206
Total capital assets, not being depreciated	46,206	-	-	-	46,206
Capital assets, being depreciated/amortized:					
Machinery and equipment	298,702	-	-	-	298,702
Right-to-use leased office space	342,821	-	-	-	342,821
Total capital assets, being depreciated/amortized	641,523	-	-	-	641,523
Less accumulated depreciation/amortization for:					
Machinery and equipment	(283,495)	(7,603)	-	-	(291,098)
Right-to-use leased office space	(114,273)	(72,173)	-	-	(186,446)
Total accumulated depreciation/amortization	(397,768)	(79,776)	-	-	(477,544)
Total capital assets, being depreciated/amortized, net	243,755	(79,776)	-	-	163,979
Total capital assets, net	<u>\$ 289,961</u>	<u>\$ (79,776)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,185</u>

Depreciation and amortization expense for year ended June 30, 2023 was \$7,603 and \$72,173, respectively.

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023**

Note 4 – Long-Term Liabilities

The long-term liability activity for the fiscal years ended June 30, 2024 and 2023 was as follows:

Fiscal Year Ended June 30, 2024

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Long-term liabilities					
Lease liability	\$ 163,693	\$ -	\$ (74,010)	\$ 89,683	\$ 76,773
Compensated Absences	59,863	17,424	-	77,287	55,701
Total long-term liabilities	<u>\$ 223,556</u>	<u>\$ 17,424</u>	<u>\$ (74,010)</u>	<u>\$ 166,970</u>	<u>\$ 132,474</u>

Fiscal Year Ended June 30, 2023

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Long-term liabilities					
Lease liability	\$ 235,021	\$ -	\$ (71,328)	\$ 163,693	\$ 74,010
Compensated Absences	82,940	-	(23,077)	59,863	52,695
Total long-term liabilities	<u>\$ 317,961</u>	<u>\$ -</u>	<u>\$ (94,405)</u>	<u>\$ 223,556</u>	<u>\$ 126,705</u>

Note 5 – Leases

The District is the lessee for an office space lease. As of June 30, 2024, the balance of the lease liability was \$89,683. The District is required to make monthly payments of \$6,460, which increase 3% per year. The balance of the right-to-use asset as of June 30, 2024 was \$85,099 with accumulated amortization of \$257,722. The District will not exercise the 36 month extension option at the expiration of the current lease agreement.

Remaining obligations associated with this lease are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2025	\$ 76,773	\$ 376	\$ 77,149
2026	12,910	11	12,921
Total requirements	<u>\$ 89,683</u>	<u>\$ 387</u>	<u>\$ 90,070</u>

Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023

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’ errors and omissions, and property insurance.

The County maintains a self-insured retention of \$1,000,000 per occurrence for general and automobile liability. Excess liability is maintained through participation in the Public Risk Innovation, Solutions, and Management (PRISM) risk sharing pool. Limits of this coverage are \$35,000,000 per occurrence.

The County maintains property coverages ranging from “All Risk” of physical loss or damage including flood and earthquake coverage (for certain structures) through participation in the PRISM Property Insurance Program with the following limits and deductibles: \$600,000,000 limit (shared) per occurrence and \$50,000 deductible for “All Risk”, \$225,000,000 limit (shared) per occurrence and \$100,000 deductible for flood (limits vary depending on flood zones), and earthquake limits of \$665,000,000 (shared) with a deductible of 2% of the building value (\$100,000 minimum). Boiler and machinery coverage is included in the “All Risk” coverage.

The County of Sonoma is permissibly self-insured for workers’ compensation for its employees and volunteers in the amount of \$300,000 per occurrence. Excess workers compensation coverage in excess of \$300,000 with statutory limits is obtained through participation in the PRISM Excess Workers’ Compensation program.

During the years ended June 30, 2024 and 2023, the District paid annual premiums to the County for this insurance coverage in the amount of \$4,793 and \$4,288, respectively. Settled claims have not exceeded the coverage for each of the past three fiscal years.

Note 7 – Future Governmental Accounting Standards

The District is currently analyzing its accounting and financial reporting practices to determine the potential impact on the financial statements of the following GASB statements:

GASB Statement No. 100 *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

**Northern Sonoma County
Air Pollution Control District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023**

Note 7 – Future Governmental Accounting Standards (continued)

GASB Statement No. 101 *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensating absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide user of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024

Required Supplementary Information

Northern Sonoma County Air Pollution Control District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Property taxes	\$ 150,000	\$ 150,000	\$ 196,668	\$ 46,668
Licenses and permits	1,050,000	1,050,000	1,121,289	71,289
Investment income	15,000	15,000	140,072	125,072
Operating grants and contributions	77,529	77,529	97,364	19,835
Other charges for services	2,000	2,000	75,093	73,093
	<u>1,294,529</u>	<u>1,294,529</u>	<u>1,630,486</u>	<u>335,957</u>
Expenditures				
Current:				
Salaries and employee benefits	1,075,000	1,075,000	1,102,286	(27,286)
Services and supplies	452,714	452,714	288,149	164,564
Debt service:				
Principal	-	-	74,009	(74,009)
Interest	-	-	893	(893)
Capital outlay	5,000	2,205,000	2,109,120	95,880
	<u>1,532,714</u>	<u>3,732,714</u>	<u>3,574,457</u>	<u>158,256</u>
Excess (deficiency) of revenues over (under) expenditures	(238,185)	(2,438,185)	(1,943,971)	494,214
Other Financing Sources				
Net transfers in	308,224	135,724	842,990	707,266
	<u>308,224</u>	<u>135,724</u>	<u>842,990</u>	<u>707,266</u>
Net change in fund balance	<u>\$ 70,039</u>	<u>\$(2,302,461)</u>	(1,100,981)	<u>\$ 1,201,480</u>
Fund balance - beginning of year			<u>2,354,289</u>	
Fund balance - end of year			<u>\$ 1,253,308</u>	

Northern Sonoma County Air Pollution Control District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2023

	<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	\$ 150,000	\$ 150,000	\$ 187,002	\$ 37,002
Licenses and permits	950,000	950,000	1,125,123	175,123
Investment income	10,000	10,000	32,374	22,374
Operating grants and contributions	77,529	77,529	97,914	20,385
Other charges for services	1,777	1,777	9,343	7,566
Total revenues	<u>1,189,306</u>	<u>1,189,306</u>	<u>1,451,756</u>	<u>262,450</u>
Expenditures				
Current:				
Salaries and employee benefits	1,090,118	1,090,118	1,041,204	48,914
Services and supplies	469,525	469,525	288,925	180,600
Debt Service				
Principal	-	-	71,329	(71,329)
Interest	-	-	1,391	(1,391)
Capital outlay	5,000	5,000	-	5,000
Total expenditures	<u>1,564,643</u>	<u>1,564,643</u>	<u>1,402,849</u>	<u>161,794</u>
Excess (deficiency) of revenues over (under) expenditures	(375,337)	(375,337)	48,907	424,244
Other Financing Sources				
Net transfers in	315,075	315,075	259,639	(55,436)
Total other financing sources	<u>315,075</u>	<u>315,075</u>	<u>259,639</u>	<u>(55,436)</u>
Net change in fund balance	<u>\$ (60,262)</u>	<u>\$ (60,262)</u>	308,546	<u>\$ 368,808</u>
Fund balance - beginning of year			<u>2,045,743</u>	
Fund balance - end of year			<u>\$ 2,354,289</u>	

**Northern Sonoma County Air Pollution Control District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 17,000	\$ 17,000	\$ 109,963	\$ 92,963
Operating grants and contributions	380,000	380,000	414,871	34,871
Fines and forfeitures	-	-	5,200	5,200
Total revenues	<u>397,000</u>	<u>397,000</u>	<u>530,034</u>	<u>133,034</u>
Expenditures				
Current:				
Services and supplies	463,800	463,800	9,743	454,057
Program reimbursements	533,589	533,589	92,553	441,036
Total expenditures	<u>997,389</u>	<u>997,389</u>	<u>102,296</u>	<u>895,093</u>
Excess (deficiency) of revenues over (under) expenditures	(600,389)	(600,389)	427,738	1,028,127
Other Financing Uses				
Net transfers out	<u>(130,000)</u>	<u>(830,000)</u>	<u>(842,990)</u>	<u>(12,990)</u>
Total other financing uses	<u>(130,000)</u>	<u>(830,000)</u>	<u>(842,990)</u>	<u>(12,990)</u>
Net change in fund balances	<u>\$ (730,389)</u>	<u>\$(1,430,389)</u>	(415,252)	<u>\$ 1,015,137</u>
Fund balance - beginning of year			<u>2,124,923</u>	
Fund balance - end of year			<u>\$ 1,709,671</u>	

**Northern Sonoma County Air Pollution Control District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2023**

	<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	\$ 12,000	\$ 12,000	\$ 23,984	\$ 11,984
Operating grants and contributions	669,706	669,706	1,118,936	449,230
Other charges for services	-	-	176	176
Fines and forfeitures	-	-	200	200
Total revenues	<u>681,706</u>	<u>681,706</u>	<u>1,143,296</u>	<u>461,590</u>
Expenditures				
Current:				
Services and supplies	263,400	263,400	51,061	212,339
Program reimbursements	<u>338,579</u>	<u>338,579</u>	<u>523,047</u>	<u>(184,468)</u>
Total expenditures	<u>601,979</u>	<u>601,979</u>	<u>574,108</u>	<u>27,871</u>
Excess of revenues over expenditures	79,727	79,727	569,188	489,461
Other Financing Uses				
Net transfers out	<u>(169,362)</u>	<u>(169,362)</u>	<u>(259,639)</u>	<u>(90,277)</u>
Total other financing uses	<u>(169,362)</u>	<u>(169,362)</u>	<u>(259,639)</u>	<u>(90,277)</u>
Net change in fund balances	<u>\$ (89,635)</u>	<u>\$ (89,635)</u>	309,549	<u>\$ 399,184</u>
Fund balance - beginning of year			<u>1,815,374</u>	
Fund balance - end of year			<u>\$ 2,124,923</u>	

**Northern Sonoma County
Air Pollution Control District
Note to Required Supplementary Information
For the Fiscal Years Ended June 30, 2024 and 2023**

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

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 of Northern Sonoma County Air Pollution Control District (the "District") as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2025.

Internal Control over Financial Reporting

In planning and performing our audit 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 opinions 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 audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**Report on 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 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 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.

Kosmatka, Donnelly & Co., LLP

Santa Rosa, California
February 14, 2025