

Sonoma County Public Safety Consortium

**Independent Auditor's Report, Management's Discussion and Analysis,
and Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**



**Sonoma County Public Safety Consortium
Independent Auditor’s Report and Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Sonoma County Public Safety Consortium
Santa Rosa, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Sonoma County Public Safety Consortium (the Consortium) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Consortium as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Consortium and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 Consortium'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 Consortium's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed on 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 Information

The Roster of Board of Directors has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2023, on our consideration of the Consortium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Consortium'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 Consortium's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
March 21, 2023

Sonoma County Public Safety Consortium Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

As management of the Sonoma County Public Safety Consortium (the Consortium), we offer readers of the Consortium's financial statements this narrative overview and analysis of the financial activities of the Consortium for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the Consortium's financial statements and the accompanying notes to the basic financial statements.

The primary mission of the Consortium is to operate, maintain and improve the public safety communication and data management system comprised of Computer Aided Dispatch (CAD), Records Management System (RMS), and Mobile Data Computing (MDC) among the County of Sonoma (the County), cities, districts and other public entities within Sonoma County. Please refer to the definition of the reporting entity within the notes to the basic financial statements for additional detail.

Financial Highlights

- The Consortium's assets exceeded its liabilities at the close of the fiscal year ended June 30, 2022 by \$6,526,386, of which \$2,087,741 represents its net investment in capital assets and \$4,438,645 represents unrestricted net position.
- The Consortium's liabilities amounted to \$45,168 in vouchers payable and \$1,148,265 in accounts payable at the close of the fiscal year ended June 30, 2022.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Consortium's basic financial statements. The Consortium's basic financial statements are comprised of two components: 1) basic financial statements and 2) notes to the basic financial statements.

The Consortium is engaged only in business-type activities. The Consortium accounts for its financial activity utilizing fund accounting, specifically enterprise fund accounting, to ensure and demonstrate compliance with finance-related legal requirements. An enterprise fund is a proprietary fund type used to report activities for which a fee is charged to external customers for goods or services provided. The focus of an enterprise fund is the determination of operating income, changes in net position (or cost recovery), and cash flows.

All activities are presented in the following three basic financial statements:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Sonoma County Public Safety Consortium
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

Financial Analysis

Net Position. Over time, changes in net position may indicate whether the financial position of the Consortium is improving or deteriorating. Net position decreased to \$6,526,386 during the fiscal year ended June 30, 2022, a change of \$203,249 from the fiscal year ended June 30, 2021. The following table summarizes the net position for the Consortium's activities:

Statement of Net Position (summarized)

	June 30, 2022	June 30, 2021
Assets:		
Current assets	\$ 5,632,078	\$ 4,611,926
Capital assets	2,087,741	2,226,699
Total assets	7,719,819	6,838,625
Liabilities:		
Current liabilities	1,193,433	108,990
Total liabilities	1,193,433	108,990
Net Position:		
Net investment in capital assets	2,087,741	2,226,699
Unrestricted net position	4,438,645	4,502,936
Total net position	\$ 6,526,386	\$ 6,729,635

Change in Net Position - Total revenues for the fiscal year ended June 30, 2022 were \$3,390,965 compared with expenses of \$3,594,214. The following table summarizes the changes in net position for the current and prior fiscal years ended:

	June 30, 2022	June 30, 2021
Revenues:		
Operating revenues	\$ 2,884,999	\$ 2,682,124
Non-operating revenues		
Contributions from other governments	665,015	784,384
Investment earnings (loss)	(159,049)	9,489
Total Non-operating revenues	505,966	793,873
Total revenues	3,390,965	3,475,997
Expenses:		
Operating expenses	3,594,214	3,041,084
Total expenses	3,594,214	3,041,084
Increase (decrease) in net position	(203,249)	434,913
Net position - beginning of the year	6,729,635	6,294,722
Net position - end of the year	\$ 6,526,386	\$ 6,729,635

**Sonoma County Public Safety Consortium
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

Financial Analysis (continued)

Capital Assets

The Consortium’s investment in capital assets consists of equipment and software utilized to support the public safety communication and data management system in Sonoma County. For the fiscal year ended June 30, 2022, the Consortium’s net investment in capital assets decreased by \$138,958 to \$2,087,741 as a result of depreciation and amortization during the fiscal year ended June 30, 2022.

Capital Assets (summarized)

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Capital assets, being depreciated:		
Equipment	\$ 2,418,144	\$ 2,404,120
Intangibles	5,060,172	4,670,556
Accumulated depreciation and amortization	<u>(5,390,575)</u>	<u>(4,847,977)</u>
Total capital assets, being depreciated:	<u>2,087,741</u>	<u>2,226,699</u>
Capital assets, net	<u><u>\$ 2,087,741</u></u>	<u><u>\$ 2,226,699</u></u>

Economic Outlook

The Consortium’s budget is driven primarily by the costs of services to operate the communication and data management CAD/RMS/MDC system contracted with the County of Sonoma Information Systems Department (ISD). Per Service Level of Agreement (SLA) and contract, ISD is required to submit an annual budget to the Consortium estimating its costs. For the fiscal year ending June 30, 2023, the cost for ISD’s services is estimated to increase by \$60,654.

Request for Additional Information

This financial report is designed to provide a general overview of the Consortium’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sonoma County Public Safety Consortium, 585 Fiscal Dr., Suite 100, Santa Rosa, CA 95403.

Basic Financial Statements

Sonoma County Public Safety Consortium
Statement of Net Position
June 30, 2022

Assets:

Current assets:

Cash and investments	\$	4,949,793
Due from other governments		282,739
Prepaid expenses		399,546
		399,546
Total current assets		5,632,078

Non-current assets:

Capital assets being depreciated/amortized:

Equipment		189,366
Intangibles		1,898,375
		1,898,375
Total capital assets, being depreciated/amortized		2,087,741

Total capital assets, net		2,087,741
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Total assets		7,719,819
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Liabilities:

Current liabilities

Accounts payable		1,193,433
		1,193,433
Total current liabilities		1,193,433

Total liabilities		1,193,433
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Net Position:

Net investment in capital assets		2,087,741
Unrestricted		4,438,645
		4,438,645
Total net position	\$	6,526,386

Sonoma County Public Safety Consortium
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

Operating revenues:	
Charges for services	\$ 2,884,999
Total operating revenues	<u>2,884,999</u>
 Operating expenses:	
Administration	750,020
Contract services	1,695,463
Replacement fund purchases	606,133
Depreciation and amortization	542,598
Total operating expenses	<u>3,594,214</u>
Operating loss	<u>(709,215)</u>
 Non-operating revenues:	
Investment loss	<u>(159,049)</u>
Total non-operating revenues	<u>(159,049)</u>
Loss before capital contributions	(868,264)
 Capital contributions:	
Contributions from other governments	<u>665,015</u>
Total capital contributions	<u>665,015</u>
Change in net position	<u>(203,249)</u>
Net position, beginning of year	<u>6,729,635</u>
Net position, end of year	<u><u>\$ 6,526,386</u></u>

**Sonoma County Public Safety Consortium
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022**

Cash flows from operating activities	
Receipts from Consortium members and non-affiliated agencies	\$ 2,771,890
Payments to suppliers	<u>(2,725,548)</u>
Net cash provided by operating activities	<u>46,342</u>
Cash flows from capital and related financing activities	
Capital contributions	687,980
Acquisition of capital assets	<u>(44,040)</u>
Net cash provided by capital and related financing activities	<u>643,940</u>
Cash flows from investing activities	
Investment loss	<u>(159,049)</u>
Net cash used in investing activities	<u>(159,049)</u>
Net increase in cash and investments	531,233
Cash and investments, beginning of the year	<u>4,418,560</u>
Cash and investments, end of the year	<u><u>\$ 4,949,793</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (709,215)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	542,598
Change in due from other governments	(113,109)
Change in prepaid expenses	(398,776)
Change in vouchers payable	(7,578)
Change in accounts payable	<u>732,422</u>
Net cash provided by operating activities	<u><u>\$ 46,342</u></u>
Noncash capital activities:	
Acquisition of capital assets through current liabilities	<u>\$ 359,599</u>
Total Noncash capital activities	<u><u>\$ 359,599</u></u>

Sonoma County Public Safety Consortium
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 1 – Definition of Reporting Entity

The Sonoma County Public Safety Consortium (the Consortium) was formed by a Joint Powers Agreement (the Agreement) on July 1, 2008, pursuant to the Joint Exercise of Powers Act, California Government Code, chapter 5, article 1, and section 6500-6536. The purpose of the Agreement was to establish a Joint Powers Agency to efficiently and effectively operate, maintain and improve a public safety communication and data management system currently comprised of Computer Aided Dispatch (CAD), Records Management System (RMS) and Mobile Data Computing (MDC) technology.

The Consortium members are the cities of Cotati, Petaluma, Rohnert Park, Santa Rosa and Sonoma; the Town of Windsor; the Redwood Empire Dispatch Communications Authority (REDCOM); the Sonoma County Junior College District; Sonoma State University; and the County of Sonoma (Sonoma County Sheriff's Office and Sonoma County Probation). In addition to the Consortium members, other public safety entities have limited access to the integrated CAD and RMS as affiliated agencies.

The Consortium is governed by a Board of Directors (the Board) comprised of nine (9) members and an alternate. The Board includes the City Manager from each city/town (which may be delegated to the Chief of Police), the Sonoma County Sheriff, the Executive Director or Board Chair of REDCOM, and the Chief of Police of the Sonoma County Junior College District and Sonoma State University.

The Consortium uses the County Enterprise Financial System and its budgetary recording and accounting control policies to account for all financial transactions. The County of Sonoma (the County), through the Auditor-Controller Treasurer-Tax Collector's Office, tracks billing and collections for member agencies. The responsibility for the financial statements rests with the Consortium's Board.

Note 2 - Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Consortium uses proprietary (enterprise) funds to account for its activities. Proprietary funds are used to account for operations that are financed and performed in a manner similar to a private business enterprise where the intent of the governing body is that the cost of providing goods and services to individuals outside the governing body, on a continuing basis, be financed or recovered primarily through user charges.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units, including the reporting model defined by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Financial statements for the Consortium are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Consortium are included in the statement of net position. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

Sonoma County Public Safety Consortium
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 2 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Consortium are charges to member governments for services. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Non-exchange transactions, in which the Consortium gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. On an accrual basis of accounting, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Cash and Investments

The Consortium's cash and investments are pooled with the Sonoma County Treasurer. Cash and investments are stated at fair value which is determined quarterly. Realized and unrealized gains or losses and interest earned on pooled investments are based on respective average daily balance for that quarter in the pool, which is an external investment pool. For purposes of the accompanying statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Due from Other Governments

Transactions representing accrual of member revenues at year-end are referred to as due from other governments. Due from other governments includes transactions in which the Consortium has either earned or has met all eligibility requirements and is entitled to the revenue. The Consortium has not recorded an allowance for uncollectible accounts as it believes all amounts due are fully collectible.

Capital Assets

Capital assets include equipment and computer software. The Consortium capitalizes assets with an estimated useful life in excess of one year that meet the capitalization thresholds of \$5,000 for equipment and \$25,000 for intangible assets. Capital assets are depreciated or amortized using the straight-line method over the estimated useful life.

Estimated useful lives for capital assets are as follows:

Equipment	3-8 years
Intangible assets	4-7 years

Sonoma County Public Safety Consortium
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 2 - Summary of Significant Accounting Policies (continued)

Net Position

Net position is classified into three components – net investment in capital assets, restricted 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 amortization and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position (if any) - This component of net position consists of net position with limits on its use that are imposed by outside parties.
- Unrestricted net position - This component of net position consists of net position that is not restricted for any project or other purpose.

Revenue

Operating revenues are recognized in the accounting period in which they are earned. Amounts recorded as charges for services represent payments from the members of the Consortium.

Expenses

Expenses are recognized in the accounting period in which the related liability is incurred. The Consortium pays the County for administration, analyst and fiscal accounting services on a cost reimbursement basis.

Replacement Fund Purchases

Replacement fund purchases are comprised of the purchase of mobile computers on behalf of member agencies. Each item is below the capitalization threshold and they are retained as assets by the member agency.

Budgets

The Consortium adopts a preliminary budget no later than March 31st for the following fiscal year, as required by the Agreement. Budgetary revenue estimates represent original estimates modified for any authorized adjustments, 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.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Sonoma County Public Safety Consortium
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

Note 3 - Cash and Investments

Investment in the Sonoma County Treasurer's Investment Pool

The Consortium pools cash and investments with the Sonoma County Treasurer, who acts as a disbursing agent. The fair value of the Consortium's investment in the Treasury Pool is reported in the financial statements at amounts based upon the Consortium'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 County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee has oversight for all monies deposited into the Treasury Pool. As of June 30, 2022, the fair value of the Consortium's pooled cash and investments includes an unrealized loss adjustment of (\$193,114).

Investment Guidelines

Monies deposited into the Treasury Pool are invested in accordance with investment policy guidelines established by the County Treasurer and reviewed by the Sonoma County Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, 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, 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 Treasurer at 585 Fiscal Drive, Room 100, Santa Rosa, California, 95403.

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 is 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, 2022, approximately 30 percent of the securities in the Treasury Pool had maturities of one year or less. Of the remainder, less than 1 percent had a maturity of more than five years.

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

Sonoma County Public Safety Consortium
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 3 – 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. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions:

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must be equal to at least 110% of the total amount deposited by the public agencies.
- California law also allows financial institutions to secure the County's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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, 2022, County of Sonoma Annual Comprehensive Financial Report (the last currently available).

Fair Value Measurements

The Consortium categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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 Consortium's only recurring fair value measurements as of June 30, 2022 is for its investment in the Sonoma County Treasury Pool which is valued using significant other observable inputs (Level 2). The Consortium's Level 2 investments have a fair value of \$4.9 million as of June 30, 2022.

Sonoma County Public Safety Consortium
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 4 - Due from Other Governments

The Consortium obtains funding from both its members and affiliated agencies. The amounts receivable from these sources as of June 30, 2022 are as follows:

The Consortium Members	Operations	Replacement Fund	Total
City of Cotati	\$ 4,586	\$ -	\$ 4,586
City of Petaluma	22,316	-	22,316
City of Rohnert Park	16,657	-	16,657
City of Santa Rosa	50,988	-	50,988
City of Sonoma	4,080	-	4,080
County of Sonoma	35,713	-	35,713
Probation	3,002	-	3,002
REDCOM	126,803	-	126,803
Town of Windsor	4,913	-	4,913
Sonoma County Junior College District	8,221	-	8,221
Sonoma State University	5,157	-	5,157
Affiliate Agencies	303	-	303
Total due from other governments	\$ 282,739	\$ -	\$ 282,739

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance June 30, 2021	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2022
Capital assets, being depreciated/amortized					
Equipment	\$ 2,404,120	\$ 14,024	\$ -	\$ -	\$ 2,418,144
Intangibles	4,670,556	389,616	-	-	5,060,172
Total capital assets, being depreciated	7,074,676	403,640	-	-	7,478,316
Less accumulated depreciation/amortization for:					
Equipment	(2,124,832)	(103,946)	-	-	(2,228,778)
Intangibles	(2,723,145)	(438,652)	-	-	(3,161,797)
Total accumulated depreciation/amortization	(4,847,977)	(542,598)	-	-	(5,390,575)
Total capital assets, being depreciated/amortized, net	2,226,699	(138,958)	-	-	2,087,741
Capital assets, net	\$ 2,226,699	\$ (138,958)	\$ -	\$ -	\$ 2,087,741

Depreciation and amortization expense for the fiscal year ended June 30, 2022 was \$542,598.

Sonoma County Public Safety Consortium
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 6 - Contract Services Expenses

Contract services include CAD/RMS/MDC operations and replacement, administrative, accounting, auditing and legal services. The majority of these services are purchased from the County.

Pursuant to the Agreement, the Board adopts an annual budget thereby fixing the annual assessment against each member. The relative percentage allocation of annual operating expenses is based upon usage and system connections as set by the Board.

Note 7 - Risk Management

The Consortium is exposed to various risks for which the Consortium carries insurance with coverage for personal injury that includes bodily injury and property damage in the amount of \$5,000,000, auto liability for non-owned and hired automobile liability in the amount of \$5,000,000, Public Officials errors and omissions in the amount of \$5,000,000 and employment practices liability in the amount of \$5,000,000. The deductible for any claim is \$1,000 per incident.

Note 8 – Future Pronouncements

The Consortium 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. 96 – *Subscription-Based Information Technology Arrangements (SBITA)*

Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset- an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*, as amended.

GASB Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*

Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

**Sonoma County Public Safety Consortium
Other Information
For the Fiscal Year Ended June 30, 2022**

Roster of Board of Directors

The Board of Directors, none of whom are employed by Sonoma County Public Safety Consortium, as of June 30, 2022, is:

Mark Essick, Chair
Sheriff, County of Sonoma

Mark Linder, Director
Interim Town Manager, Town of Windsor

Damien O’Bid, Director
City Manager, City of Cotati

Ken Savano, Director
Chief of Police, City of Petaluma (as designated by Peggy Flynn, City Manager)

Darrin Jenkins, Director
City Manager, City of Rohnert Park

Ranier Navarro, Director
Chief of Police, City of Santa Rosa (as designated by Sean McGlynn, City Manager)

Orlando Rodriguez, Director
Chief of Police, City of Sonoma (as designated by Cathy Capriola, City Manager)

KT McNulty, Director
Executive Director, Redwood Empire Dispatch Communications Authority (REDCOM)

Robert Brownlee, Director
Chief of Police, Santa Rosa Junior College

Nader Oweis, Director
Chief of Police, Sonoma State University