SONOMA COUNTY LIBRARY

Fiscal Year Ended June 30, 2024

Independent Auditor's Report and Basic Financial Statements

PISENTI & BRINKER LLP
Certified Public Accountants & Advisors

Sonoma County Library
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Independent Auditor's Report

To the Library Commission
Sonoma County Library

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Library 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 Library'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 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 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 Library’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 Library’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 budgetary comparison information, management's discussion and analysis, supplemental schedules of pension information, and other postemployment benefit 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.

Independent Auditor's Report (continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2024, on our consideration of the Library'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 Library'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 Library's internal control over financial reporting and compliance.

Pisenti & Brinker LLP

Santa Rosa, CA
December 5, 2024

Management's Discussion and Analysis

As management of the Sonoma County Library (the "Library"), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2024.

Financial Highlights

- The assets and deferred outflows of resources of the Library exceeded its liabilities and deferred inflows of resources at June 30, 2024 by $39,357,469 (net position). Of this amount $605,474 (unrestricted net position) maybe be used to meet the Library's ongoing obligations.

- The Library's total net position increased by $1,232,937 for the year ended June 30, 2024. This increase was primarily due to increased total revenues from investment earnings and property tax revenues.

- As of June 30, 2024, the Library's governmental funds reported combined ending fund balances of $47,288,605, an increase of $1,987,751 from the prior year. Of this amount, 29.0% or $13,725,315 is available for spending at the Library's discretion.

- As of June 30, 2024, the unrestricted fund balance for the General Fund was $19,115,555 or 73% of the total General Fund expenditures for the year ended June 30, 2024.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's basic 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 required supplementary information intended to furnish additional detail to support 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 Library's finances, in a manner similar to the private business sector.

> The *statement of net position* presents financial information on all of the Library's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference 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 Library is improving or deteriorating.

Overview of the Financial Statements (continued)

Government-wide Financial Statements (continued)

The *statement of activities* presents information showing how the Library'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 items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Governmental Funds

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 Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Library's funds fall under the category of governmental funds.

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 financials 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains two major governmental funds, the General Fund and the Measure Y Special Revenue Fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Measure Y Special Revenue Fund. All of the non-major funds are aggregated and presented in a single column titled "Other Funds".

The Library adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Overview of the Financial Statements (continued)

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 after the basic financial statements section of this report.

Required Supplementary Information

Schedules presenting budgetary comparison information for the Library's General Fund and Special Revenue Funds are supplementary information required by generally accepted accounting principles. The budgetary schedules immediately follow the notes to the basic financial statements.

Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $39,357,469 at the close of the most recent fiscal year. This is an increase of $1,232,937 from the prior fiscal year.

Summarized Statements of Net Position	As of June 30, 2024	As of June 30, 2023
Assets		
Cash and investments	$ 45,644,082	$ 43,713,711
Other assets	3,487,786	3,264,925
Capital assets, net	14,467,998	16,194,424
Total assets	63,599,866	63,173,060
Deferred outflows of resources	10,356,755	10,600,466
Liabilities		
Current liabilities	2,587,603	2,334,269
Non-current liabilities	29,673,139	30,728,136
Total liabilities	32,260,742	33,062,405
Deferred inflows of resources	2,338,410	2,586,589
Net position		
Invested in capital assets	11,052,761	9,716,351
Restricted	27,699,234	28,236,186
Unrestricted	605,474	171,995
Total net position	$ 39,357,469	$ 38,124,532

Government-wide Overall Financial Analysis (continued)

The largest portion of the Library's net position, $27,699,234 represents resources that are subjected to external restrictions on how they may be used.

An additional portion of the Library's net position, $11,052,761 reflects its investment in capital assets, net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The Library uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Library's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Library's unrestricted net position increased from $171,995 at June 30, 2023, to $605,474 at June 30, 2024. The increase is due to an increase in property tax revenues.

The Library's governmental activities increased net position by $1,232,937. Key elements of these activities during the fiscal year ended June 30, 2024, are identified below:

- The Library recognized property tax revenues totaling $27,051,198 which is an increase of $1,243,534 from the prior fiscal year. This increase can be attributed to increased property values.

- The Library recognized sales tax revenues for Measure Y totaling $15,594,408, which is a decrease of $234,464 from the prior fiscal year. This decrease can be attributed due to decline in consumer spending on goods.

- The Library's investment income of $2,212,243 is due to interest income of $1,348,549 and an unrealized gain on investments of $863,694 at June 30, 2024. Additional information can be found in Note B and D of these financial statements.

- Personnel expenses increased by $6,163,284 to $30,083,112. The increase is attributed to increases expenses to pension of $3,017,035, other post-employment benefits of $792,571, compensated absences of $121,760, and health reimbursement account of $94,890. In addition, an increase in salaries and employee benefits of $2,137,019, which is linked to increased operating hours on Sundays, cost of living adjustments, filling two management positions, and adding 4.5 full-time equivalents.

- Library's program expenses increased by $1,502,266 to $8,899,564 due to increased operating hours and increased in-person programs.

Government-wide Overall Financial Analysis (continued)

Summarized Statements of Activities	For the year ended June 30, 2024	For the year ended June 30, 2023
Revenues		
Program revenues	$ 1,059,074	$ 596,090
Property taxes	27,051,198	25,807,664
Sales tax - Measure Y	15,594,408	15,828,872
Investment earnings	2,212,243	640,308
Intergovernmental	185,763	268,634
Gain on lease amendment	103,156	-
Gain on sale of capital assets	-	7,320
Miscellaneous	129,769	127,004
Total revenues	46,335,611	43,275,892
Expenses		
Personnel	30,083,112	23,919,828
Other program expenses	8,899,564	7,397,298
Materials	4,360,205	4,105,789
Depreciation and amortization	1,693,245	1,604,980
Interest	66,548	114,427
Total expenses	45,102,674	37,142,322
Increase in net position	1,232,937	6,133,570
Net position at beginning of year	38,124,532	31,990,962
Net position at end of year	$ 39,357,469	$ 38,124,532

Governmental Funds Analysis

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

The focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in evaluating the Library's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Library's net resources available for spending at the end of the fiscal year.

General Fund

The Library uses funds to help control and manage resources for particular purposes. The Library's General Fund reported a fund balance of $20,419,670 as of June 30, 2024, which is an increase from a balance of $17,705,375 as of June 30, 2023. This increase included an increase of $1,243,534 in property tax revenue.

The General Fund is the main operating fund of the Library. At June 30, 2024, the unassigned fund balance of the General Fund was $13,725,315.

Special Revenue Funds

The changes in the special revenue funds from year to year were as follows:

The Measure Y fund reported a fund balance of $21,845,411 as of June 30, 2024, which is a decrease from a balance of $22,796,121 as of June 30, 2023. Several factors contributed to the fund balance decrease of $950,710. These factors included: decreases in sales tax revenues of $234,464, increased salaries and benefits of $2,065,551 and increases to operating expenditures of $342,447.

The Other funds reported a fund balance of $5,023,524 as of June 30, 2024, which is an increase from a balance of $4,799,358 as of June 30, 2023. This represents an increase of $224,166 for the year ended June 30, 2024. The increase was due to increased grants and contributions and an increase in investment income.

Capital Assets

The Library's capital assets balance as of June 30, 2024, amounted to $14,467,998 (net of accumulated depreciation).

June 30,	Capital Assets (Net of Depreciation) 2024	2023
Land	$ 207,000	$ 207,000
Construction in progress	2,338,660	1,838,449
Buildings and improvements	5,800,115	5,512,909
Furnishings and equipment	2,507,870	2,021,748
Vehicles	411,772	480,821
SBITA assets	64,996	9,310
Right-to-use leased assets	3,137,585	6,124,187
Total capital assets, net	$ 14,467,998	$ 16,194,424

Capital Assets activity during the fiscal year ended June 30, 2024, included the following:

- Right-to-use leased assets decreased by $2,986,602 due to scheduled amortization of the lease asset and a lease amendment to the Library headquarters lease.
- Building and improvements increased $287,206 due to the completion of the study pods installed at various locations, the event space at Rohnert Park headquarters and the branch manager's office in Sonoma Valley.
- Furnishings and equipment increased by $486,122 due to new laptop kiosks and book lockers.
- Construction in progress increased by $500,211 due to the addition of new projects such as the self-checkout kiosks and the continuation of projects such as air quality, Healdsburg and Petaluma and Cloverdale building refreshes.

Additional information on the Library's capital assets can be found in Note E to these financial statements.

Debt Administration

Long-term debt at the end of the current fiscal year are as follows:

June 30,	2024	2023
Compensated absences	$ 1,915,773	$ 1,746,966
Health reimbursement account liability	757,533	586,590
Financed purchases	29,691	108,862
Lease liability	3,322,700	6,359,509
SBITA liability	62,846	14,481
Net pension liability	15,964,195	13,963,236
Net OPEB liability	8,358,485	8,600,927
Total	$ 30,411,223	$ 31,380,571

Highlights of the Library's long-term debt activity are as follows:

- The health reimbursement account liability increased from prior year because contributions to the plan exceeded withdrawals. The health reimbursement account liability is offset by restricted assets in the Statement of Net Position.

- The lease liability decreased by $3,036,809 due to scheduled lease payments and a lease amendment to the Library Headquarters lease.

- The net pension liability increased by $2,000,959, primarily due to differences between actual and expected experience related to employee retirements and investment performance.

- To address the unfunded liability related to other postemployment benefits (OPEB), the Library Commission approved a revised OPEB policy during the 2018-19 fiscal year. Under the new policy, the Library made direct contributions to the OPEB Trust. The additional payments of $7,406,128 between the fiscal years ended June 30, 2019 through 2023 and $750,000 additional payment during the fiscal year ended June 30, 2024, reduced the OPEB liability over the past five years. The Library is committed to make additional payments of $750,000 per year through fiscal year 2028-29. More detailed information about the Library's compensated absences is presented in Note B, the pension liability in Note F, and other post-employment benefits in Note G to these financial statements.

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General Fund Budgetary Highlights

There were a few variances between the budget and actuals in the General Fund that are worth noting for the year ended June 30, 2024. The actual property tax revenue received was $389,132 higher than the budgeted amount due to greater than anticipated increases in the assessed value of taxable property. Investment income was higher than budgeted by $700,344 due to greater returns on investments and unrealized gains. Salaries and benefits were under budget $544,146 due to a savings in benefit costs. Operating expenditures were under budget by $1,342,700 due to lower than anticipated spending on maintenance, information technology services and utilities. Capital outlay was under budget by $238,449 due to delays to the exterior monument signs and delays to completion of the refresh projects.

Economic Factors and New Year's Budget

For fiscal year 2024-25, the two major sources of revenue for the Library, property and sales tax. Property tax revenue is expected to increase due to increased home values. Sales tax is expected to experience continued uncertainty due to changes in consumer spending on goods. In the fiscal year 2024-25 budget there is a decrease in operating expenditures for supplies both physical and electronic materials. In addition, there are increases in salaries and employee benefits due to increases in pension, health, and outreach services.

Contacting the Library's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the Library's finances and to show the Library's accountability for the funds that the Library receives. Any inquiries about this report or requests for additional information may be directed to Erika Thibault, Director, 6135 State Farm Drive, Rohnert Park, CA 94928.

Basic Financial Statements

	June 30, 2024
Assets	
Cash and investments	$ 44,762,855
Accounts receivable	249,680
Sales tax receivable	2,716,365
Prepaid items	463,816
Other assets	57,925
Restricted cash and investments - flexible savings accounts	28,574
Noncurrent assets:	
Restricted cash and investments - health reimbursement accounts	852,653
Capital assets not being depreciated:	
Land	207,000
Construction in progress	2,338,660
Capital assets (net of accumulated depreciation):	
Building and improvements	5,800,115
Furnishings and equipment	2,507,870
Vehicles	411,772
SBITA assets	64,996
Lease assets	3,137,585
Total capital assets, net	14,467,998
Total assets	63,599,866
Deferred outflows of resources	
Deferred pensions	7,059,115
Deferred OPEB	3,297,640
Total deferred outflows of resources	10,356,755
Liabilities	
Accounts payable and accrued liabilities	1,802,503
Interest payable	6,256
Financed purchases, current	29,691
Lease liability, current	674,934
SBITA liability, current	33,459
Unearned revenue	40,760
Noncurrent liabilities:	
Compensated absences	1,915,773
Health reimbursement account liability	757,533
Lease liability	2,647,766
SBITA liability	29,387
Net pension liability	15,964,195
Net OPEB liability	8,358,485
Total liabilities	32,260,742
Deferred inflows of resources	
Deferred pensions	497,833
Deferred OPEB	1,840,577
Total deferred inflows of resources	2,338,410
Net position	
Invested in capital assets	11,052,761
Restricted	27,699,234
Unrestricted	605,474
Total net position	$ 39,357,469

For the Fiscal Year Ended June 30, 2024

Expenses		
Library Services		
Personnel	$	30,083,112
Other program expenses		8,899,564
Materials		4,360,205
Depreciation and amortization		1,693,245
Interest		66,548
Total program expenses		45,102,674
Program revenues		
Operating grants and contributions		970,742
Charges for fines, fees and services		88,332
Total program revenues		1,059,074
Net program expenses		44,043,600
General revenues		
Property taxes		27,051,198
Sales tax - Measure Y		15,594,408
Investment earnings		2,212,243
Intergovernmental		185,763
Miscellaneous		129,769
Gain on lease amendment		103,156
Total general revenues		45,276,537
Increase in net position		1,232,937
Net position at beginning of the year		38,124,532
Net position at end of the year	$	39,357,469

	General Fund	Special Revenue Funds: Measure Y	Special Revenue Funds: Other Funds	Total Governmental Funds
Assets				
Cash and investments	$ 20,282,295	$ 19,460,618	$ 5,019,942	$ 44,762,855
Accounts receivable	170,550	79,130	-	249,680
Sales tax receivable	-	2,716,365	-	2,716,365
Prepaid items	451,462	12,354	-	463,816
Other assets	47,925	-	10,000	57,925
Restricted assets:				
Restricted cash and investments	881,227	-	-	881,227
Total assets	$ 21,833,459	$ 22,268,467	$ 5,029,942	$ 49,131,868
Liabilities and fund balances				
Liabilities				
Accounts payable and accrued liabilities	$ 1,389,333	$ 406,752	$ 6,418	$ 1,802,503
Unearned revenue	24,456	16,304	-	40,760
Total liabilities	1,413,789	423,056	6,418	1,843,263
Fund balances				
Nonspendable	451,462	12,354	10,000	473,816
Restricted	852,653	21,833,057	5,013,524	27,699,234
Committed:				
Stabilization fund	4,128,648	-	-	4,128,648
Capital improvement & replacement	844,162	-	-	844,162
Major maintenance	417,430	-	-	417,430
Unassigned	13,725,315	-	-	13,725,315
Total fund balances	20,419,670	21,845,411	5,023,524	47,288,605
Total liabilities and fund balances	$ 21,833,459	$ 22,268,467	$ 5,029,942	$ 49,131,868

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

		June 30, 2024
Total fund balances - governmental funds	$	47,288,605
Total net position reported in the statement of net position is different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds:		
Capital assets, net		14,467,998
Deferred outflows of resources are reported in the statement of net position but not reported in the governmental funds		10,356,755
Deferred inflows of resources are reported in the statement of net position but not reported in the governmental funds		(2,338,410)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Compensated absences		(1,915,773)
Health reimbursement account liability		(757,533)
Financed purchases		(29,691)
Lease liability		(3,322,700)
SBITA liability		(62,846)
Interest payable		(6,256)
Net pension liability		(15,964,195)
Net OPEB liability		(8,358,485)
Total net position	$	39,357,469

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

For the Fiscal Year Ended June 30, 2024

	General Fund	Measure Y	Other Funds	Total Governmental Funds
Revenues				
Property taxes	$ 27,051,198	$ -	$ -	$ 27,051,198
Sales tax - Measure Y	-	15,594,408	-	15,594,408
Fines, fees and services	64,839	23,493	-	88,332
Investment income	877,229	1,077,267	257,747	2,212,243
Intergovernmental	617,613	334,754	-	952,367
Grants and contributions	16,807	4,941	182,390	204,138
Miscellaneous	77,347	52,422	-	129,769
Total revenues	28,705,033	17,087,285	440,137	46,232,455
Expenditures				
Current:				
Salaries and benefits	17,013,171	10,976,141	-	27,989,312
Operating	8,036,316	4,491,828	193,518	12,721,662
Capital outlay	325,115	2,484,291	22,453	2,831,859
Debt service:				
Principal	607,458	113,478	-	720,936
Interest	61,590	7,532	-	69,122
Total expenditures	26,043,650	18,073,270	215,971	44,332,891
Excess (deficiency) of revenues over (under) expenditures	2,661,383	(985,985)	224,166	1,899,564
Other financing sources				
Inception of SBITA	52,912	35,275	-	88,187
Net change in fund balances	2,714,295	(950,710)	224,166	1,987,751
Fund balances at June 30, 2023	17,705,375	22,796,121	4,799,358	45,300,854
Fund balances at June 30, 2024	$ 20,419,670	$ 21,845,411	$ 5,023,524	$ 47,288,605

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2024

Net change in fund balances - total governmental funds:		$ 1,987,751
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay 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	2,831,861	
Depreciation expense	(976,197)	
Amortization expense	(717,048)	
Decrease in construction in progress net of adjustment to financed purchase	(538,110)	
		600,506
Certain lease amendments are accounted for by reducing the carrying values of the lease asset and lease liability, with any difference being recognized as a gain or loss. This gain or loss is not reported in the governemental funds.		103,156
The inception of SBITA provides current financial resources to governmental funds.		(88,186)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds and reduces long-term liabilities in the statement of net position.		720,936
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 net pension liability	(2,244,012)	
Change in HRA liability	(170,943)	
Change in compensated absences liability	(168,807)	
Change in net other postemployment benefits liability	489,962	
Change in interest payable	2,574	
		(2,091,226)
Increase in net position of governmental activities		$ 1,232,937

See accompanying Notes to the Basic Financial Statements

The notes to the basic financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the Sonoma County Library as follows:

Note A. Defining the Financial Reporting Entity

The Sonoma County Library (the "Library") is a joint powers agency established between the County of Sonoma (the "County") and cities in 1975 to provide library services on an equitable basis throughout the County. On August 1, 2014, the joint powers agreement (JPA) of the Library was amended. This amendment created a separate government entity, with additional representation on the governing board, and ceased the Library's treatment as a component unit of the County.

A full copy of the amended and restated JPA can be found on the Library's website at www.sonomalibrary.org.

The Library is now governed by an eleven-member Library Commission (the "Commission") which includes one appointee of the Sonoma County Board of Supervisors, one appointee each from the cities of Cotati, Cloverdale, Healdsburg, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, and Sonoma, one appointee from the town of Windsor and one appointee jointly elected by the city of Santa Rosa and the Sonoma County Board of Supervisors.

Note B. Summary of Significant Accounting Policies

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information on the Library as a whole. The effect of inter-fund activity has been removed from these statements. The Library does not have any activities that are considered business-type activities.

The statement of net position presents the financial condition of the government activities of the Library at year end. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Program expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

During the year, the Library segregates transactions in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at a more detailed level. The focus of governmental fund financial statements is on major funds. The major funds are presented in separate columns. Non-major funds are aggregated and presented in a single column.

Note B. **Summary of Significant Accounting Policies** (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Library are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenues from grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental funds 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. Taxes other than property taxes, interest, certain state and federal grants, and charges for services are accrued when they are collected within 90 days of the end of the accounting 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 and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the Library the right to use lease assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

The Library reports the following major governmental funds:

General Fund

The General Fund is the principal fund of the Library. General tax revenues and other sources of revenue used to finance the fundamental operations of the Library are accounted for in this fund. General operating expenditures are paid from this fund.

Measure Y Fund

The Measure Y fund is a major fund that was established after the Sonoma County Library Sales Tax Initiative was passed in November 2016. The 1/8 cent sales tax began on April 1, 2017, and funds are exclusively used to supplement existing funding for Library operations, maintaining and enhancing Library hours and programs, acquisitions, and construction and modernization.

Other special revenue funds of the Library are non-major funds. Other special revenue funds are used to account for specific revenues that are assigned to expenditures for particular purposes.

Note B. **Summary of Significant Accounting Policies** (continued)

Cash and Investments

The Library's operating cash is pooled with the Sonoma County Treasurer, except for other cash, which consists of petty cash and a payroll clearing account, a FSA account, an HRA account and a separate checking and cost recovery account used as a clearing account for transfers to the Sonoma County Treasurer. Restricted cash balances represent amounts held by outside parties for the Library's flexible spending account and health reimbursement accounts. The County Treasurer also acts as disbursing agent for the Library.

Investments are stated at fair value in the statement of net position and the corresponding changes in fair value of investments are recognized in the year in which the change occurred. The fair value of investments is determined quarterly. Realized and unrealized gains or losses and interest earned on pooled investments are allocated quarterly to the appropriate funds based on their respective average daily balance for that quarter.

Capital Assets

Capital assets, which include land, buildings, building improvements, vehicles, furnishings and equipment, and right-to-use lease assets are reported in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at the estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Note B. **Summary of Significant Accounting Policies** (continued)

Capital Assets (continued)

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings	50 years
Building improvements	20-30 years
Vehicles	5-10 years
Furnishings and equipment	5 years
Right-to-use lease assets	Shorter of the lease term or the useful life of the underlying asset
Right-to-use SBITA assets	Shorter of the subscription term or the useful life of the underlying asset

The Library's collection of library books is not capitalized. This collection is unencumbered, held for public exhibition and education, protected, cared for and preserved, and subject to the Library's policy that requires proceeds from the sale of these items to be used to acquire other collection items.

Leases

The Library is a lessee for noncancelable leases of equipment and buildings. The Library recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the government-wide financial statements. The Library recognizes lease assets and associated liabilities with an initial individual asset value of $5,000 or more.

At the commencement of a lease, the Library initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initially amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The Library uses estimates and judgements to determine 1) the discount rate it uses to discount the expected lease payments to present value, and 2) the lease term. The Library uses the interest rate identified in the contract as the discount rate. If no interest rate is specified, the Library uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancelable period of the lease and extensions the Library is reasonably certain to exercise. The Library monitors changes in circumstances that are expected to significantly affect the amount of a lease liability or receivable that may require a remeasurement of its lease.

Note B. **Summary of Significant Accounting Policies** (continued)

Subscription-Based Information Technology Arrangements

A subscription-based information technology arrangement (SBITA) is defined as a contractual agreement that conveys control of the right-to-use another entity's IT asset, alone, or in conjunction with a tangible capital asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The Library recognizes a subscription liability and right-to-use software asset in the government-wide financial statements. The Library recognizes subscription assets and associated liabilities with an initial individual asset value of over $5,000 or more.

The Library measures the subscription liability at the present value of all payments expected to be made during the subscription term. The subscription liability is reduced by the principal portion as the subscription payments are made. The right-to-use software asset is measured as the amount of the initial measurement of the subscription liability plus any payments made to the vendor at commencement of the subscription term and any capitalizable initial implementation costs. The right-to-use software assets are amortized on a straight-line basis over the shorter of the subscription term or useful life of the IT asset.

Key estimates related to subscriptions include the rate used to discount expected subscription payments and the subscription term. The Library uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancelable period of the subscription term and extensions that the Library is reasonable certain to exercise. The Library monitors changes in circumstances that are expected to significantly affect the amount of a SBITA liability that may require remeasurement of the SBITA.

Compensated Absences

Library employees are entitled to certain compensated absences based on their length of employment. Vacation pay is subjected to certain maximum accumulations and is payable upon termination.

Note B. **Summary of Significant Accounting Policies** (continued)

Compensated Absences (continued)

Employees may also accumulate unused sick leave benefits without limit. Accumulated sick leave benefits may convert to compensatory time for up to a maximum of four days determined by a sliding scale based on actual sick days used during the previous year. Employees separated from Library service, for reasons other than disability, may receive payment of 25% of the monetary equivalent of their accumulated unused sick leave benefit, not to exceed 500 hours. Employees separated from Library service due to disability may receive full payment for all unused sick leave. Employees retiring from the Library may choose to receive payment as described above or to have unused sick leave converted to additional service credit as provided by the Public Employees' Retirement System ("PERS").

A liability is calculated for all of the costs of compensated absences based upon benefits earned by employees in the current period for which there is a probability of payment at termination. The salary and related payroll costs used to calculate the liability are those in effect as of the end of the fiscal year. Because vacation and sick leave balances do not require the use of current financial resources, no liability is recorded within the governmental funds. However, this liability is reflected in the government-wide statement of net position.

Compensated absences are generally liquidated by the General Fund and the Measure Y Fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenues) until that time.

Note B. **Summary of Significant Accounting Policies** (continued)

Net Position – Government-wide Financial Statements

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. "*Net position invested in capital assets"* consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. "*Restricted net position*" is reported as restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. "*Unrestricted net position*" consists of all other net position that does not meet the definition of the above two components and is available for general use by the Library.

Fund Balances – Governmental Funds

Governmental funds report fund balances in specifically defined classifications in accordance with the criteria established by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Library classifies fund balances into the following five categories:

Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the Library's highest level of decision-making authority (the Library Commission) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned fund balance – amounts that are constrained by the Library's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.

Unassigned fund balance – the residual classification for the Library's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

Note B. **Summary of Significant Accounting Policies** (continued)

Fund Balances – Governmental Funds (continued)

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed.

Property Taxes

Property taxes, including tax rates, are regulated by 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 also responsible for the allocation of property taxes to the Library.

The County has adopted the Teeter Alternative Method of Property Tax Allocation known as the "Teeter Plan." The 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 Library each fiscal year. Any subsequent delinquent payments and related penalties and interest will revert to the County.

Property taxes are recognized as revenue when they are levied. 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 assessed valuation 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.

Sales Tax Revenue and Receivable

Sales tax receivable represents the sales tax amount allocated to the Library through Measure Y as discussed in Note N, but uncollected at year end. Due to the nature of the sales tax receivable, management does not consider any portion uncollectible.

Sales tax revenues are presented net of administrative assessments by the State Board of Equalization in the amount of $449,430 during the fiscal year ended June 30, 2024.

Note B. **Summary of Significant Accounting Policies** (continued)

Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note C. **Stewardship, Compliance and Accountability**

Budget and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, and the Measure Y fund. The Library Director is authorized to transfer budgeted amounts within any character (group of accounts); however, any revisions that alter the total appropriations of any fund must be approved by the Library Commission. Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget pursuant to state regulations, and the encumbrances are automatically reestablished in the next year. Budget to actual schedules are presented as required supplementary information.

Note D. **Cash and Investments**

The Library follows the practice of pooling substantially all cash and investments with the Sonoma County Treasurer (the Treasurer) except for petty cash, a payroll clearing account, a cost recovery clearing account, and restricted cash balances related to the flexible spending account and health reimbursement account programs held with a financial institution.

Investment Guidelines and Authorized Investments

The Library's pooled cash and investments are invested pursuant to investment policy guidelines established by the Treasurer and approved by the Sonoma County Board of Supervisors.

Note D. **Cash and Investments** (continued)

Investment Guidelines and Authorized Investments (continued)

The objectives of the policy are, in order of priority: safety of capital, liquidity, and maximum rate of return. 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.

Permitted investments include the following:

- U.S. Treasury and Federal agency securities
- Bonds issued by local agencies
- Registered State warrants and municipal notes
- Negotiable certificates of deposit
- Bankers' acceptances
- Commercial paper
- Medium-term corporate notes
- Local Agency Investment Fund (State Pool) demand deposits
- Repurchase agreements
- Reverse repurchase agreements
- Shares of a mutual fund average life
- Mutual funds and money market mutual funds
- Collateralized mortgage obligations
- Collateralized time deposits
- Joint powers authority pools
- Investment Trust of California (Caltrust)

A copy of the County Investment Policy is available upon request from the Treasurer at 585 Fiscal Drive, Room 100, Santa Rosa, California 95403.

Investment in County Treasurer's Pool (the Treasury Pool)

Cash and investments as of June 30, 2024 are classified in the accompanying statement of net position as follows:

Investment in the Sonoma County Treasury Pool	$ 44,426,866
Nonpooled cash and investments:	
Cash on hand	940
Unrestricted	335,049
Restricted for flexible savings accounts	28,574
Restricted for health reimbursement accounts	852,653
Total	$ 45,644,082

Note D. **Cash and Investments** (continued)

Investment in County Treasurer's Pool (the Treasury Pool) (continued)

As of June 30, 2024, the Library's investments in the Treasury Pool had a weighted average days to maturity of 664 days. The credit rating and other information regarding the Treasury Pool for the fiscal year ended June 30, 2024, is disclosed in the County's Annual Comprehensive Financial Report.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2024, the Library had no investments other than the cash and investments pooled with the County Treasury.

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. Credit risk 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.

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, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. It 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 concentration of credit risk is the risk of loss that may be caused by the Library's investment in a single user. The investment policy of the Library contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no non-pooled investments in any one issuer that represent 5% or more of total Library's investments.

Note D. **Cash and Investments** (continued)

Concentration of Credit Risk (continued)

The Library maintains other cash in a financial institution insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). At times, the cash balance may exceed the FDIC insurance coverage amount. Amounts in excess of the FDIC insurance coverage are collateralized.

Fair Value Measurements

The Library 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.

As of June 30, 2024, the Library has a fair value measurement for its investment in the Sonoma County Treasury Pool of $44,426,866 which is valued using significant other observable inputs (Level 2).

The net increase in fair value of investments by fund included in investment income for the year ended June 30,2024, is as follows:

General Fund	$ 318,832
Measure Y	444,853
Other Funds	100,009
Total	$ 863,694

Note E. Capital Assets

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

	July 1, 2023	Increase	Decrease	Transfers & Reclassification	June 30, 2024
Capital assets, not being depreciated:					
Land	$ 207,000	$ -	$ -	$ -	$ 207,000
Construction in progress	1,838,449	2,076,838	(562,986)	(1,013,641)	2,338,660
Total capital assets not being depreciated/amortized:	2,045,449	2,076,838	(562,986)	(1,013,641)	2,545,660
Capital assets being depreciated/amortized:					
Buildings and improvements	7,897,417	158,781	-	444,466	8,500,664
Furnishings and equipment	5,534,131	508,054	-	569,175	6,611,360
Vehicles	696,546	-	-	-	696,546
Right-to-use SBITA assets	14,481	88,186	-	-	102,667
Right-to-use leased equipment	243,297	-	-	-	243,297
Right-to-use leased buildings	7,217,283	32,292	(2,334,346)	-	4,915,229
Total capital assets being depreciated/ amortized:	21,603,155	787,313	(2,334,346)	1,013,641	21,069,763
Less: accumulated depreciation/amortization for:					
Buildings and improvements	(2,384,508)	(316,041)	-	-	(2,700,549)
Furnishings and equipment	(3,512,383)	(591,107)	-	-	(4,103,490)
Vehicles	(215,725)	(69,049)	-	-	(284,774)
Right-to-use SBITA assets	(5,171)	(32,500)	-	-	(37,671)
Right-to-use leased equipment	(97,318)	(48,660)	-	-	(145,978)
Right-to-use leased buildings	(1,239,075)	(635,888)	-	-	(1,874,963)
Total accumulated depreciation/ amortization	(7,454,180)	(1,693,245)	-	-	(9,147,425)
Total capital assets being depreciated/amortized, net:	14,148,975	(905,932)	(2,334,346)	1,013,641	11,922,338
Total capital assets, net	$ 16,194,424	$ 1,170,906	$ (2,897,332)	$ -	$ 14,467,998

Depreciation and amortization expense relating to governmental activities amounted to $1,693,245 for the year ended June 30, 2024. Right-to-use leased buildings was reduced by $2,334,346 due to a reduction in the lease term for the Library headquarters lease. Construction in progress in the amount of $538,110 was reclassified to operating projects. In addition, to construction in progress decreased by $24,876 due to an amendment to a financed purchase agreement.

Note F. Defined Benefit Pension Plan

Plan Description

The Library contributes to the California PERS ("CalPERS"), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and county ordinance. Copies of CalPERS' annual financial report may be obtained from its executive office: 400 Q Street, Sacramento, California 95814.

In September 2012, Governor Brown signed the Public Employer Pension Reform Act of 2013 ("PEPRA"). PEPRA went into effect on January 1, 2013. The impact of PEPRA on the Library's retirement benefits is that all new employees are mandated into a new tier of CalPERS retirement benefits titled 2.0% at age 62 (PEPRA). As of the June 30, 2023 measurement date, there were 70 covered employees under the 2.0% at 55 (Classic) plan and 177 covered employees under the 2.0% at 62 (PEPRA) plan.

Funding Policy

Classic participants are required to contribute 7.00% of their annual covered salary. PEPRA plan participants are required to contribute 8.75% of their annual covered salary. The Library is also required to contribute at an actuarially determined rate. The rate for the fiscal year ended June 30, 2024, was 11.26% of the annual covered payroll and was established by CalPERS in connection with the June 30, 2021, actuarial study. The contribution requirements of plan members and the Library are established and may be amended by CalPERS.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the Library reported $15,964,195 for its net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022.

For the fiscal year ended June 30, 2024, the Library recognized pension expense of $3,996,715 in the government-wide financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits.

Note F. Defined Benefit Pension Plan (continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2024, the Library reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,685,054	$ 497,833
Changes in assumptions	367,028	-
Net difference between projected and actual earnings on retirement plan investments	3,254,329	-
Contributions subsequent to the measurement date	1,752,704	-
	$ 7,059,115	$ 497,833

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The $1,752,704 of deferred outflows of resources related to contributions made subsequent to the measurement date as of June 30, 2024 will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2025	$ 1,141,323
2026	810,501
2027	2,670,831
2028	185,923
	$ 4,808,578

Note F. Defined Benefit Pension Plan (continued)

Actuarial Assumptions

The total pension liability as of the June 30, 2024, reporting date was determined based on the following actuarial assumptions:

Reporting date	June 30, 2024
Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation	2.50%
Projected payroll growth	2.75%
Investment rate of return	7.00%

Sensitivity of the Library's Net Pension Liability to Changes in the Discount Rate

The discount rate used to measure the net pension liability as of the June 30, 2023 measurement date was 6.90%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates.

The following table presents the Library's share of the net pension liability calculated as of June 30, 2023, the measurement date, using a discount rate that is 1-percentage point lower (5.90%) or 1-percentage point higher (7.90%) than the current rate:

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
Plan's Net Pension Liability	$ 26,379,004	$ 15,694,195	$ 7,258,231

Note G. Other Postemployment Benefits

In addition to the pension benefits described in Note F, the Library provides other postemployment benefits ("OPEB") for retired employees through the California Employers' Retirement Benefit Trust fund.

Plan Description

The Library, through an agent multiple-employer plan, provides health insurance benefits to all career employees who have retired as of July 1, 1983, and thereafter at the same level of benefits as those being provided for current career employees and in accordance with the schedule of payments for the same.

Note G. Other Postemployment Benefits (continued)

Benefits Provided

The Library contributes toward post-retirement benefits for employees who retire under CalPERS and choose medical coverage under plans offered to Library employees. The Library pays a portion of the monthly medical premiums, up to a maximum of 80%, 82%, or 84%, depending on the employee's employment tier while working. These percentages are prorated if the retiring employee worked less than full-time. The retired employee is responsible for paying the balance of the premiums. This benefit is provided by Library Commission approval of the employee labor union Memorandum of Understanding.

Benefits are paid for the lifetime of the retired employee, as long as the retiree remains covered under employer-sponsored health plans and pays their share of the monthly premiums. For employees hired before July 1, 1997, a spouse or domestic partner is also covered. For employees hired between July 1, 1997 and November 5, 2013, a spouse or domestic partner is covered if the retiree worked at least 20 years. For all other retirees, dependents may be covered if the retiree pays the premiums. Benefits for employees hired after November 5, 2013 cease at age 65.

The Library also reimburses covered retirees for Medicare Part B premiums. Retired employees may be covered under the Library's dental and vision plans, but must pay the entire premium for those coverages.

Employees Covered by Benefit Terms

As of the June 30, 2023 measurement date, the following employees were covered by the benefit terms:

Active employees	243
Retirees and beneficiaries currently receiving benefits	102
Inactive employees entitled to but not yet receiving benefits	59
Totals	404

Note G. Other Postemployment Benefits (continued)

Contributions

The contribution requirements of OPEB plan members and the Library are established and may be amended by agreement of the Library Commission and employee labor union. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to fund benefits as determined annually by the Library Commission. For the year ended June 30, 2024, the Library contributed $1,573,896, which includes the current pay-as-you-go portion of the current premium, plus an additional $750,000. Total contributions during the fiscal year ended June 30, 2024 represented 8.7% of covered payroll. OPEB plan members receiving benefits are currently not required to contribute.

Net OPEB Liability

The Library's net OPEB liability was measured as of July 1, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability at June 30, 2023, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Investment rate of return	5.25%

The non-medicare medical trends grade from 8.5% in 2025 down to 3.45% in 2076. The Medicare (non-Kaiser) medical trends grade from 7.5% in 2025 down to 3.45% in 2076. The Medicare (Kaiser) medical trends grade from 6.25% in 2025 down to 3.45% in 2076. Mortality rates were based on the CalPERS 2000-2019 experience study.

Note G. Other Postemployment Benefits (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class for the June 30, 2023 measurement date is summarized in the following table:

Asset Class	Target Allocation	Expected Rate of Return
Global equity	23%	4.56%
Fixed income	51%	1.56%
Treasury securities	9%	(0.08)%
Real estate trusts	14%	4.06%
Commodities	3%	1.22%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.25%. The projection of cash flows used to determine the discount rate assumed that Library contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Note G. Other Postemployment Benefits (continued)

Changes in the Net OPEB Liability for the Fiscal Year Ended June 30, 2024

	Increase (Decrease)		
	Total OPEB Liability {a}	Plan Fiduciary Net Position {b}	Net OPEB Liability {a} - {b}
Balances as of June 30, 2023	$ 16,788,570	$ 8,187,643	$ 8,600,927
Changes for the year:			
Service cost	634,457	-	634,457
Interest	892,993	-	892,993
Difference between actual and expected experience	(330,523)	-	(330,523)
Changes of assumptions	925,818	-	925,818
Employer contributions	-	2,241,527	(2,241,527)
Net investment income	-	134,103	(134,103)
Benefit payments	(827,281)	(827,281)	-
Administrative expense	-	(10,443)	10,443
Net changes	1,295,464	1,537,906	(242,442)
Balances at June 30, 2024	$ 18,084,034	$ 9,725,549	$ 8,358,485

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Library, as well as what the Library's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.25%) or 1-percentage-point higher (6.25%) than the current discount rate:

	1% Decrease 4.25%	Current Discount Rate 5.25%	1% Increase 6.25%
Net OPEB Liability	$ 10,624,389	$ 8,358,485	$ 6,462,217

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Library, as well as what the Library's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	$ 6,411,656	$ 8,358,485	$ 10,712,809

Note G. Other Postemployment Benefits (continued)

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

For the fiscal year ended June 30, 2024, the Library recognized OPEB expense of $1,083,934. At June 30, 2024, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ 80,750	$ 346,200
Changes in assumptions	872,122	1,494,377
Net difference between projected and actual earnings on OPEB plan investments	770,872	-
Contributions subsequent to the measurement date	1,573,896	-
Total	$ 3,297,640	$ 1,840,577

The $1,573,896 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense (reduction of expense) as follows:

Year Ending June 30,	Amount
2025	$ 15,866
2026	27,722
2027	142,365
2028	(116,121)
2029	(175,259)
Thereafter	(11,406)
	$ (116,833)

Note G. Other Postemployment Benefits (continued)

Health Reimbursement Account

For employees hired or rehired after November 6, 2013, the Library recognizes a liability for future qualified post-employment healthcare benefits. Employees hired or rehired after November 6, 2013, are eligible for this benefit. Eligibility is based upon completion of two full years of consecutive regular service with the Library with scheduled hours at least 50% of full-time. Employees earn a prorated share of the benefit up to $1,200 per year. After an employee has worked the two full years of service an initial accrual is made and there are no further service requirements. Upon retirement from the Library and application for service retirement benefits or disability retirement benefits from CalPERS, participants ages 55 or older may submit claims for reimbursement for eligible expenses.

Note H. Deferred Compensation Plans

The Library has established two deferred compensation plans (the “Plans”) created in accordance with California Government Code Section 53212 and Internal Revenue Code Section 457. The Plans permit employees to defer a portion of their salary until future years. Additionally, in lieu of Social Security and in accordance with FICA requirements, the Library uses these Plans to provide a deferred compensation plan for part-time, seasonal and temporary employees who are not eligible for CalPERS. The contribution rates are 4.5% for the employer and 3% for the employee.

The Plans’ assets are held by CalPERS and Nationwide Insurance for the exclusive benefit of the employees and their beneficiaries and, therefore, are not recorded as assets of the Library. Each employee directs the investment of the assets in his or her account.

Note I. Leases

As of June 30, 2024, the Library was a lessee for several noncancelable leases for buildings and equipment. At June 30, 2024, the total value of the Library's lease liability was $3,322,700. The leases interest rates range from 1.06% to 1.89%. The Library is required to make monthly principal and interest payments are $58,810 per month.

Lease	Lease Type	End Date	Liability at 6/30/2023	Liability at 6/30/2024	Monthly Payments
Library Headquarters	Buildings	9/30/2028	$ 5,155,187	$ 2,257,333	$ 43,098
Roseland Branch	Buildings	6/30/2031	960,714	859,907	9,623
Occidental Branch	Buildings	6/30/2028	90,456	74,289	1,442
Forestville Branch	Buildings	6/30/2029	5,762	32,392	486
Master Copier Lease	Equipment	6/30/2026	147,390	98,779	4,161
Total			$ 6,359,509	$ 3,322,700	$ 58,810

Lease assets values at June 30, 2024 were as follows:

Lease	Value of Right-to-Use Asset	Accumulated Amortization June 30, 2024
Building Leases:		
Library Headquarters	$ 3,602,125	$ 1,467,135
Roseland Branch	1,149,224	344,767
Occidental Branch	120,322	51,567
Forestville Branch	43,558	11,494
Subtotal Building Leases	4,915,229	1,874,963
Equipment Leases:		
Master Copier Lease	243,297	145,978
Total	$ 5,158,526	$ 2,020,941

The future principal and interest lease payments as of June 30, 2024 are as follows:

Year ending June 30,	Principal	Interest	Total
2025	$ 674,934	$ 51,048	$ 725,982
2026	712,321	39,450	751,771
2027	684,295	27,538	711,833
2028	700,986	15,618	716,604
2029	274,911	6,015	280,926
2030 - 2031	275,253	4,656	279,909
Total	$ 3,322,700	$ 144,325	$ 3,467,025

Note J. Subscription-Based Information Technology Arrangements

As of June 30, 2024, the Library has entered into several SBITAs. At June 30, 2024, the total value of the Library's SBITA liability was $62,846. SBITA interest rates range from 2.04% to 2.90%. Minimum annual principal and interest payments are $35,240.

Subscription	End date	Liability at 6/30/2023	Liability at 6/30/2024	Annual Payments
OverDrive - Digital Library Reserve	4/18/2025	$ 9,702	$ 4,900	$ 5,000
CollectionsHQ	7/27/2026	-	57,946	30,240
Total		$ 9,702	$ 62,846	$ 35,240

At June 30, 2024, the combined value of the right-to-use SBITA asset was $102,667 with accumulated amortization of $37,671.

SBITA Assets	Asset Value	Accumulated Amortization June 30, 2024
OverDrive - Digital Library Reserve	$ 14,481	$ 10,343
CollectionsHQ	88,186	27,328
	$ 102,667	$ 37,671

The future principal and interest payments related to these SBITA's are as follows:

Year ending June 30,	Principal	Interest	Total
2025	$ 33,459	$ 1,781	$ 35,240
2026	29,387	853	30,240
Total	$ 62,846	$ 2,634	$ 65,480

Note K. Long-Term Obligations

Financed purchases

	Maturity Date	Interest Rate	Authorized & Issued	Outstanding June 30, 2024
Library equipment	2025	0.50%	$ 225,700	$ 29,691
Total financed purchases				$ 29,691

In November 2020 the Library entered into an agreement to finance the acquisition of equipment. The financed purchase liability was recorded at the present value of future minimum payments at the inception of the agreement. During the fiscal year ended June 30, 2024, the financed purchase liability was reduced by $54,295 due to scheduled payments and by $24,876 due to a contract amendment. The financed purchase matures during the fiscal year ending June 30, 2025.

Changes in Long-Term Obligations

A summary of changes in long-term obligations for the governmental activities is as follows:

	Balance July 1, 2023	Increase	Decrease	Balance June 30, 2024	Due Within One Year
Compensated absences	$ 1,746,966	$ 2,640,177	$ (2,471,370)	$ 1,915,773	$ -
Health reimbursement account liability	586,590	173,919	(2,976)	757,533	-
Financed purchase	108,862	-	(79,171)	29,691	29,691
SBITA liability	9,702	88,186	(35,042)	62,846	33,459
Lease liability	6,359,509	27,185	(3,063,994)	3,322,700	674,934
Net pension liability	13,963,236	5,709,575	(3,708,616)	15,964,195	-
Net OPEB liability	8,600,927	1,295,464	(1,537,906)	8,358,485	-
Total	$ 31,375,792	$ 9,934,506	$ (10,899,075)	$ 30,411,223	$ 738,084

Note K. Long-Term Obligations (continued)

Debt Service Requirements

The annual principal and interest requirements on the outstanding long-term obligations as of June 30, 2024 (excluding compensated absences, health reimbursement account liability, lease liability, SBITA liability, net pension liability, and net OPEB liability), are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2025	$ 29,691	$ 149	$ 29,840

Note L. Insurance

The Library carries commercial insurance for all significant risks of loss which include public official liability, general liability, property and workers' compensation insurance. The limits of the general liability and automobile coverage are $1,000,000 per occurrence. The limits of the personal property insurance are $28,045,781. Deductibles for these perils range from $1,000-$5,000. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years.

Note M. Related Party Transactions

During the year ended June 30, 2024, the Library contracted with the County of Sonoma for services related to maintaining the Library's general ledger, access to the enterprise financial system, fleet maintenance, fuels and accounting services. Total expenditures for such services amounted to $377,306 for the fiscal year ended June 30, 2024.

Note N. Measure Y Sales Tax Revenues

The Measure Y Special Revenue Fund was created in November 2016 with the passage of the Sonoma County Library Maintenance, Restoration and Enhancement Act to account for the related sales tax revenues and expenditures of Measure Y. Measure Y is funded by a one-eighth of one percent (0.125%) sales tax in Sonoma County and created a stable funding source to supplement existing funding for Library operations.

According to the Sonoma County Library Maintenance, Restoration and Enhancement Act, sales tax revenue should be used for the following:

- Maintaining and enhancing Library hours and programs
- Improving services at existing libraries
- Upgrading and maintaining facilities services and collections throughout the incorporated and unincorporated territories of the County

Note O. Future Governmental Accounting Standards

The Governmental Accounting Standards Board has released the following new standards:

Statement No. 101	*Compensated Absences*	Effective for the fiscal years beginning after December 15, 2023, this statement updates the recognition and measurement guidance for compensated absences. This will be achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.
Statement No. 102	*Certain Risk Disclosures*	Effective for the fiscal years beginning after June 15, 2024, this statement provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations of constraints.
Statement No. 103	*Financial Reporting Model Improvements*	Effective for the fiscal years beginning after June 15, 2025, this statement improves key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a governments accountability. This Statement also addresses certain application issues.

The impact on the basic financial statements of the Library of these pronouncements which have not yet been adopted is unknown at this time.

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual - General Fund

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Property taxes	$ 26,049,579	$ 26,662,066	$ 27,051,198	$ 389,132
Fines, fees and services	34,500	47,100	64,839	17,739
Investment earnings	75,000	176,885	877,229	700,344
Intergovernmental	479,748	579,352	617,613	38,261
Grants and contributions	134,744	134,744	16,807	(117,937)
Miscellaneous	-	-	77,347	77,347
Total revenues	26,773,571	27,600,147	28,705,033	1,104,886
Expenditures				
Current:				
Salaries and benefits	17,517,808	17,557,317	17,013,171	544,146
Operating	9,031,697	9,379,016	8,036,316	1,342,700
Capital outlay	287,383	563,564	325,115	238,449
Contingency	204,046	24,425	-	24,425
Debt service:				
Principal	-	-	607,458	(607,458)
Interest	-	-	61,590	(61,590)
Total expenditures	27,040,934	27,524,322	26,043,650	1,480,672
(Deficiency) excess of revenues (under) over expenditures	(267,363)	75,825	2,661,383	2,585,558
Other financing sources				
Inception of SBITA	-	-	52,912	52,912
Net change in fund balance	$ (267,363)	$ 75,825	2,714,295	$ 2,585,558
Fund balance at beginning of year			17,705,375	
Fund balance at end of year			$ 20,419,670	

Schedule of Revenues, Expenditures, and Changes in Fund Balance-
Budget and Actual - Measure Y Special Revenue Fund

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Sales tax - Measure Y	$ 16,458,287	$ 16,458,287	$ 15,594,408	$ (863,879)
Fines, fees and services	23,000	31,400	23,493	(7,907)
Investment earnings	50,000	303,115	1,077,267	774,152
Intergovernmental	185,536	309,750	334,754	25,004
Grants and contributions	29,830	29,830	4,941	(24,889)
Miscellaneous	-	-	52,422	52,422
Total revenues	16,746,653	17,132,382	17,087,285	(45,097)
Expenditures				
Current				
Salaries and benefits	11,047,714	11,074,053	10,976,141	97,912
Operating	4,714,795	4,926,551	4,491,828	434,723
Capital outlay	2,586,452	5,072,070	2,484,291	2,587,779
Contingency	136,030	36,072	-	36,072
Debt service:				
Principal	-	-	113,478	(113,478)
Interest	-	-	7,532	(7,532)
Total expenditures	18,484,991	21,108,746	18,073,270	3,035,476
(Deficiency) excess of revenues (under) over expenditures	(1,738,338)	(3,976,364)	(985,985)	2,990,379
Other financing sources				
Inception of SBITA	-	-	35,275	(35,275)
Net change in fund balance	$ (1,738,338)	$ (3,976,364)	(950,710)	$ 2,990,379
Fund balance at beginning of year			22,796,121	
Fund balance at end of year			$ 21,845,411	

See accompanying Notes to the Required Supplementary Information

Schedule of Library Pension Contributions
Last Ten Fiscal Years

Reporting date June 30,	2024	2023	2022	2021	2020
Actuarially determined contribution	$ 3,128,442	$ 2,848,788	$ 2,568,370	$ 2,480,920	$ 2,236,524
Contributions in relation to the actuarially determined contribution	(3,128,442)	(2,848,788)	(2,568,370)	(2,480,920)	(2,236,524)
Contribution deficiency (excess)		$ -	$ -	$ -	$ -
Covered payroll	$ 14,728,018	$ 12,991,745	$ 13,357,965	$ 12,194,768	$ 10,607,284
Contributions as a percentage of covered payroll	21.24%	21.93%	19.23%	20.34%	21.08%

Reporting date June 30,	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 1,869,703	$ 1,653,431	$ 1,352,442	$ 1,195,632	$ 1,133,492
Contributions in relation to the actuarially determined contribution	(1,869,703)	(1,653,431)	(1,352,442)	(1,195,632)	(1,133,492)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 9,946,268	$ 8,244,700	$ 7,818,837	$ 7,758,220	$ 7,748,794
Contributions as a percentage of covered payroll	18.80%	20.05%	17.30%	15.41%	14.63%

Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

Measurement period ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Service cost	$ 2,776,231	$ 2,448,944	$ 2,392,412	$ 2,207,253	$ 1,925,858	$ 1,807,635	$ 1,633,193	$ 1,423,654	$ 1,442,797	$ 1,490,945
Interest	5,694,587	5,318,164	5,280,696	5,022,209	4,797,498	4,536,569	4,482,004	4,453,116	4,248,946	4,138,394
Difference between expected and actual experience	1,967,865	(995,665)	517,235	303,164	870,741	(349,394)	(1,445,196)	93,423	(1,492,564)	-
Changes in benefit terms	148,202	-	-	-	-	-	-	-	-	-
Changes in assumptions	-	734,058	-	-	-	(1,639,615)	3,272,906	-	(911,611)	-
Benefit payments including refunds of employee contributions	(4,877,310)	(4,305,525)	(4,136,093)	(4,312,075)	(3,736,730)	(3,512,652)	(3,387,906)	(3,281,136)	(2,932,286)	(2,743,538)
Net change in total pension liability	**5,709,575**	**3,199,976**	**4,054,250**	**3,220,551**	**3,857,367**	**842,543**	**4,555,001**	**2,689,057**	**355,282**	**2,885,801**
Total pension liability - beginning	81,464,715	78,264,739	74,210,489	70,989,938	67,132,571	66,290,028	61,735,027	59,045,970	58,690,688	55,804,887
Total pension liability - ending (A)	**$ 87,174,290**	**$ 81,464,715**	**$ 78,264,739**	**$ 74,210,489**	**$ 70,989,938**	**$ 67,132,571**	**$ 66,290,028**	**$ 61,735,027**	**$ 59,045,970**	**$ 58,690,688**
Plan fiduciary net position:										
Contributions - employer	$ 3,128,442	$ 2,848,788	$ 2,567,496	$ 2,480,920	$ 2,236,524	$ 1,869,703	$ 1,653,431	$ 1,352,442	$ 1,195,632	$ 1,133,492
Contributions - employee	1,328,922	1,147,680	1,026,702	1,006,321	869,064	751,451	659,831	578,623	511,408	527,839
Net investment income	4,178,199	(5,503,848)	13,507,026	2,944,826	3,617,231	4,363,935	5,313,477	277,617	1,134,413	7,419,651
Benefit payments including refunds of employee contributions	(4,877,310)	(4,305,525)	(4,136,093)	(4,312,075)	(3,736,730)	(3,512,652)	(3,387,906)	(3,281,136)	(2,932,286)	(2,743,538)
Plan to plan resource movement	-	-	-	-	-	(129)	-	-	3,532	-
Administrative expense	(49,637)	(45,699)	(60,391)	(82,355)	(39,585)	(81,396)	(70,968)	(29,966)	(55,330)	-
Other miscellaneous income/(expense)	-	-	-	-	129	(154,573)	-	-	-	-
Net change in plan fiduciary net position	3,708,616	(5,858,604)	12,904,740	2,037,637	2,946,633	3,236,339	4,167,865	(1,102,420)	(142,631)	6,337,444
Plan fiduciary net position - beginning	67,501,479	73,360,083	60,455,343	58,417,706	55,471,073	52,234,734	48,066,869	49,169,289	49,311,920	42,974,476
Plan fiduciary net position - ending (B)	**$ 71,210,095**	**$ 67,501,479**	**$ 73,360,083**	**$ 60,455,343**	**$ 58,417,706**	**$ 55,471,073**	**$ 52,234,734**	**$ 48,066,869**	**$ 49,169,289**	**$ 49,311,920**
Plan net pension liability (A)-(B)	$ 15,964,195	$ 13,963,236	$ 4,904,656	$ 13,755,146	$ 12,572,232	$ 11,661,498	$ 14,055,294	$ 13,668,158	$ 9,876,681	$ 9,378,768
Plan fiduciary net position as a percentage of the total pension liability	**81.69%**	**82.86%**	**93.73%**	**81.46%**	**82.29%**	**82.63%**	**78.80%**	**77.86%**	**83.27%**	**84.02%**
Covered payroll	$ 14,728,018	$ 12,991,745	$ 13,357,965	$ 12,194,768	$ 10,607,284	$ 9,946,268	$ 8,244,700	$ 7,818,837	$ 7,758,220	$ 7,748,794
Plan net pension liability as a percentage of covered payroll	**108.39%**	**107.48%**	**36.72%**	**112.80%**	**118.52%**	**117.24%**	**170.48%**	**174.81%**	**127.31%**	**121.04%**

Schedule of Library OPEB Contributions
Last Ten Fiscal Years*

Reporting date June 30,	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 1,319,598	$ 1,314,000	$ 1,448,121	$ 2,898,547	$ 2,869,291	$ 875,288	$ 800,044
Contributions in relation to the actuarially determined contribution	(1,573,896)	(2,241,527)	(1,448,121)	(2,898,547)	(2,869,291)	(875,288)	(800,044)
Contribution deficiency (excess)	$ (254,298)	$ (927,527)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 18,051,833	$ 16,658,030	$ 14,980,604	$ 13,063,998	$ 13,781,601	$ 13,957,566	$ 10,583,000
Contributions as a percentage of covered payroll	8.72%	13.46%	9.67%	22.19%	20.82%	6.27%	7.56%

* The required supplementary information is intended to show information for ten years.
Additional years' information will be displayed as this information becomes available.

Schedule of Changes in Net OPEB Liability
Last Ten Fiscal Years*

Measurement period ended June 30,	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:							
Service cost	$ 634,457	$ 686,501	$ 331,018	$ 321,377	$ 327,617	$ 318,075	$ 308,811
Interest	892,993	825,666	888,507	862,148	806,614	785,072	765,727
Changes in benefit terms	-	-	-	-	-	-	-
Difference between actual and expected experience	(330,523)	-	(92,375)	-	148,040	-	-
Changes in assumptions	925,818	(1,031,232)	(1,136,674)	-	137,300	-	-
Benefits paid to retirees	(827,281)	(776,626)	(690,678)	(641,275)	(619,291)	(725,288)	(650,044)
Net change in Total OPEB liability	**1,295,464**	**(295,691)**	**(700,202)**	**542,250**	**800,280**	**377,859**	**424,494**
Total OPEB Liability - beginning	16,788,570	17,084,261	17,784,463	17,242,213	16,441,933	16,064,074	15,639,580
Total OPEB Liability - ending (A)	**$ 18,084,034**	**$ 16,788,570**	**$ 17,084,261**	**$ 17,784,463**	**$ 17,242,213**	**$ 16,441,933**	**$ 16,064,074**
Plan fiduciary net position:							
Contributions - employer	$ 2,241,527	$ 1,532,779	$ 1,448,121	$ 2,898,547	$ 2,869,291	$ 875,288	$ 800,044
Net investment income	134,103	(896,525)	907,597	354,302	277,812	64,629	50,241
Benefits paid to retirees	(827,281)	(776,626)	(690,678)	(641,275)	(619,291)	(725,288)	(650,044)
Administrative expense	(10,443)	(8,269)	(9,803)	(10,181)	(1,551)	(690)	(587)
Net change in plan fiduciary net position	1,537,906	(148,641)	1,655,237	2,601,393	2,526,261	213,939	199,654
Plan fiduciary net position - beginning	8,187,643	8,336,284	6,681,047	4,079,654	1,553,393	1,339,454	1,139,800
Plan fiduciary net position - ending (B)	**$ 9,725,549**	**$ 8,187,643**	**$ 8,336,284**	**$ 6,681,047**	**$ 4,079,654**	**$ 1,553,393**	**$ 1,339,454**
Net OPEB liability - ending (A)-(B)	$ 8,358,485	$ 8,600,927	$ 8,747,977	$ 11,103,416	$ 13,162,559	$ 14,888,540	$ 14,724,620
Plan fiduciary net position as a percentage of the total OPEB liability	**53.78%**	**48.77%**	**48.80%**	**37.57%**	**23.66%**	**9.45%**	**8.34%**
Covered-employee payroll	$ 16,658,030	$ 14,980,604	$ 13,063,998	$ 13,781,601	$ 13,957,566	$ 10,583,000	$ 9,128,000
Net OPEB liability as a percentage of covered-employee payroll	**50.18%**	**57.41%**	**66.96%**	**80.57%**	**94.30%**	**140.68%**	**161.31%**

* The required supplementary information is intended to show information for ten years.
Additional years' information will be displayed as this information becomes available.

Note A. **Budgetary Accounting**

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. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Compliance

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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

The Library Commission
Sonoma County Library

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, each major fund, and the aggregate remaining fund information of Sonoma County Library (the Library), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated December 5, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) as a basis for designing 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 Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library'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 Library'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 were not 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)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library'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 Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pisenti & Brinker LLP

Santa Rosa, CA
December 5, 2024