

BOARD OF DIRECTORS AGENDA PACKET

**Monday, December 14, 2015
2:30 p.m.**

**Sonoma County
Permit & Resource Management Department
2550 Ventura Avenue
Santa Rosa, California**



BOARD OF DIRECTORS AGENDA

December 14, 2015 – 2:30 p.m.

Sonoma County Permit & Resource Management Department
Planning Commission Hearing Room – 2550 Ventura Avenue, Santa Rosa, CA

1. **Call to order the meeting of the Sonoma County Transportation Authority (SCTA) and the Sonoma County Regional Climate Protection Authority (RCPA)**
2. **Public comment on items not on the regular agenda**
3. **Consent Calendar**
 - A. **SCTA/RCPA Concurrent Items**
 - 3.1. Admin – Minutes of the November 9, 2015 meeting (ACTION)*
 - 3.2. Admin – extend by two months web design contract with MOB Media (ACTION)*
 - 3.3. Audits – approval of FY14/15 audits for SCTA, RCPA and Measure M (ACTION)*
 - B. **RCPA**
 - 3.4. CA2020 – amend contract with Pete Parkinson for professional services related to Climate Action 2020 and local implementation (ACTION)*
4. **Regular Calendar**
 - A. **RCPA Items**
 - 4.1. RCPA Planning
 - 4.1.1. CA2020 – presentation on content of public draft and schedule for community climate action plan (ACTION)*
 - 4.2. RCPA Programs
 - 4.2.1. Solid Waste – status report on Sonoma County Waste Management Agency matters (ACTION)*
 - B. **SCTA Items**
 - 4.3. SCTA Planning
 - 4.3.1. Comprehensive Transportation Plan – approach to CEQA (ACTION)
 - 4.4. SCTA Projects and Programming
 - 4.4.1. Highways – update on State Highway projects (REPORT)
5. **Reports and Announcements**
 - 5.1. Executive Committee report
 - 5.2. Regional agency reports*

SMART	NCRA	MTC	Self Help Counties Coalition
ABAG	BAAQMD	CALCOG	GGBHTD
			Sonoma Clean Power
 - 5.3. Advisory Committee agendas*
 - 5.4. SCTA/RCPA staff report
 - 5.5. Announcements
6. **Adjourn**



*Materials attached.

The next **SCTA/RCPA** meetings will be held **January 11, 2016**

Copies of the full Agenda Packet are available at www.sctainfo.org

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SB 343 DOCUMENTS RELATED TO OPEN SESSION AGENDAS: Materials related to an item on this agenda submitted to the SCTA/RCPA after distribution of the agenda packet are available for public inspection in the SCTA/RCPA office at 490 Mendocino Ave., Suite 206, during normal business hours.

Pagers, cellular telephones and all other communication devices should be turned off during the committee meeting to avoid electrical interference with the sound recording system.

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BOARD OF DIRECTORS MEETING

Meeting Minutes of November 9, 2015

1. Call to order the meeting of the Sonoma County Transportation Authority (SCTA) and the Sonoma County Regional Climate Protection Authority (RCPA)

Vice Chair David Rabbitt called the meeting to order at 2:34 p.m. in Chair Gurney's absence.

Directors present: Director Rabbitt, Supervisor, Second District, Vice Chair; Director Carlstrom, City of Santa Rosa; Director Gallian, City of Sonoma; Director Gorin, Supervisor, First District; Director Landman, City of Cotati; Director Mackenzie, City of Rohnert Park; Director Miller, City of Petaluma; Director Millan, Town of Windsor; Director Slayter, City of Sebastopol; Director Zane, Supervisor, Third District.

2. Public comment on items not on the regular agenda

Duane DeWitt, citizen of Santa Rosa (Roseland) addressed the impact on the environment of cutting down trees, referring to plans for reconfiguring Courthouse Square, and how trees assist in reducing GHG gas emissions. He referred to a book published by the Environmental Protection Agency and Lawrence Livermore Lab entitled Cooling our Cities as a resource for information.

3. Consent Calendar

A. SCTA/RCPA Concurrent Items

3.1. Admin – Minutes of the October 12, 2015 meeting (ACTION)*

Motion by Director Chambers, seconded by Director Gallian, to approve the minutes approved with the following correction: Page 6 of the agenda, under Item 4.4.1, delete "Director Landman noted that...Director Gorin suggested this be made a regular agenda item."

4. Regular Calendar

A. SCTA Items

4.1. SCTA Planning

4.1.1. Comprehensive Transportation Plan – (ACTION)*

- Performance Measures, part 3 – meeting the

goals of the CTP

Chris Barney presented a slide show updating the Board on the CTP Performance Assessment Process. He reviewed the five goals of the CTP, and policies, strategies, technology, and methodology used in the assessment.

Data included Sonoma County population and employment growth, as well as projects and strategies.

Strategies include implementing selected transportation projects, maintaining UGBs and the focus on city-centered growth patterns, trip reduction, system efficiency improvements, maximizing transit and rail ridership, and reaching a 4% shift from single occupancy vehicle trips to bicycle and pedestrian trips through safety improvements.

These strategies and data were projected into 2040 to show how all goals would be met by 2040, with the exception of reduction of the traffic collision rates.

The following is necessary in order to meet 2040 targets: Funding; selected transportation improvements; increased city-centered/PDA focused growth; trip reduction; increased transit ridership; a shift to walking and biking; and vehicle efficiency improvements, including 40 mpg or better fuel economy.

Board comments included the need to educate the public, employers, and students on the high price of non-public transportation; and the need for the political will to make the needed changes. Other comments addressed connectivity issues with transit and the possibility of conducting a study session to examine how systems connect, in order to make transit more convenient and efficient.

Re-Imagining CityBus and its impact on transit was also discussed, as this involves major reconfiguration of current bus routes and connections with Sonoma County Transit.

Additional questions involved an estimate of the amount of funding needed to upgrade to an optimal transportation system. Mr. Barney noted that it would require \$1 billion to maintain current transit service through 2040; this does not include improvements.

Additional comments were that the local CTP is part of a larger scale, nine-Bay-Area-County plan.

Mr. Barney responded to Board questions regarding the extent of public outreach being conducted. Suzanne Smith added that implementation of travel demand management programs varies by jurisdiction; however, this has been limited countywide due to a lack of funding.

Board discussion included the opportunity afforded by EVs to reduce GHG emissions, and increased transit opportunities.

Mr. DeWitt addressed the need for implementation of strategies in order to effect these changes, particularly in view of the projected increase in population. He cited the need to address transit-oriented development and the use of carbon sequestration to reduce GHG emissions.

Steve Birdlebough of the Transportation and Land use Coalition noted that the proposed plan identifies costs, which is essential to negotiate for potential funding. He commended the efforts of SCTA and CityBus staff in addressing these issues.

Madolyn Agrimonti, Council Member and alternate Board member for the City of Sonoma, cited Highway 37 as a critical issue in Bay Area transportation infrastructure, and the need to better address transportation for the south County.

Behavioral change was also addressed. Additional Board comments included the use of technology and growing trend of ridesharing (e.g. Uber); and Highway 37 (all four counties have signed the Memorandum of Understanding).

Motion by Director Gallian, seconded by Director Zane, to adopt the CTP performance measures as presented. Motion passed unanimously.

4.2. SCTA Projects and Programming

4.2.1. Highways – update on State Highway projects (REPORT)

James Cameron showed photographs of progress on the Petaluma River Bridge, summarizing nighttime closures, and reporting on the placement of the girders, noting the massive scale of the construction. The rain is not expected to delay construction, southbound lane closures are anticipated to be finished by the night of November 10.

Bids opened November 3 for the San Antonio Creek Bridge replacement project. The apparent low bidder is Ghilotti Brothers (same contractor as that for the

Petaluma River Bridge) with R.M. Harris Joint Venture as the contractor assisting with bridge work.

Mr. Cameron referred to a link providing information on the Highway 37 Stewardship Study, noting this project as a new addition to the regular highway report.

The draft environmental document is anticipated to be released in June for the Highway 116/121 improvements, with a final document in October 2016.

A draft environmental document is expected to be released for the Hearn Avenue Interchange improvements in May, 2016, followed by public comment, with the final document released in October 2016.

Seana Gause responded to Board questions regarding the Highway 12 Laguna de Santa Rosa Bridge Replacement, confirming that the old span will be closed and that the new bridge span is anticipated to remain open through the winter, carrying traffic in both directions, while other construction is suspended, to resume in the spring.

In response to further questions from the Board, Ms. Gause and Mr. Cameron reported that total cost of the College Avenue widening was \$6 million. Ms. Gause noted that the schedule is weather dependent, but work is expected to be completed this month. In response to additional questions Ms. Gause noted that progress is weather dependent, and this is expected to be complete before the end of the month, given minor delays due to rain.

B. RCPA Items

4.3. RCPA Planning

4.3.1. Conference of the Parties (COP) 21 Paris – update on role of local government in the December 2015 United Nations climate negotiations (REPORT)*

Lauren Casey reported on opportunities for the RCPA to engage in activities for the conference; these include signing on to the Compact of Mayors; the California-China Urban Climate Collaborative. Staff was contacted by the representatives of China to collaborate on examining common climate issues.

Board comments included discussion of past COP 21 conferences, noting the strong support and leadership shown by Sonoma County in addressing climate change (e.g. Climate Action 2020) and the precedent set by the RCPA.

Ms. Casey responded to questions from the Board regarding the reporting process, and expectations as to the outcome of this conference. She noted that this effort is expected to be handled through RCPA staff and that staff likely already has a good deal of the information.

Further comments of the Board were that this would be an opportune time to take advantage of the work done by the RCPA. The Board also noted recent recognition by the White House of Sonoma County's record as a leader in climate protection.

Ms. Smith added that staff is in discussion with the Sonoma County Water Agency regarding financial issues.

Motion by Director Landman, seconded by Director Miller, to direct that the RCPA participate in the Compact of Mayors on behalf of member jurisdictions and to participate in the California China Urban Climate Collaborative. Motion carried unanimously.

4.3.2. Applied Solutions – transition of international climate change educational oriented local government organization to RCPA (ACTION)*

Carolyn Glanton summarized the efforts of the RCPA and Applied Solutions, as well as the nexus with the Sonoma County Water Agency. Staff is seeking direction as to transition of Applied Solutions to the RCPA.

Board comments included the need for further details and information regarding Applied Solutions and its activities in connection with the Water Agency; Ms. Smith noted that a fuller, more robust discussion would be forthcoming.

Additional comments of the Board were the Sonoma County Water Agency's contribution and involvement in climate protection activities, as well as the RCPA's contribution.

Ms. Glanton explained that Applied Solutions is involved in local government nationwide in implementation of climate protection strategies.

Ms. Smith explained further how staffing changes (e.g. hiring by RCPA of Ms. Glanton from the SCWA) led to the nexus between Applied Solutions.

Concerns expressed by the Board included the lack of prior communication by involved agencies regarding Applied Solutions and the need for additional information regarding this entity.

Recommendation by the Board was that the SCWA, in conjunction with Applied Solutions, present an update on activities to the Board. Also, the need was identified to ensure that there is sufficient staff for activities.

General consensus of the Board was that there is a nexus and common activities between Applied Solutions, the SCWA and RCPA staff, but a need to be better informed regarding Applied Solutions.

4.4. RCPA Programs

4.4.1. Activities Report (REPORT)

Ms. Casey summarized scheduled meetings and community workshops.

Board comments included inquiries as to builder response to workshops on these programs; commendation on the work taking place on the new website; and inquiries as to multi-unit and family programs.

4.4.2. Solid Waste – status report on Sonoma County Waste Management Agency matters (REPORT)*

Ms. Smith reported on recent SCWMA Board meetings attended by RCPA staff in determining the possibility of the RCPA handling SCWMA functions. As the RCPA is not a JPA this is not a viable option. Four options identified were: (1) The creation or renewal of a JPA similar to the current; (2) a new JPA structure incorporating the RCPA (3) the current JPA terminates and each jurisdiction is then required to determine their own planning and reporting; and (4) a statute authorizing the RCPA authority in management of current functions handled by the SCWMA. Staff is working on fleshing out further details of these options.

Board comments included the costs for individual jurisdictions in the event that the SCWMA JPA expires; the fact that RCPA staff does not have expertise in this field; and the possibility of extending the JPA at least for a period to allow further evaluation and study of these issues.

In response to questions by the Board, Patrick Carter of the SCWMA explained that Option 3 was not generally favored, but discussion was that a JPA could still be in effect and that staff would work with RCPA and the Board in this discussion and transition. He outlined various options, including consolidating where possible, noting that transition would result in a nominal cost savings.

Board questions included whether extending the JPA would require a unanimous vote. Mr. Carter responded that amendment of the current JPA would require a unanimous Board. In response to questions from the Board, Mr. Carter responded that staff expects to have a matrix to present to their Board November 18.

General Board consensus was to extend the JPA in the interim while discussion and evaluation of the options continues among staff and the Board.

Madolyn Agrimonti, Board member of the SCWMA, emphasized their understanding of the concerns of the SCTA/RCPA Board, and noted that they did not wish to add a burden to jurisdictions in this process. She noted that the intent was for the RCPA to be involved in education and outreach activities, not in assuming operations of the agency.

C. SCTA/RCPA Joint Items

4.5. Admin – SCTA/RCPA meeting schedules for 2016 (ACTION)*

Ms. Smith referred to the calendar of Board and Advisory Committee meetings for 2016.

Motion by Director Gallian, seconded by Director Landman, to approve the 2016 meeting schedule as presented. Motion passed unanimously (11-0-1-0), with Director Slayter absent.

5. Reports and Announcements

5.1. Executive Committee report

N/A

5.2. Regional agency reports*

SMART: Director Russell reported on her first SMART train ride, noting that it was also very informative regarding rail operations, specifically in regard to security.

Director Mackenzie commented on recent federal budget discussions between the House and the Senate, expressing the hope that the \$20 million grant award for SMART will allow for completion of the rail extension from San Rafael to Larkspur Landing.

NCRA: N/A

MTC: Director Mackenzie reported on a special meeting of the Joint MTC Planning Committee/ABAG Administrative Committee regarding next steps related to administrative actions of October 28, 2015, involving a merger study and implementation plan and will include preliminary merger study scope of work, consultant selection process, and joint committee meeting schedule. This meeting is scheduled for November 13 in Oakland. Special joint MTC Planning Committee/ABAG Administrative Committee meetings will take place the fourth Friday of the month.

Self Help Counties Coalition: N/A

ABAG: See MTC (above)

BAAQMD: Director Zane announced the passing of an ordinance banning wood burning stoves, noting that Sonoma County is the third worst of the North Bay counties in wood burning stove pollution. She outlined various incentives for replacing wood burning stoves.

CALCOG: N/A

GGBHTD: N/A

Sonoma Clean Power: N/A

5.3. Advisory Committee agendas*

Included in agenda

5.4. SCTA/RCPA staff report

N/A

5.5. Announcements

6. Adjourn

5:00 p.m.

Staff Report

To: Sonoma County Transportation Authority
From: Brant Arthur, Community Affairs Specialist
Item: 3.2 Extend by two months web design contract with MOB Media
Date: December 14, 2015

Issue:

Shall SCTA execute Amendment No. 1 to Agreement No. SCTA 16002 with MOB Media for web development consulting services?

Background:

Following the Board's approval at the June 8, 2015 Board meeting, SCTA/RCPA staff released a RFP for web development services on June 15, 2015. After a competitive selection process and a refinement of the scope of work, SCTA executed an agreement with MOB Media effecting July 13, 2015 to provide web development consulting services.

There has been significant progress on the sites. SCTA and RCPA each have considerable content. Staff is also trying to optimize the public interaction and create a modern site, scalable across a variety of platforms. These requirements take more time than originally planned in the aggressive timeline set out at the start of the project. An addition of two months of work would make possible the best website at launch. This would result in extending the contract from the original December 31, 2015 to February 29, 2016.

Policy Impacts:

None.

Fiscal Impacts

There is no additional funding associated with this extension. The budget for the project will remain at the original amount, not to exceed \$31,725.

Staff Recommendation:

Staff recommends that the Board authorize staff to execute Amendment No. 1 to Agreement SCTA 16002 with MOB Media pending review and comment by County Counsel.

First Amendment to Agreement for Website Development Services

This First Amendment (First Amendment) dated _____ (Effective Date) is between the Sonoma County Transportation Authority (hereinafter referred to as "SCTA"), and MOB Media (hereinafter referred to as "Consultant").

RECITALS

WHEREAS, SCTA and CONSULTANT previously entered into an Agreement for Website Development Services, numbered SCTA 16002, dated July 13, 2015 (Agreement); and

WHEREAS, the project will benefit from additional length of time provided by Consultant within the funding guidelines; and

WHEREAS, in the judgment of SCTA's Executive Director it is necessary and desirable to amend the existing Agreement to increase the timeline for Consultant to provide additional consultant services for the project.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, the parties hereto agree as follows:

1. Section 3, Term of Agreement, shall be amended to read: "The term of this Agreement shall be from 7/13/15 to 2/29/16 unless terminated earlier in accordance with the provisions of Article 4 below."
2. All other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the Effective Date.

CONSULTANT: _____

By: _____

Name: _____

Title: _____

Date: _____

SONOMA COUNTY TRANSPORTATION
AUTHORITY

By: _____

Suzanne Smith

Executive Director

Authorized per SCTA Board of Directors
Action on July 13, 2015

Date: _____

APPROVED AS TO FORM

By: _____

Cory O'Donnell

SCTA Counsel

Date: _____

Staff Report

To: SCTA/RCPA Board of Directors

From: Suzanne Smith, Executive Director

Item: 3.3 – FY14/15 Annual Audits for SCTA, RCPA, and Measure M

Date: December 14, 2015

Issue:

Shall the SCTA/RCPA accept the three annual audits performed by Piseni & Brinker, LLP covering FY14/15?

Background:

The SCTA is required to have an annual audit performed on the overall finances of two separate programs: Sonoma County Transportation Authority general operations and Measure M.

The RCPA is required to have an annual audit performed on the overall finances of the Sonoma County Regional Climate Protection Authority general operations.

In addition to the annual audits, the SCTA and RCPA are required to perform a Single Audit if more than \$500,000 in federal funds is expended for each agency within a fiscal year. During the audited period of FY14/15, the SCTA and Measure M exceeded this threshold. The SCTA utilized federal funds from MTC for operations; and from Caltrans for the Regional Rideshare Pilot Program. Measure M utilized federal funds from Caltrans for the Highway 101 MSN (B2 Phase 2) Sonoma Median Widening HOV Lane project.

The FY14-15 audits were performed by a team from Piseni & Brinker, LLP. The CAC has reviewed the Measure M audit and found it to be acceptable at the October 26th, 2015 Meeting.

There were no findings or management issues identified in the audits.

Policy Impacts:

None.

Fiscal Impacts:

The cost of \$33,000 for the three audits will be paid out of each of the following FY15/16 operating or administration budgets: \$14,850 from the SCTA operating budget, \$11,550 from the Measure M administration budget, and \$6,600 from the RCPA operating budget.

The Single Audit performed in addition to the annual audits will be paid out of FY15/16 SCTA operating budget in the amount of \$4,800.

The cost of these audits performed by Piseni & Brinker, LLP total \$37,800.

Staff Recommendation:

Consider accepting the FY15/16 SCTA, RCPA and Measure M audits.



**Basic Financial Statements,
Required Supplementary Information, and
Other Supplementary Information**

For the Fiscal Year Ended June 30, 2015

**Sonoma County Transportation Authority
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Independent Auditor's Report

Board of Directors
Sonoma County Transportation Authority
Santa Rosa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sonoma County Transportation Authority ("SCTA") and the notes to the financial statements, which collectively comprise the basic financial statements, as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of SCTA as of June 30, 2015, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note P to the financial statements, SCTA adopted the accounting requirements of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Government Accounting Standards Board Statement No. 71, *Pension Transition for Contributions made Subsequent to Measurement Date – an amendment of GASB Statement No. 68*, for the year ended June 30, 2015, which resulted in the restatement of amounts reported in prior years. Our opinion is not modified with respect to this matter.

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Independent Auditor's Report (continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, management's discussion and analysis and supplemental schedules of pension information, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SCTA's basic financial statements. The schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the related notes to schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the related notes to the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015, on our consideration of SCTA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Santa Rosa, California
November 20, 2015

The management of SCTA offers the readers of SCTA's basic financial statements this narrative overview and analysis of the financial activities of SCTA for the fiscal year ended June 30, 2015.

Financial highlights

- The assets and deferred outflows of resources of SCTA were less than liabilities and deferred inflows of resources at June 30, 2015 by approximately \$28.3 million.
- SCTA's total net position decreased by \$3.1 million from June 30, 2014 to June 30, 2015. This decrease was primarily due to use of Series 2011 and 2015 Sales Tax Revenue Bonds funds for Highway 101 projects. An additional portion of the decrease was attributable to a prior period adjustment related to the implementation of GASB 68, which defined reporting requirements for employers which participate in pension plans.
- At June 30, 2015 SCTA reported ending total fund balances of \$52.3 million, an increase of \$6.8 million in comparison with the June 30, 2014 total ending fund balances. This increase is primarily the result of refunding the 2008 Bond Series with the Series 2015 Bond Series less the use of proceeds for Highway 101 projects.
- Unrestricted net position for SCTA as of June 30, 2015 was a deficit of approximately \$31.6 million. This is an increase to the deficit of approximately \$3.0 million compared to the deficit of approximately \$25.3 at June 30, 2014.
- As of June 30, 2015, unassigned fund balance for the general fund was approximately \$508,268 or 29% of total general fund expenditures for the fiscal year ended June 30, 2015.

Overview of the financial statements

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

Government-wide financial statements

The *government-wide financial statements*, as listed in the table of contents, provide a broad overview of SCTA's activities as a whole, and are comprised of the *statement of net position* and the *statement of activities*.

The *statement of net position* provides information about the financial position of SCTA as a whole on the full accrual basis, similar to that used in the private sector.

Government-wide financial statements (continued)

The *statement of activities* presents information about SCTA's revenues and expenses, also on the full accrual basis, with the emphasis on measuring net revenues and expenses of each of SCTA's programs. The *statement of activities* explains the change in *net position* for the fiscal year.

Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences).

Fund financial statements

The governmental fund financial statements are as listed in the table of contents.

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SCTA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of SCTA are governmental type funds.

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

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

SCTA maintains four individual governmental funds; a general fund, two special revenue funds, and a debt service fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, and for the other funds. SCTA adopts an annual appropriated budget for those funds.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information

Schedules presenting budgetary comparison information for SCTA's funds can be found in the table of contents.

Sonoma County Transportation Authority

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Government-wide financial analysis

June 30,	2014	2015
Assets		
Current assets	\$ 41,694,137	\$ 48,369,033
Restricted cash	9,396,977	7,805,999
Other non-current assets	8,527	7,461
Total assets	51,099,641	56,182,493
Deferred outflows of resources	-	1,605,717
Liabilities		
Current liabilities	8,934,961	10,064,252
Total non-current liabilities	67,443,581	75,897,384
Total liabilities	76,378,542	85,961,636
Deferred inflows of resources	-	159,525
Net Position		
Invested in capital assets	8,527	7,461
Restricted for TFCA	875,749	716,453
Restricted for Measure M debt service	1,092,023	2,526,470
Unrestricted	(27,255,200)	(31,583,335)
Total net position	\$ (25,278,901)	\$ (28,332,951)

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of SCTA, assets and deferred outflows of resources were less than liabilities and deferred inflows of resources by approximately \$28.3 million at June 30, 2015 whereas assets were less than liabilities by approximately \$25.3 million at June 30, 2014.

A portion of SCTA's net position, approximately \$2.5 million, is restricted for Measure M Sales Tax Revenue Bonds. Measure M is a one-quarter percent sales tax initiative approved by Sonoma County voters in 2004 for various transportation improvement projects and is overseen by SCTA. SCTA's unrestricted net position is negative as result of having \$79.8 million in revenue bonds outstanding.

During the fiscal year ended June 30, 2015, SCTA's net position decreased by \$3.0 million to an approximate net position of a negative \$28.3 million. This decrease is primarily the result of continued transportation improvement expenses related to the various Highway 101 projects and recognition of net pension liability resulting from implementation of new governmental accounting standards.

Government-wide financial analysis (continued)

Governmental activities decreased SCTA's net position by \$2.5 million. Key elements of these activities during the fiscal year ended June 30, 2015 are identified below:

- SCTA recognized sales tax revenues for Measure M totaling \$21.4 million, which is an increase of approximately \$340,000 from the prior fiscal year. This increase is due to continuing improvements to the local economy.
- SCTA received \$1.9 million from state and federal sources towards various transportation improvement projects. The amount received decreased by approximately \$500,000 from the prior fiscal year. This decrease is primarily the result of the State Transportation Improvement Program (STIP).
- SCTA expenses for transportation improvement projects totaled \$1.8 million, an increase of approximately \$570,000 from the previous year. This increase is primarily the result of increased expenses related to STIP.
- Measure M expenses totaled \$29.0 million, representing a decrease of \$26.2 million from the previous year, due primarily to: construction on the Petaluma River Bridge and Petaluma Boulevard South Interchange project (MSN-B2), the Highway 116 East / Lakeville Highway Interchange project (MSN-C3), the Old Redwood Highway Interchange project (Central-C) and the Airport Boulevard-Fulton Road Overcrossing Improvement project (North-B); design, right of way and planning on the Sonoma Median Widening project (MSN-B2-Phase 2), and the Highway 116 East / Lakeville Highway to North of Corona Rd. Overcrossing project (MSN-C2).

Sonoma County Transportation Authority

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Government-wide financial analysis (continued)

Condensed Statement of Activities

Fiscal Year ended June, 30	2014	2015
Revenues:		
Program revenues:		
Transportation improvements	\$ 2,446,953	\$ 1,947,538
Transportation Fund for Clean Air	594,670	580,587
Measure M	12,594,015	5,217,138
General revenues:		
Sales tax revenues	21,044,133	21,387,660
Unrestricted investment earnings	(163)	-
Miscellaneous revenue	27,730	1,233
Total revenues	36,707,338	29,134,156
Expenses:		
Transportation improvements	2,352,381	1,820,810
Transportation Fund for Clean Air	578,507	739,883
Measure M	55,192,124	29,033,424
Total expenses	58,123,012	31,594,117
Change in net position	(21,415,674)	(2,459,961)
Net position, beginning of year	(3,863,227)	(25,278,901)
Prior period adjustment	-	(594,089)
Net position, beginning of year, as restated	(3,863,227)	(25,872,990)
Net position, end of year	\$ (25,278,901)	\$ (28,332,951)

Financial analysis of SCTA's funds

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

Financial analysis of SCTA's funds (continued)

Governmental funds

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

As of June 30, 2015, SCTA's governmental funds reported ending fund balances of \$52.3 million, an increase of \$6.8 million from the June 30, 2014 fund balance of \$45.6 million. This increase is due primarily to the advanced refunding of the 2008 Series Sales Tax Revenue Bonds with the issuance of the 2015 Series Sales Tax Revenue Bonds. SCTA had a restricted fund balance of approximately \$51.8 million as of June 30, 2015.

The general fund is the chief operating fund of SCTA. At June 30, 2015, the unassigned fund balance of the general fund was \$508,268.

Budgetary Highlights

- The SCTA General fund budget was adjusted during the fiscal year to increase appropriations in services and supplies and other charges.
- The TFCA and Measure M Special Revenue fund budgets were adjusted during the fiscal year.

Debt Administration

At the end of the June 30, 2015, SCTA had long-term liabilities of \$82.0 million, an increase of \$10.4 million from the prior fiscal year. The increase is primarily the result of net proceeds the 2015 bond issuance which was an advance refunding of the Series 2008 bonds and included additional proceeds to be used for authorized projects.

Year ended June, 30	2014 (restated)	2015
Sales Tax Revenue Bond, Series 2008, including unamortized premium	\$ 45,409,661	\$ -
Sales Tax Revenue Bond, Series 2011, including unamortized premium	25,300,818	24,720,597
Sales Tax Revenue Bond, Series 2015, including unamortized premium	-	56,490,509
Net pension liability	779,172	672,050
Compensated absences	138,102	119,228
Total long-term liabilities	\$ 71,627,753	\$ 82,002,384

Financial analysis of SCTA's funds (continued)

Additional information on SCTA's long-term liabilities can be found in Note E of the notes to the basic financial statements.

Economic Factors and Next Year's Budgets

SCTA activities receive significant funding from both federal and state programs, which can be significantly impacted by changes in the state and federal budgets. Measure M revenues, funded through a local one quarter percent sales tax, increased from the prior fiscal year ended June 30, 2014 and the State Board of Equalization (BOE) is projecting continued slow growth in sales tax revenues for the next fiscal year. This will directly impact the Transit and Local Street Repairs (LSR) programs and indirectly affect the Local Streets Projects, Passenger Rail and Bike/Pedestrian programs.

Proceeds from the 2015 Series Sales Tax Revenue Bonds, are anticipated to be exhausted by the end of fiscal year 2018.

The Local Street Projects (LSP), Passenger Rail and Bike/Pedestrian programs are paid on a reimbursement basis, however, those programs can be impacted by state and federal budget changes as each of those programs require matching funds from the various project sponsors, which are still dependent on local, state and federal funds.

Request for Additional Information:

This financial report is designed to provide a general overview of SCTA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sonoma County Transportation Authority, 490 Mendocino Avenue, Suite 206, Santa Rosa, CA 95401.

Government-Wide Financial Statements

Sonoma County Transportation Authority

Statement of Net Position

June 30, 2015

Governmental
Activities

Assets

Cash and investments	\$	43,802,801
Sales tax receivable		3,470,300
Accounts receivable		343
Due from other governments		1,080,498
Pre-paid expense		15,091
Non-current assets:		
Restricted cash and investments:		
Revenue bonds fund		33,245
Revenue bonds debt service fund		5,246,284
Revenue bonds reserve fund		2,526,470
Capital assets - equipment, net		7,461
Total assets		56,182,493

Deferred outflows of resources

Deferred pensions		198,915
Deferred charge on refunding		1,406,802
Total deferred outflows of resources		1,605,717

Liabilities

Accounts payable		3,054,427
Due to other governments		706,579
Retention payable		35,571
Unavailable revenue		55,090
Interest payable		107,585
Bonds payable, current		6,105,000
Noncurrent liabilities:		
Bonds payable		75,106,106
Net pension liability		672,050
Compensated absences payable		119,228
Total liabilities		85,961,636

Deferred inflows of resources

Deferred pensions		159,525
Total deferred inflows of resources		159,525

Net Position

Net investment in capital assets		7,461
Restricted for:		
Transportation Fund for Clean Air (TFCA)		716,453
Measure M debt service		2,526,470
Unrestricted		(31,583,335)
Total net position deficit	\$	(28,332,951)

The notes to the basic financial statements are an integral part of this statement.

Sonoma County Transportation Authority

Statement of Activities

For the Fiscal Year Ended June 30, 2015

Functions / Programs	Expenses	<u>Program Revenues</u>	Net (Expense) Revenue and Change in Net Position
		Operating Grants and Contributions	
Governmental activities:			
Measure M	\$ 29,033,424	\$ 5,217,138	\$ (23,816,286)
Transportation fund for clean air (TFCA)	739,883	580,587	(159,296)
Transportation improvement	1,820,810	1,947,538	126,728
Total governmental activities	\$ 31,594,117	\$ 7,745,263	(23,848,854)
General revenues:			
Sales tax revenue			21,387,660
Miscellaneous revenue			1,233
Total general revenues			21,388,893
Change in net position			(2,459,961)
Net position - beginning of year			(25,278,901)
Prior period adjustment			(594,089)
Net position - beginning of year, as restated			(25,872,990)
Net position - end of year			\$ (28,332,951)

The notes to the basic financial statements are an integral part of this statement.

Fund Financial Statements

Sonoma County Transportation Authority

Balance Sheet - Governmental Funds

June 30, 2015

	General	TFCA Special Revenue	Measure M Special Revenue	Measure M Debt Service	Total Governmental Funds
Assets					
Cash and investments	\$ -	\$ 1,006,065	\$42,796,736	\$ -	\$ 43,802,801
Sales tax receivable	-	-	2,546,369	923,931	3,470,300
Prepaid expense	6,153	-	8,938	-	15,091
Other receivables	343	-	-	-	343
Due from other governments	650,028	-	430,470	-	1,080,498
Restricted cash - revenue bonds	-	-	33,245	-	33,245
Restricted cash - revenue bond reserve	-	-	-	2,526,470	2,526,470
Restricted cash - debt service	-	-	-	5,246,284	5,246,284
Total assets	\$ 656,524	\$ 1,006,065	\$45,815,758	\$ 8,696,685	\$ 56,175,032
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 3,655	\$ -	\$ 3,050,772	\$ -	\$ 3,054,427
Due to other governments	83,358	289,612	333,609	-	706,579
Retention payable	-	-	35,571	-	35,571
Unavailable revenue	55,090	-	-	-	55,090
Total liabilities	142,103	289,612	3,419,952	-	3,851,667
Fund balances:					
Restricted	-	716,453	42,386,868	8,696,685	51,800,006
Nonspendable	6,153	-	8,938	-	15,091
Unassigned	508,268	-	-	-	508,268
Total fund balances	514,421	716,453	42,395,806	8,696,685	52,323,365
Total liabilities and fund balance	\$ 656,524	\$ 1,006,065	\$45,815,758	\$ 8,696,685	\$ 56,175,032

The notes to the basic financial statements are an integral part of this statement.

Sonoma County Transportation Authority

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

	June 30, 2015
Total fund balances - governmental funds	\$ 52,323,365
Total net position reported in the statement of net position is different because:	
Deferred outflows of resources reported in the statement of net position	1,605,717
Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the governmental funds.	
Capital assets - equipment, net	7,461
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds payable including unamortized premium	(81,211,106)
Accrued interest payable	(107,585)
Compensated absences payable	(119,228)
Pension liability	(672,050)
Deferred inflows of resources reported in the statement of net position	(159,525)
<hr/>	
Total net position deficit	\$ (28,332,951)

The notes to the basic financial statements are an integral part of this statement.

Sonoma County Transportation Authority

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

For the Fiscal Year Ended June 30, 2015

	General	TFCA Special Revenue	Measure M Special Revenue	Measure M Debt Service	Total Governmental Funds
Revenues					
Sales tax	\$ -	\$ -	\$ 14,323,385	\$ 7,064,275	\$ 21,387,660
Intergovernmental	1,839,422	572,578	4,857,859	-	7,269,859
Intergovernmental-MTC TDA3	29,992	-	-	-	29,992
Investment income (loss)	643	8,009	352,777	6,502	367,931
Charges for services	78,714	-	-	-	78,714
Total revenues	1,948,771	580,587	19,534,021	7,070,777	29,134,156
Expenditures					
Current:					
Salaries and employee benefits	1,664,349	-	-	-	1,664,349
Services and supplies	391,635	-	3,138,172	-	3,529,807
Cost applied	(493,810)	-	-	-	(493,810)
Administration	-	29,675	-	-	29,675
Contributions to other governments	207,881	710,208	22,790,215	-	23,708,304
Intergovernmental - MTC TDA3	29,992	-	-	-	29,992
Debt service:					
Principal	-	-	-	8,012,500	8,012,500
Interest	-	-	16,122	3,063,913	3,080,035
Bond issuance costs	-	-	347,463	-	347,463
Total expenditures	1,800,047	739,883	26,291,972	11,076,413	39,908,315
Other Financing Sources (Uses)					
Transfer in	-	-	-	24,624	24,624
Transfer out	-	-	(24,624)	-	(24,624)
Bonds issued	-	-	49,265,000	-	49,265,000
Premium on bonds issued	-	-	5,015,846	2,209,663	7,225,509
Payment to refunded bond-escrow agent	-	-	(38,954,138)	-	(38,954,138)
Total other financing sources	-	-	15,302,084	2,234,287	17,536,371
Net change in fund balances	148,724	(159,296)	8,544,133	(1,771,349)	6,762,212
Fund balances at June 30, 2014	365,697	875,749	33,851,673	10,468,034	45,561,153
Fund balances at June 30, 2015	\$ 514,421	\$ 716,453	\$ 42,395,806	\$ 8,696,685	\$ 52,323,365

The notes to the basic financial statements are an integral part of this statement.

Sonoma County Transportation Authority

**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, 2015

Net change in fund balances - total governmental funds: \$ 6,762,212

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 expense.

Depreciation expense (1,066)

Repayment of debt principal is an expenditure in the governmental funds and reduces
long term liabilities in the statement of net position. 8,012,500

Proceeds of certain long-term debt are reported as financing sources in
governmental funds and thus contribute to the increase in fund balance.
In the statement of net assets, however, issuing debt increases long-term
liabilities and does not affect the statement of activities

Other financing sources - current year bonds issued inclusive of premium,
net of amounts refinanced (17,536,371)

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

Change in compensated absences 18,874
Change in interest payable liability (107,585)
Pension expense (38,571)
Amortization of bond premiums 430,046

Change in net position \$ (2,459,961)

Note A. Reporting Entity

The Sonoma County Transportation Authority (SCTA) was created by the Sonoma County Board of Supervisors, under Resolution No. 90-1522 on August 7, 1990 in accordance with California Public Utilities Code Section 180000 et seq. SCTA's Board of Directors is governed by a twelve member board. Nine of these members are chosen from the councils of the nine incorporated cities or towns of Sonoma County and three are chosen from the Sonoma County Board of Supervisors.

SCTA was established to accomplish the stated purpose and goals of the Public Utilities Code Section 180000 et seq, also known as the Local Transportation Authority and Improvement Act (the Act).

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) report information on all of the activities of SCTA.

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

Separate financial statements are provided for governmental funds. Governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Sales tax revenue is recognized in the period that the exchange transaction occurs on which the tax is imposed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note B. Summary of Significant Accounting Policies (continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered available when they are collectible within the period or soon enough thereafter to pay liabilities of the current period. For this purpose, SCTA considers revenues available if they are collected within 365 days of the end of the current fiscal period. Sales tax revenue, intergovernmental revenue when eligibility requirements are met, and investment income, are considered measurable and are recognized if available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Cash and Investments

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

Restricted cash is held by a third party trustee and is restricted for debt service payments and Measure M expenditures pursuant to various bond covenants. Included in these amounts are proceeds from Sales Tax Revenue Bonds, Series 2015 to be used for Measure M activities, and sales tax revenues collected by the trustee for making the annual principal and interest payments on the Series 2011 and 2015 bonds.

Sales Tax Revenue and Receivable

Sales tax receivable represents sales tax amounts allocated to SCTA through Measure M as discussed in Note I below, 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 \$531,650 for the year.

Note B. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital asset balances at year end are reported in the government-wide financial statements in the statement of net position. Capital assets are defined by SCTA as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The cost of a capital asset may include not only its purchase or construction cost, but also ancillary charges necessary to place the asset in its intended location and condition for use.

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

SCTA's equipment is depreciated using the straight-line method over estimated useful lives of 5 to 10 years.

Bonds Payable and Bond Premium

In the government-wide financial statements bonds payable, inclusive of unamortized bond premiums, are reported as a liability in the statement of net position. Bond premiums are amortized to interest expense over the life of the bonds using the straight-line method, which approximates the effective interest method.

In the fund financial statements, bond premiums are recognized in the period incurred. The face amount of the bonds issued and related premiums are reported as other financing sources.

Compensated Absences

It is SCTA's policy to permit employees to accumulate earned but unused vacation benefits. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for this amount is reported in the governmental funds only for matured portions, for example, as a result of known employee resignation or retirement.

Net Position

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

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation.
- Restricted net position – This component of net position consists of net position with limits on its use that are imposed by outside parties or enabling legislation.
- Unrestricted net position – This component of net position consists of net position that does not meet the definitions of "restricted" or "invested in capital assets".

Note B. Summary of Significant Accounting Policies (continued)

Fund Balance

Governmental funds report fund balance as non-spendable, restricted, committed, assigned or unassigned based primarily on the extent to which SCTA is bound to honor constraints on how specific amounts can be spent. The fund balance classifications are defined below.

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

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

Cost Applied

The cost applied line item on SCTA's statement of revenue, expenditures, and changes in fund balances - governmental funds represents a reimbursement to SCTA's General Fund for payroll costs associated with the Measure M and TFCA funds, as well as from the Sonoma County Regional Climate Protection Authority (RCPA).

Estimates

The preparation of 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 B. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

The following Governmental Standards Board (GASB) Statements have been implemented in the current financial statements:

Statement No. 68	“Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”	The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.
Statement No. 69	“Government Combinations and Disposals of Government Operations”	The provisions of this statement are effective for financial statements for periods beginning after December 15, 2013.
Statement No.71	“Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB Statement No. 68	The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

Note C. Cash and Investments

Investment in the Sonoma County Treasurer's Investment Pool

Cash and investments are comprised of cash pooled with the Sonoma County Treasury Pool (the Treasury Pool), an external investment pool. The Sonoma County Treasurer's office also acts as a disbursing agent for SCTA. The fair value of SCTA's investment in this pool is based upon SCTA's pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio).

The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the Treasury Pool is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee of the Treasury Pool has oversight for all monies deposited into the Treasury Pool.

Treasury Pool Investment Guidelines

SCTA's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity, and yield.

Note C. Cash and Investments (continued)

Treasury Pool Investment Guidelines (continued)

The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity. A copy of the Sonoma County investment policy is available upon request from the Sonoma County Auditor-Controller-Treasurer-Tax Collector at 585 Fiscal Drive, Room 100, Santa Rosa, California, 95403.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Due to the highly liquid nature of SCTA's investment with the Treasury Pool, SCTA's exposure to interest rate risk is deemed by management to be insignificant.

The weighted average maturity of Treasury Pool investments at June 30, 2015 was 600 days.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

Concentration of Credit Risk

The investment policy of SCTA 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 SCTA investments.

Sonoma County Transportation Authority

Notes to the Basic Financial Statements

For the Fiscal Year ended June 30, 2015

Note D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Retirements	Transfers & Adjustments	Ending Balance
Capital assets, being depreciated:					
Equipment	\$ 36,268	\$ -	\$ (6,639)	\$ -	\$ 29,629
Less accumulated depreciation for:					
Equipment	(27,741)	(1,066)	6,639	-	(22,168)
Capital assets, net	\$ 8,527	\$ (1,066)	\$ -	\$ -	\$ 7,461

Note E. Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015 was as follows:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due within One Year
Sales Tax Revenue Bonds, Series 2008	\$ 43,195,000	\$ -	\$ (43,195,000)	\$ -	\$ -
Unamortized bond premium	2,214,661	-	(2,214,661)	-	-
Total 2008 Series Bonds	45,409,661	-	(45,409,661)	-	-
Sales Tax Revenue Bonds, Series 2011	24,125,000	-	(380,000)	23,745,000	1,915,000
Unamortized bond premium	1,175,818	-	(200,221)	975,597	-
Total 2011 Series Bonds	25,300,818	-	(580,221)	24,720,597	1,915,000
Sales Tax Revenue Bonds, Series 2015	-	49,265,000	-	49,265,000	4,190,000
Unamortized bond premium	-	7,225,509	-	7,225,509	-
Total 2015 Series Bonds	-	56,490,509	-	56,490,509	4,190,000
Total Bonds	70,710,479	56,490,509	(45,989,882)	81,211,106	6,105,000
Net pension liability	779,172	77,961	(185,083)	672,050	-
Compensated absences	138,102	84,380	(103,254)	119,228	-
Total long-term liabilities	\$ 71,627,753	\$ 56,652,850	\$ (46,278,219)	\$ 82,002,384	\$ 6,105,000

Note F. Sales Tax Revenue Bonds

The Authority has issued bonds in 2008, 2011 and 2015 for the purpose of financing certain transportation projects included in the Measure M Expenditure Plan.

SCTA issued \$46,075,000 in Sales Tax Revenue Bonds, Series 2008 (Limited Tax Bonds) (2008 Bonds) on January 24, 2008. The 2008 Bonds were issued at a premium of \$4,516,657 and bond issuance costs totaled \$511,177. The 2008 Bonds carried interest rates ranging from 4% to 5%.

The 2008 Bonds began to mature in December 2013 and were refunded June 23, 2015 utilizing the Sales Tax Revenue Bonds, Series 2015.

SCTA issued \$25,200,000 in Sales Tax Revenue Bonds, Series 2011, (Limited Tax Bonds) (2011 Bonds) on January 26, 2011, with a maturity date of December 1, 2024. The 2011 Bonds were issued at a premium of \$1,863,706 and bond issuance costs totaled \$416,692. The 2011 Bonds carry interest rates ranging from 2% to 5%.

The 2011 Bonds began to mature in December 2011, and all 2011 Bonds will mature by December 2024. Bonds maturing subsequent to December 2020 are subject to redemption at the option of SCTA at any time on or after December 1, 2020 at a price equal to 100% of the principal amount outstanding and any accrued interest thereon.

On June 23, 2015 SCTA refunded the outstanding 2008 Bonds and issued \$49,265,000 in Sales Tax Revenue Bonds, Series 2015 (Limited Tax Bonds). The 2015 Bonds were issued at a premium of \$7,225,509 and bond issuance costs totaled \$347,463. The 2015 Bonds carry interest rates ranging from 1% to 5%.

The 2011 and 2015 Bonds are limited obligations of SCTA secured solely by a pledge of \$91,454,720 from Measure M sales tax revenues. Pledged sales tax revenues represent 22% of estimated total revenues from the Measure M sales tax.

Debt service payments made from the Measure M Fund were \$11,076,413 for the fiscal year ended June 30, 2015, representing 30% of the \$21,387,660 in Measure M sales tax revenue recognized during the same period. The debt service payments consisted of \$3,405,000 of principal payments on the 2008 and 2011 Bonds, and interest payments totaling \$3,063,913 for both the 2008 and 2011 Bonds.

Sonoma County Transportation Authority

Notes to the Basic Financial Statements

For the Fiscal Year ended June 30, 2015

Note F. Sales Tax Revenue Bonds (continued)

The annual debt service requirements to maturity for the 2011 Bonds are as follows as of June 30, 2015:

Fiscal Year Ending June 30:	Principal	Interest	Total
2016	\$ 1,915,000	\$ 1,020,713	\$ 2,935,713
2017	2,015,000	922,463	2,937,463
2018	2,110,000	829,887	2,939,887
2019	2,190,000	743,887	2,933,887
2020	2,290,000	642,837	2,932,837
2021-2025	13,225,000	1,451,244	14,676,244
Total requirements	\$ 23,745,000	\$ 5,611,031	\$ 29,356,031

Future years' amortization of bond premium for the 2011 Bonds are as follows as of June 30, 2015:

Fiscal Year Ending June 30:	Premium
2016	\$ 184,073
2017	167,083
2018	149,291
2019	130,824
2020	111,515
2021-2025	232,811
Total requirements	\$ 975,597

The annual debt service requirements to maturity for the 2015 Bonds are as follows as of June 30, 2015:

Fiscal Year Ending June 30:	Principal	Interest	Total
2016	\$ 4,190,000	\$ 2,018,364	\$ 6,208,364
2017	4,120,000	2,088,950	6,208,950
2018	4,265,000	1,941,125	6,206,125
2019	4,495,000	1,722,125	6,217,125
2020	4,725,000	1,491,625	6,216,625
2021-2025	27,470,000	3,571,500	31,041,500
Total requirements	\$ 49,265,000	\$ 12,833,689	\$ 62,098,689

Sonoma County Transportation Authority

Notes to the Basic Financial Statements

For the Fiscal Year ended June 30, 2015

Note F. Sales Tax Revenue Bonds (continued)

Future years' amortization of bond premium for the 2015 Bonds are as follows as of June 30, 2015:

Fiscal Year Ending June 30:	Premium
2016	\$ 1,230,243
2017	1,125,611
2018	1,022,726
2019	916,221
2020	803,972
2021-2025	2,126,736
Total requirements	\$ 7,225,509

Debt service payments for the 2011 and 2015 Bonds are made from the Measure M Debt Service fund.

Refunding of 2008 Revenue Bonds

Of the \$49,265,000 in 2015 revenue bonds issued, \$38,954,138 were issued for an advanced refunding of the remaining principal of the 2008 Sales Tax Revenue bonds. The advance refunding resulted in a present value economic gain of \$1,799,599. The additional amount not required to refund the 2008 bonds will finance certain transportation projects included in the Measure M Expenditure Plan. The original cash flows required to service the refunded debt and to complete the refunding are as follows:

2008 Special Revenue Bonds (refunded debt)	\$ 50,149,200
New debt used for refunding - 2015 Revenue Bonds	(43,108,957)
Plus 2008 bond reserve fund (used for refunding)	(4,607,500)
Difference in cash flows	\$ 2,432,743

Note G. Intergovernmental Revenues

Intergovernmental revenues represent grant and contract revenues received from the Metropolitan Transportation Commission, Transportation Fund for Clean Air funding received from the Bay Area Air Quality Management District, State of California Transportation and Federal Highway Administration Funds received from the California Department of Transportation (Caltrans) and contributions from SCTA member governments.

Note H. Due to Other Governments

Due to other governments represents amounts owed to the County of Sonoma, the cities of Healdsburg, Petaluma and Santa Rosa, and the Sonoma-Marín Area Rail Transit District.

Note I. Measure M Sales Tax Revenues

The Measure M Special Revenue Fund was created in November 2004 with the passage of the Traffic Relief Act for Sonoma County to account for the related sales tax revenues and expenditures of Measure M. Measure M is funded by a one-quarter percent sales tax in Sonoma County and creates a stable funding source for local transportation projects intended to make significant progress in widening Highway 101, maintaining local roads, improving local transit services, developing passenger rail service, providing safe bike and pedestrian routes, and making key local street improvements.

The Measure M 2014 Strategic Plan (the Strategic Plan) serves as the guiding policy and programming document for the implementation of Measure M projects. It covers a five year period and is updated periodically in order to reflect the actual revenues received.

According to the Strategic Plan, the Measure M sales tax revenues are to be allocated as follows:

- 20% to fix pot holes and maintain local streets.
- 20% for key local road projects throughout the County.
- 40% to help fund Highway 101 widening throughout the County.
- 10% to improving local bus transit service.
- 5% to Sonoma-Marín Area Rail Transit (SMART) for the development of passenger rail service.
- 4% for bicycle and pedestrian routes.

There is an overall limitation of 1% of Measure M sales tax revenues for administrative expenses.

Note J. Risk Management

SCTA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SCTA is covered for general, automobile, crime and errors and omissions liability through Alliant Insurance Services. Limits of this coverage are \$1,000,000 per occurrence. SCTA participates in the County of Sonoma self-insurance program providing \$300,000 per occurrence for workers' compensation claims and has excess reinsurance with the California State Association of Counties up to statutory limits.

Note K. Post-Employment Benefits

SCTA participates in a cost sharing multiple-employer Defined Benefit Pension Plan (DBPP) and a cost sharing multiple-employer Post-employment Healthcare Plan (PHP). The DBPP is administered by the Sonoma County Employees' Retirement Association (SCERA) and the PHP is administered by the County of Sonoma. The SCERA was organized on January 1, 1946, under the provision of the 1937 County Employees Retirement Act, and is financially independent of the County of Sonoma and SCTA.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) was signed into law by Governor Jerry Brown on September 12, 2012, with an effective date of January 1, 2013. All General and Safety employees hired on or after January 1, 2013, with the exception of employees who are eligible for reciprocity with another qualified California retirement system, are part of a new tier called Plan B.

Defined Benefit Pension Plan

All SCTA employees appointed to a permanent position of at least half time are plan members. Other significant plan employers include the County of Sonoma (County), Valley of the Moon Fire District, and Superior Courts of California. Plan members are classified as either General or Safety (Safety e.g., eligible Sheriff, Fire, and Probation Department employees). Membership becomes effective on the first day of service. The Plan provides benefits as defined by the law upon retirement, death, or disability of members and may be amended by the Board of Supervisors and then shall be implemented by the Board of Retirement.

The financial statements for the County of Sonoma contain additional financial information for the defined pension benefits, which may not be presented here.

Funding Policy

The contribution requirements of Plan members and the County are determined by an independent actuary, approved by the SCERA Board of Retirement, and adopted by the Board of Supervisors. The contribution rates for the fiscal year ended June 30, 2015 were based on the Plan's valuation dated December 31, 2012. The contribution rates determined in each actuarial valuation take effect at the beginning of the fiscal year starting at least twelve months after the beginning of the valuation year, except when significant benefit or actuarial assumption changes occur. Plan A members are required to contribute 7% to 13% of their annual covered salary based upon the member's age at the date of entry into the system and Plan B members are required to contribute 7.25% for General Plan B Employees and 11.75% for Safety Plan B Employees of their annual covered salary. The County is required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at actuarially determined rates.

Note K. Post-Employment Benefits (continued)

Employer and member contributions are funded and recognized through the County and District payroll systems via employer benefit payments and employee deductions. For the fiscal year ended June 30, 2015, SCTA's employer contributions totaled \$185,083 or approximately 18.37% of covered payroll.

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

At June 30, 2015, SCTA reported a liability of \$672,050 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. SCTA's proportion of the net pension liability was based on a projection of SCTA's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At December 31, 2014, SCTA's proportion was 0.31%, which was a decrease of 3.13% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, SCTA recognized pension expense of \$129,172. 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. At June 30, 2015, SCTA reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 141,333
Net difference between projected and actual earnings on retirement plan investments	108,314	-
Changes in proportion and differences between SCTA contributions and proportionate share of contributions	-	18,192
SCTA contributions subsequent to the measurement date	90,601	-
	<u>\$ 198,915</u>	<u>\$ 159,525</u>

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.

\$90,601 reported as deferred outflows of resources related to pensions resulting from SCTA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Note K. Post-Employment Benefits (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (reduction of expense) as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ (29,694)
2017	(29,694)
2018	(18,902)
2019	<u>27,079</u>
	<u>\$ (51,211)</u>

Actuarial Assumptions

The total pension liabilities in the January 1, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	December 31, 2014
Measurement Date	December 31, 2014
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumption:	
Inflation	3.25%
Projected Salary Increase	4.5% - 10.00%
Investment Rate of Return	7.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.50% as of December 31, 2014. 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. For this purpose, only employer contributions that are intended to fund benefits or current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' plan net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sonoma County Transportation Authority

Notes to the Basic Financial Statements

For the Fiscal Year ended June 30, 2015

Note K. Post-Employment Benefits (continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equity	30.7%	6.15%
Small Cap U.S. Equity	6.3%	6.87%
Developed International Equity	25.0%	6.70%
U.S. Core Fixed Income	17.0%	0.98%
Unconstrained Bonds	3.0%	3.56%
Bank Loans	3.0%	2.55%
Real Estate	15.0%	4.88%
Total	100%	

Sensitivity of SCTA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The discount rate used to measure the Total Pension Liability was 7.50% as of December 31, 2014, the measurement date. 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 SCTA's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what SCTA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
SCTA's proportionate share of the County's proportionate share of the net pension liability (asset)	\$ 1,542,022	\$ 672,050	\$ (59,208)

Post-employment Healthcare Plan

PHP benefits are provided to all active, covered employees that (a) participate in the defined benefit pension plan and (b) who retire from SCTA on or after attaining the age of 50 with at least 10 years of service. The employer pays up to approximately 85% of the health care insurance premium for retirees and their eligible dependents, with a monthly maximum of \$500. The retiree can choose one of two health care providers. The employer reimburses a fixed amount per month for Medicare supplement for each retiree aged 65 and over covered under Medicare Parts A and B.

Note K. Post-Employment Benefits (continued)

For employees hired before January 1, 2009 the plan provides a value equivalent to 85% of the lowest health care insurance premium for retirees and their eligible dependents. The plan reimburses a fixed amount per month for Medicare supplement for each retiree aged 65 and over covered under Medicare Part B. For employees hired on or after January 1, 2009, the County, on behalf of SCTA, contributes to a Defined Contribution plan in the form of a deposit into a Health Reimbursement Arrangement (HRA) account. Any eligible employee and eligible dependent(s), may enroll in a County offered medical plan, but the retiree is responsible for all costs (including County offered retiree medical plan and Medicare B premiums). Authority to establish and amend benefit provision of the PHP resides with the County Board of Supervisors.

The financial statements for the County of Sonoma, the sponsor of the PHP plan, contain the financial information for the PHP, which is not presented here because SCTA's share cannot be separated from the whole.

Funding Policy

The PHP funding policy provides for periodic contributions by SCTA at contractually determined rates. The contribution rate is determined by the County of Sonoma on an annual basis and authorized by the Board of Supervisors. Contributions to the PHP for the years ended June 30, 2015, 2014 and 2013 were \$256,637, \$87,553, and \$70,008, respectively.

Note L. Commitments

SCTA has the following contractual commitments related to its activities as of June 30, 2015:

Activity	Outstanding Commitment Balance
Measure M	\$ 32,185,815
Transportation Fund for Clean Air (TFCA)	666,049
Transportation Improvement	221,703
Total	\$ 33,073,567

Sonoma County Transportation Authority

Notes to the Basic Financial Statements

For the Fiscal Year ended June 30, 2015

Note M. TDA 3 Funding

TDA3 Revenue:

State Revenue:	Amount
TDA3	\$ 29,992

Bicycle/Pedestrian Expense:	Amount
TDA3	\$ 29,992

On June 25, 2014, Metropolitan Transportation Commission (MTC) allocated \$30,000, per the fiscal year 2014-15 Delegated Authority, for the County-wide automated bike and pedestrian counters. SCTA complied with and received disbursement from MTC during fiscal year 2014-15.

Note N. Operating Lease

SCTA is obligated under a five year lease agreement for the use of office space which expires in March 2017. Future commitments under this lease agreement are as follow:

Fiscal Year Ending June 30:	
2016	\$ 106,490
2017	81,492
Total future minimum lease payments	\$ 187,982

Leasing expenditures for the fiscal year ended June 30, 2015 were \$102,762. During the fiscal year ended June 30, 2015, RCPA paid \$6,000 to SCTA for the sub-leasing of office space.

Note O. Future Governmental Accounting Standards

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

GASB Statement No. 72 – Fair Value Measurement and Application

Effective for periods beginning after June 15, 2015, This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Note O. Future Governmental Accounting Standards (continued)

GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.

Effective for fiscal years beginning after June 15, 2015, this Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans other than Pension Plans

Effective for fiscal years beginning after June 15, 2016, this Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with post employment benefits other than pensions (OPEB) as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefit Plans other than Pensions

Effective for fiscal years beginning after June 15, 2017, this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

Note O. Future Governmental Accounting Standards (continued)

GASB Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

Effective for fiscal years beginning after June 15, 2015, this Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

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

Note P. Prior Period Adjustment – Implementation of New Accounting Principle

During the fiscal year ended June 30, 2015, SCTA implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27*, which establishes accounting and financial reporting standards for employee retirement plans, and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date-An Amendment of GASB Statement no. 68*, which addresses an issue regarding the transition provisions of Statement No. 68. Refer to the SCTA's Note K for additional information on employee retirement plans. GASB 68 requires that the effect of net pension liability and associated deferred items from prior fiscal periods be recorded as an adjustment to beginning net position. Accordingly, SCTA reported a beginning balance adjustment of \$594,089 to reduce net position for the prior period actuarially determined net pension liability of \$779,172 net of \$185,083 of employer contributions that represent prior period deferred outflows of resources.

Required Supplementary Information

Sonoma County Transportation Authority

Schedule of SCTA's Proportionate Share of the Net Pension Liability

For the Fiscal Year Ended June 30, 2015

Sonoma County Employee Retirement Association - Schedule of SCTA's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years *

	6/30/2015	6/30/2014
SCTA's proportion of the net pension liability	0.31%	0.32%
SCTA's proportionate share of the net pension liability	\$ 672,050	\$ 779,172
SCTA's covered employee payroll	\$ 1,007,787	\$ 1,030,693
SCTA's proportionate share of the net pension liability as a percentage of its covered-employee payroll	66.69%	75.60%
Plan fiduciary net position as a percentage of the total pension liability	90.88%	89.76%

Sonoma County Employee Retirement Association - Schedule of SCTA's Contributions

Last 10 Fiscal Years *

	6/30/2015
Actuarially determined contribution	\$ 185,083
Contributions in relation to the actuarially determined contribution	185,083
Contribution deficiency (excess)	\$ -
SCTA's covered-employee payroll	\$ 1,007,787
Contributions as a percentage of covered-employee payroll	18.37%

* Amounts presented above were determined as of December 31st (the pension liability measurement date). Additional years will be presented as they become available.

Sonoma County Transportation Authority

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

For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue	\$ 1,609,650	\$ 2,061,650	\$ 1,869,414	\$ (192,236)
Investment income (loss)	1,000	1,000	643	(357)
Charges for services	5,000	9,800	78,714	68,914
Total revenues	<u>1,615,650</u>	<u>2,072,450</u>	<u>1,948,771</u>	<u>(123,679)</u>
Expenditures				
Current				
Salaries and benefits	1,702,968	1,629,359	1,664,349	(34,990)
Services and supplies	561,665	817,903	391,635	426,268
Contributions to other governments	116,000	116,000	237,873	(121,873)
Cost applied	(480,000)	(505,000)	(493,810)	(11,190)
Total expenditures	<u>1,900,633</u>	<u>2,058,262</u>	<u>1,800,047</u>	<u>258,215</u>
Net change in fund balance	<u>(284,983)</u>	<u>14,188</u>	<u>148,724</u>	<u>134,536</u>
Unassigned Fund Balance at June 30, 2014	<u>365,697</u>	<u>365,697</u>	<u>365,697</u>	<u>-</u>
Unassigned Fund Balance at June 30, 2015	<u>\$ 80,714</u>	<u>\$ 379,885</u>	<u>\$ 514,421</u>	<u>\$ 134,536</u>

Sonoma County Transportation Authority

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budgets and Actual - Special Revenue Fund (TFCA)**

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 593,508	\$ 593,508	\$ 572,578	\$ (20,930)
Investment income	5,741	5,741	8,009	2,268
Total revenues	599,249	599,249	580,587	(18,662)
Expenditures				
Current:				
Administration	29,675	29,675	29,675	0
Contributions to other governments	604,146	604,146	710,208	(106,062)
Total expenditures	633,821	633,821	739,883	(106,062)
Net change in fund balance	(34,572)	(34,572)	(159,296)	(124,724)
Fund Balance at June 30, 2014	875,749	875,749	875,749	-
Fund Balance at June 30, 2015	\$ 841,177	\$ 841,177	\$ 716,453	\$ (124,724)

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budgets and Actual - Special Revenue & Debt Service Funds (Measure M)**

For the Fiscal Year Ended June 30, 2015

	Total Measure M Budgeted Amounts		Actual Amounts			Variance with Final Budget -
	Original	Final	Special Revenue	Debt Service	Total Measure M	Positive (Negative)
Revenues						
Sales tax revenue	\$ 21,718,089	\$ 21,175,700	\$ 14,323,385	\$ 7,064,275	\$ 21,387,660	\$ 211,960
Intergovernmental revenue	5,539,000	7,519,000	4,857,859	-	4,857,859	(2,661,141)
Investment income	215,719	231,343	352,777	6,502	359,279	127,936
Other	2,370,000	2,370,000	-	-	-	(2,370,000)
Total revenues	29,842,808	31,296,043	19,534,021	7,070,777	26,604,798	(4,691,245)
Expenditures						
Current:						
Services and supplies	3,942,550	4,204,250	3,138,172	-	3,138,172	(1,066,078)
Conservation credits	-	15,000	-	-	-	(15,000)
Contributions to other governments	31,176,427	43,256,135	22,790,215	-	22,790,215	(20,465,920)
Advances	1,700,000	1,700,000	-	-	-	(1,700,000)
Debt service:						
Principal	4,075,000	8,982,500	-	8,012,500	8,012,500	(970,000)
Interest	3,095,913	3,104,413	16,122	3,063,913	3,080,035	(24,378)
Cost of issuance	-	540,000	347,463	-	347,463	(192,537)
Total expenditures	43,989,890	61,802,298	26,291,972	11,076,413	37,368,385	(24,433,913)
Other Financing Sources						
Refunding bonds issued	-	48,000,000	49,265,000	-	49,265,000	1,265,000
Premium on bonds issued	-	6,000,000	5,015,846	2,209,663	7,225,509	1,225,509
Other financing sources.	-	6,231,836	-	24,624	24,624	(6,207,212)
Payment of refunded bond	-	(42,615,688)	(38,954,138)	-	(38,954,138)	3,661,550
Transfers out	-	(6,216,148)	(24,624)	-	(24,624)	6,191,524
Total other financing sources	-	11,400,000	15,302,084	2,234,287	17,536,371	6,136,371
Net change in fund balance	(14,147,082)	(19,106,255)	8,544,133	(1,771,349)	6,772,784	25,879,039
Fund Balance at June 30, 2014	33,407,473	33,407,473	33,851,673	10,468,034	44,319,707	10,912,234
Fund Balance at June 30, 2015	\$ 19,260,391	\$ 14,301,218	\$ 42,395,806	\$ 8,696,685	\$ 51,092,491	\$ 36,791,273

Note A. Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized adjustment which was contingent upon new or additional revenue sources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. Budgets are adopted on a basis consistent with generally accepted accounting principles. SCTA budgetary information was amended during the year by the Board of Directors.

Supplementary Information

Sonoma County Transportation Authority

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation			
Pass-through programs from:			
California Department of Transportation Highway Planning and Construction (Federal-Aid Highway Program) Regional Dynamic Rideshare Program	20.205	CML-6364(010)	\$ 266,166
Metropolitan Transportation Commission Highway Planning and Construction (Federal-Aid Highway Program)	20.205	Not Determinable	963,378
California Department of Transportation Highway Planning and Construction (Federal-Aid Highway Program) Sonoma Median Widening (MSN B2 P2)	20.205	HPLUL-6364(015)	496,527
Total U.S. Department of Transportation			1,726,071
Total expenditures of federal awards			\$ 1,726,071

Note A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Sonoma County Transportation Authority (SCTA) under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of SCTA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of SCTA.

Note B. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recorded when incurred, regardless of the timing of the related cash flow. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Sonoma County Transportation Authority

Roster of Board Members

For the Fiscal Year Ended June 30, 2015

The following is a roster of the Sonoma County Transportation Authority Board of Directors and the Executive Director at June 30, 2015.

Board of Directors	Agency
Sarah Gurney, Chair	City of Sebastopol
David Rabbitt, Vice Chair	County of Sonoma
Carol Russell	City of Cloverdale
Mark Landman	City of Cotati
Tom Chambers	City of Healdsburg
Kathy Miller	City of Petaluma
Jake MacKenzie	City of Rohnert Park
Erin Carlstrom	City of Santa Rosa
Laurie Gallian	City of Sonoma
Susan Gorin	County of Sonoma
Shirlee Zane	County of Sonoma
Sam Salmon	Town of Windsor
Alternate Joe Palla	City of Cloverdale
Alternate Susan Harvey	City of Cotati
Alternate Brigette Mansell	City of Healdsburg
Alternate David Glass	City of Petaluma
Alternate Amy Ahanotu	City of Rohnert Park
Alternate Chris Coursey	City of Santa Rosa
Alternate Patrick Slayter	City of Sebastopol
Alternate Madolyn Agrimonti	City of Sonoma
Alternate Mark Millan	Town of Windsor
Executive Director	
Suzanne Smith	Executive Director

Compliance

**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 and the Transportation
Development Act**

Independent Auditor's Report

Board of Directors
Sonoma County Transportation Authority
Santa Rosa, California

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Transportation Development Act, the financial statements of the governmental activities and each major fund of the Sonoma County Transportation Authority ("SCTA"), as of and for the year ended June 30, 2015, and the related notes to the financials statements, which collectively comprise SCTA's basic financial statements, and have issued our report thereon dated November 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SCTA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SCTA's internal control. Accordingly, we do not express an opinion on the effectiveness of SCTA'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 SCTA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SCTA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our testing included tests of compliance for the purpose of determining if expenditures were made in accordance with the Transportation Development Act as described in Section 6666 of Title 21 of the California Code of Regulations for non transit claimants. 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* or the Transportation Development Act.

Local partnership. Global solutions.

**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 and the Transportation
Development Act (continued)**

Independent Auditor's Report (continued)

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 SCTA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCTA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We noted certain other matters that we reported to management of SCTA in a separate letter dated November 20, 2015.

Pisanti & Brinkley LLP

Santa Rosa, California
November 20, 2015

**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
in Accordance with OMB Circular A-133**

Independent Auditor's Report

Board of Directors
Sonoma County Transportation Authority
Santa Rosa, California

Report on Compliance for Each Major Federal Program

We have audited the Sonoma County Transportation Authority's ("SCTA") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of SCTA's major federal programs for the year ended June 30, 2015. SCTA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of SCTA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SCTA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of SCTA's compliance.

Opinion on Each Major Federal Program

In our opinion, SCTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
in Accordance with OMB Circular A-133 (continued)**

Independent Auditor's Report (continued)

Report on Internal Control Over Compliance

Management of SCTA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SCTA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SCTA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Pisante & Binkley LLP

Santa Rosa, California
November 20, 2015

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Identification of major programs

Federal

CFDA

Number Federal Program Name

20.205 Highway Planning and Construction (Federal-Aid Highway Program)

Dollar threshold used to distinguish between type A and type B program: \$300,000

Auditee qualified as low-risk auditee? No

II. Financial Statement Findings

No matters are reportable

III. Summary of Findings and Questioned Costs for Federal Awards

No matters are reportable

No matters were reported in the prior year.

SCTA

sonoma county transportation authority



**Measure M Special Revenue and
Debt Service Funds
Financial Statements
and Required Supplementary
Information**

For the Fiscal Year Ended June 30, 2015

**Sonoma County Transportation Authority
Measure M Special Revenue and Debt Service Funds
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Independent Auditor's Report

Citizens Advisory Committee
Sonoma County Transportation Authority
Santa Rosa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the activities of the Measure M Special Revenue and Debt Service Funds (the "Measure M Funds") of the Sonoma County Transportation Authority ("SCTA"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Measure M Funds' financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the activities of the Measure M Funds as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (continued)

Other Matters

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the financial statements is not affected by this missing information.

As discussed in Note A, the financial statements presented depict only the activities of the Measure M Special Revenue and Debt Service Funds of SCTA, and do not purport to, and do not present fairly the financial information for SCTA as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015, on our consideration of the Measure M Funds' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are integral parts of the audits performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Pisanti & Brinken LLP

Santa Rosa, California
November 20, 2015

Sonoma County Transportation Authority - Measure M Special Revenue and Debt Service Funds

Balance Sheets - by Activity

June 30, 2015

	Measure M Special Revenue Activities							Special Revenue Sub-Total	Measure M Debt Service		Debt Service Sub-Total	Total
	Local Street - Rehabilitation	Local Street - Projects	Highway 101	Transit	Passenger Rail	Bike/ Pedestrian	Administration		Passenger Rail	Highway 101		
Assets												
Cash and investments	\$ 575,178	\$ 14,986,669	\$ 25,781,356	\$ 240,876	\$ 163,233	\$ 776,210	\$ 273,214	\$ 42,796,736	\$ -	\$ -	\$ -	42,796,736
Sales tax receivable	694,060	694,060	588,505	347,030	49,199	138,812	34,703	2,546,369	124,316	799,615	923,931	3,470,300
Prepaid Expenses	-	-	-	-	-	-	8,938	8,938	-	-	-	8,938
Due from other governments	-	-	430,470	-	-	-	-	430,470	-	-	-	430,470
Interfund receivable	-	2,300,000	-	-	-	-	-	2,300,000	-	-	-	2,300,000
Restricted cash - revenue bonds	-	-	33,245	-	-	-	-	33,245	-	-	-	33,245
Restricted cash - revenue bond reserv ^e	-	-	-	-	-	-	-	-	631,618	1,894,852	2,526,470	2,526,470
Restricted cash - debt service	-	-	-	-	-	-	-	-	309,400	4,936,884	5,246,284	5,246,284
Total assets	\$ 1,269,238	\$ 17,980,729	\$ 26,833,576	\$ 587,906	\$ 212,432	\$ 915,022	\$ 316,855	\$ 48,115,758	\$ 1,065,334	\$ 7,631,351	\$ 8,696,685	\$ 56,812,443
Liabilities and fund balance												
Liabilities												
Accounts payable	\$ 571,590	\$ 935,239	\$ 751,574	\$ 239,094	\$ -	\$ 553,259	\$ 16	\$ 3,050,772	\$ -	\$ -	\$ -	3,050,772
Retention payable	-	35,571	-	-	-	-	-	35,571	-	-	-	35,571
Interfund payable	-	-	-	-	2,300,000	-	-	2,300,000	-	-	-	2,300,000
Due to other governments	-	-	-	-	-	333,609	-	333,609	-	-	-	333,609
Total liabilities	571,590	970,810	751,574	239,094	2,300,000	886,868	16	5,719,952	-	-	-	5,719,952
Fund Balance												
Restricted - Measure M Debt Service	-	-	-	-	-	-	-	-	1,065,334	7,631,351	8,696,685	8,696,685
Nonspendable	-	2,300,000	-	-	-	-	8,938	2,308,938	-	-	-	2,308,938
Restricted - Measure M Programs	697,648	14,709,919	26,082,002	348,812	(2,087,568)	28,154	307,901	40,086,868	-	-	-	40,086,868
Total fund balance	697,648	17,009,919	26,082,002	348,812	(2,087,568)	28,154	316,839	42,395,806	1,065,334	7,631,351	8,696,685	51,092,491
Total liabilities and fund balance	\$ 1,269,238	\$ 17,980,729	\$ 26,833,576	\$ 587,906	\$ 212,432	\$ 915,022	\$ 316,855	\$ 48,115,758	\$ 1,065,334	\$ 7,631,351	\$ 8,696,685	\$ 56,812,443

The notes to the basic financial statements are an integral part of this statement.

Sonoma County Transportation Authority - Measure M Special Revenue and Debt Service Funds

Statements of Revenues, Expenditures and Changes in Fund Balance - by Activity

For Fiscal Year Ended June 30, 2015

	Measure M Special Revenue Activities							Special Revenue Sub-Total	Measure M Debt Service		Debt Service Sub-Total	Total
	Local Street - Rehabilitation	Local Street - Projects	Highway 101	Transit	Passenger Rail	Bike/ Pedestrian	Administration		Passenger Rail	Highway 101		
Revenues												
Measure M sales tax	\$ 4,277,532	\$ 4,277,532	\$ 2,141,698	\$ 2,138,766	\$ 418,474	\$ 855,506	\$ 213,877	\$ 14,323,385	\$ 650,909	\$ 6,413,366	\$ 7,064,275	\$ 21,387,660
Intergovernmental revenue	-	-	4,857,859	-	-	-	-	4,857,859	-	-	-	4,857,859
Investment income	7,312	148,532	173,622	3,655	4,385	13,034	2,237	352,777	1,631	4,871	6,502	359,279
Total revenue	4,284,844	4,426,064	7,173,179	2,142,421	422,859	868,540	216,114	19,534,021	652,540	6,418,237	7,070,777	26,604,798
Expenditures												
Current:												
Services and supplies	338	711,759	2,269,407	169	803	66	155,630	3,138,172	-	-	-	3,138,172
Contributions to other governments	4,258,696	3,178,356	10,440,819	2,129,358	-	2,782,986	-	22,790,215	-	-	-	22,790,215
Debt Service:												
Interest	-	-	-	-	16,122	-	-	16,122	269,047	2,794,866	3,063,913	3,080,035
Principal	-	-	-	-	-	-	-	-	95,000	7,917,500	8,012,500	8,012,500
Debt issuance costs	-	-	347,463	-	-	-	-	347,463	-	-	-	347,463
Total expenditures	4,259,034	3,890,115	13,057,689	2,129,527	16,925	2,783,052	155,630	26,291,972	364,047	10,712,366	11,076,413	37,368,385
Other Financing Sources (Uses)												
Transfers in	-	-	-	-	-	-	-	-	9,197	15,427	24,624	24,624
Transfers out	-	-	(15,427)	-	(9,197)	-	-	(24,624)	-	-	-	(24,624)
Refunding bonds issued	-	-	49,265,000	-	-	-	-	49,265,000	-	-	-	49,265,000
Premium on refunding bonds issued	-	-	5,015,846	-	-	-	-	5,015,846	-	2,209,663	2,209,663	7,225,509
Payment of refunded bond	-	-	(38,954,138)	-	-	-	-	(38,954,138)	-	-	-	(38,954,138)
Total other financing sources (uses)	-	-	15,311,281	-	(9,197)	-	-	15,302,084	9,197	2,225,090	2,234,287	17,536,371
Net change in fund balance	25,810	535,949	9,426,771	12,894	396,737	(1,914,512)	60,484	8,544,133	297,690	(2,069,039)	(1,771,349)	6,772,784
Fund balance at June 30, 2014	671,838	16,473,970	16,655,231	335,918	(2,484,305)	1,942,666	256,355	33,851,673	767,644	9,700,390	10,468,034	44,319,707
Fund balance at June 30, 2015	\$ 697,648	\$ 17,009,919	\$ 26,082,002	\$ 348,812	\$ (2,087,568)	\$ 28,154	\$ 316,839	\$ 42,395,806	\$ 1,065,334	\$ 7,631,351	\$ 8,696,685	\$ 51,092,491

**Sonoma County Transportation Authority
Measure M Special Revenue and Debt Service Funds**

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Note A. Reporting Entity

The Sonoma County Transportation Authority (SCTA) was created by the Sonoma County Board of Supervisors, under Resolution No. 90-1522 on August 7, 1990 in accordance with California Public Utilities Code Section 180000 et seq. SCTA's Board of Directors consists of one council member from each of the County's nine cities and three members of the Sonoma County Board of Supervisors.

SCTA was established to accomplish the stated purpose and goals of the Public Utilities Code Section 180000 et seq, also known as the "Local Transportation Authority and Improvement Act" (the Act).

The financial statements of SCTA's Measure M Special Revenue and Debt Service Funds (the Measure M Funds) present only the financial activities of the Measure M Funds and are not intended to fairly present the financial position and changes in financial position of SCTA in conformity with accounting principles generally accepted in the United States of America.

The Measure M Fund was created in November 2004 with the passage of the Traffic Relief Act for Sonoma County. Measure M is funded by a one quarter percent sales tax and its activities are accounted for in a special revenue and debt service fund of SCTA. Measure M creates a stable funding source for local transportation projects intended to make significant progress in widening Highway 101, maintaining local roads, improving local transit services, developing passenger rail service, providing safe bike and pedestrian routes, and making key local street improvements.

The Measure M 2014 Strategic Plan serves as the guiding policy and programming document for the implementation of Measure M projects. It covers a five year period and will be updated periodically in order to reflect the actual revenues received.

The Measure M 2014 Strategic Plan allocates Measure M Sales tax revenues as follows:

- Local Streets Rehabilitation – 20% to fix pot holes and maintain local streets.
- Local Streets Projects – 20% for key local road projects throughout Sonoma County (the County).
- Highway 101 – 40% to help fund Highway 101 widening throughout the County.
- Transit – 10% to improve local bus transit service.
- Passenger Rail – 5% will go to Sonoma-Marín Area Rail Transit (SMART) for the development of passenger rail service.
- Bike / Pedestrian – 4% will be used for bicycle and pedestrian routes.

There is an overall limitation of one percent on the administrative expenses of Measure M operations.

Note B. Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

The accompanying financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Sales tax revenue is recognized in the period that the exchange transaction occurs on which the tax is imposed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures are generally 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.

Fund Balance

Governmental funds report fund balance as non-spendable, restricted, committed, assigned or unassigned based primarily on the extent to which SCTA is bound to honor constraints on how specific amounts can be spent. The fund balance classifications are defined below.

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

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

Cash and Investments

The Measure M Funds report cash and investments in the balance sheet by activity at fair value per GASB 31.

**Sonoma County Transportation Authority
Measure M Special Revenue and Debt Service Funds**

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Note B. Summary of Significant Accounting Policies (continued)

Restricted cash is held by a third party trustee and is restricted for debt service payments and Measure M expenditures pursuant to various bond covenants. Included in these amounts are proceeds from Sales Tax Revenue Bonds, Series 2011 and 2015, to be used for Measure M activities and bond reserve requirements for the Series 2011 and 2015 bonds, and sales tax revenues collected by the trustee for making the annual interest payments on the bonds.

Sales Tax Revenue and Receivable

Sales tax receivable represents sales tax amounts allocated to SCTA through Measure M, 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 \$531,650 for the year.

Estimates

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

Note C. Cash and Investments

Investment in the Sonoma County Treasurer's Investment Pool

Cash and investments are comprised of cash pooled with the Sonoma County Treasury Pool (the Treasury Pool), an external investment pool. The Sonoma County Treasurer's office also acts as a disbursing agent for the Measure M Funds. The fair value of the Measure M Funds' investment in this pool is based upon the Measure M Funds' pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio).

The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the Treasury Pool is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee of the Treasury Pool has oversight for all monies deposited into the Treasury Pool.

Note C. Cash and Investments (continued)

Treasury Pool Investment Guidelines

The Measure M Funds' pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of 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 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Due to the highly liquid nature of the Measure M Funds' investment with the Treasury Pool, the Measure M Funds' exposure to interest rate risk is deemed by management to be insignificant.

The weighted average maturity of Treasury Pool investments at June 30, 2015 was 600 days.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

Concentration of Credit Risk

The investment policy of SCTA, which is responsible for the investment decisions of the Measure M Funds, 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 Measure M Funds' investments.

**Sonoma County Transportation Authority
Measure M Special Revenue and Debt Service Funds**

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Note D. Measure M Sales Tax Revenue Bonds

The Authority has issued bonds in 2008, 2011 and 2015 for the purpose of financing certain transportation projects included in the Measure M Expenditure Plan.

SCTA issued \$46,075,000 in Sales Tax Revenue Bonds, Series 2008 (Limited Tax Bonds) (2008 Bonds) on January 24, 2008. The 2008 Bonds were issued at a premium of \$4,516,657 and bond issuance costs totaled \$511,177. The 2008 Bonds carried interest rates ranging from 4% to 5%.

The 2008 Bonds began to mature in December 2013 and were refunded June 23, 2015 utilizing the Sales Tax Revenue Bonds, Series 2015.

SCTA issued \$25,200,000 in Sales Tax Revenue Bonds, Series 2011, (Limited Tax Bonds) (2011 Bonds) on January 26, 2011, with a maturity date of December 1, 2024. The 2011 Bonds were issued at a premium of \$1,863,706 and bond issuance costs totaled \$416,692. The 2011 Bonds carry interest rates ranging from 2% to 5%.

The 2011 Bonds began to mature in December 2011, and all 2011 Bonds will mature by December 2024. Bonds maturing subsequent to December 2020 are subject to redemption at the option of SCTA at any time on or after December 1, 2020 at a price equal to 100% of the principal amount outstanding and any accrued interest thereon.

On June 23, 2015 SCTA refunded the outstanding 2008 Bonds and issued \$49,265,000 in Sales Tax Revenue Bonds, Series 2015 (Limited Tax Bonds). The 2015 Bonds were issued at a premium of \$7,225,509 and bond issuance costs totaled \$347,463. The 2015 Bonds carry interest rates ranging from 1% to 5%.

The 2011 and 2015 Bonds are limited obligations of SCTA secured solely by a pledge of \$92,910,907 from Measure M sales tax revenues. Pledged sales tax revenues represent 22% of estimated total revenues from the Measure M sales tax.

Debt service payments made from the Measure M Fund were \$6,468,913 for the fiscal year ended June 30, 2015, representing 30% of the \$21,387,660 in Measure M sales tax revenue recognized during the same period. The debt service payments consisted of \$3,405,000 of principal payments on the 2008 and 2011 Bonds, and interest payments totaling \$3,063,913 for both the 2008 and 2011 Bonds.

**Sonoma County Transportation Authority
Measure M Special Revenue and Debt Service Funds**

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Note D. Measure M Sales Tax Revenue Bonds (continued)

The annual debt service requirements to maturity for the 2011 Bonds are as follows as of June 30, 2015:

Fiscal Year Ending June 30:	Principal		Interest		Total
2016	\$	1,915,000	\$	1,020,713	\$ 2,935,713
2017		2,015,000		922,463	2,937,463
2018		2,110,000		829,887	2,939,887
2019		2,190,000		743,887	2,933,887
2020		2,290,000		642,837	2,932,837
2021-2025		13,225,000		1,451,244	14,676,244
Total requirements	\$	23,745,000	\$	5,611,031	\$ 29,356,031

The annual debt service requirements to maturity for the 2015 Bonds are as follows as of June 30, 2015:

Fiscal Year Ending June 30:	Principal		Interest		Total
2016	\$	4,190,000	\$	2,018,364	\$ 6,208,364
2017		4,120,000		2,088,950	6,208,950
2018		4,265,000		1,941,125	6,206,125
2019		4,495,000		1,722,125	6,217,125
2020		4,725,000		1,491,625	6,216,625
2021-2025		27,470,000		3,571,500	31,041,500
Total requirements	\$	49,265,000	\$	12,833,689	\$ 62,098,689

Debt service payments for the 2011 and 2015 Bonds are made from the Measure M Debt Service fund.

**Sonoma County Transportation Authority
Measure M Special Revenue and Debt Service Funds**

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Note D. Measure M Sales Tax Revenue Bonds (continued)

Refunding of 2008 Revenue Bonds

Of the \$49,265,000 in 2015 revenue bonds issued \$38,954,138 were issued for an advanced refunding of the remaining principal of the 2008 Sales Tax Revenue bonds. The advance refunding resulted in a present value economic gain of \$1,799,599. The additional amount not required to refund the 2008 bonds will finance certain transportation projects included in the Measure M Expenditure Plan. The original cash flows required to service the refunded debt and to complete the refunding are as follows:

2008 Special Revenue Bonds (refunded debt)	\$ 50,149,200
New debt used for refunding - 2015 Revenue Bonds	(43,108,957)
Plus 2008 bond reserve fund (used for refunding)	(4,607,500)
Difference in cash flows	\$ 2,432,743

Note E. Risk Management

SCTA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As funds of SCTA, the Measure M Funds are covered for general, automobile, crime and errors and omissions liability through Alliant Insurance Services. The limits of coverage are \$1,000,000 per occurrence. SCTA participates in the County of Sonoma self-insurance program providing \$300,000 per occurrence for workers' compensation claims and has excess reinsurance with the California State Association of Counties up to statutory limits.

Note F. Interfund Balance

Measure M entered into a cooperative funding agreement in order to provide an inter-program loan from the Local Streets - Projects fund to the Passenger Rail fund. The purpose of the interfund loan was to provide reimbursement for the Sonoma-Marín Area Rail Transit project in advance of receipt of the sales tax revenue allocation for rail as allowed by the Strategic Plan.

Interfund Balance:

Receivable Fund	Payable Fund	Amount
Local Streets - Projects	Passenger Rail	\$ 2,300,000

**Sonoma County Transportation Authority
Measure M Special Revenue and Debt Service Funds**

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Note G. Commitments

The Measure M Special Revenue Fund has the following outstanding commitments related to its programs as of June 30, 2015:

<u>Project</u>	<u>Outstanding Commitment Balance</u>
Highway 101	\$ 11,485,977
Local Streets - Projects	17,554,408
Bicycle and Pedestrian	2,701,586
Passenger Rail	443,844
<u>Total</u>	<u>\$ 32,185,815</u>

Required Supplementary Information

Sonoma County Transportation Authority - Measure M Special Revenue and Debt Service Funds

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budgets and Actual - Special Revenue & Debt Service Funds**

For the Fiscal Year Ended June 30, 2015

	Total Measure M		Actual Amounts			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Special Revenue	Debt Service	Total Measure M	
	Original	Final				
Revenues						
Sales tax revenue	\$ 21,718,089	\$ 21,175,700	\$ 14,323,385	\$ 7,064,275	\$ 21,387,660	\$ 211,960
Intergovernmental revenue	5,539,000	7,519,000	4,857,859	-	4,857,859	(2,661,141)
Investment income	215,719	231,343	352,777	6,502	359,279	127,936
Other	2,370,000	2,370,000	-	-	-	(2,370,000)
Total revenues	29,842,808	31,296,043	19,534,021	7,070,777	26,604,798	(4,691,245)
Expenditures						
Current:						
Services and supplies	3,942,550	4,204,250	3,138,172	-	3,138,172	(1,066,078)
Conservation credits	-	15,000	-	-	-	(15,000)
Contributions to other governments	31,176,427	43,256,135	22,790,215	-	22,790,215	(20,465,920)
Advances	1,700,000	1,700,000	-	-	-	(1,700,000)
Debt service:						
Principal	4,075,000	8,982,500	-	8,012,500	8,012,500	(970,000)
Interest	3,095,913	3,104,413	16,122	3,063,913	3,080,035	(24,378)
Cost of issuance	-	540,000	347,463	-	347,463	(192,537)
Total expenditures	43,989,890	61,802,298	26,291,972	11,076,413	37,368,385	(24,433,913)
Other Financing Sources						
Refunding bonds issued	-	48,000,000	49,265,000	-	49,265,000	1,265,000
Premium on bonds issued	-	6,000,000	5,015,846	2,209,663	7,225,509	1,225,509
Other financing sources.	-	6,231,836	-	24,624	24,624	(6,207,212)
Payment of refunded bond	-	(42,615,688)	(38,954,138)	-	(38,954,138)	3,661,550
Transfers out	-	(6,216,148)	(24,624)	-	(24,624)	6,191,524
Total other financing sources	-	11,400,000	15,302,084	2,234,287	17,536,371	6,136,371
Net change in fund balance	(14,147,082)	(19,106,255)	8,544,133	(1,771,349)	6,772,784	25,879,039
Fund Balance at June 30, 2014	33,407,473	33,407,473	33,851,673	10,468,034	44,319,707	10,912,234
Fund Balance at June 30, 2015	\$ 19,260,391	\$ 14,301,218	\$ 42,395,806	\$ 8,696,685	\$ 51,092,491	\$ 36,791,273

The note to budgetary comparison information is an integral part of this statement.

**Sonoma County Transportation Authority
Measure M Special Revenue and Debt Service Funds**

Note to Budgetary Comparison Information

For the Fiscal Year Ended June 30, 2015

Note A. Stewardship, Compliance and Accountability

Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized adjustment which was contingent upon new or additional revenue sources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. Budgets are adopted on a basis consistent with generally accepted accounting principles. The Measure M Special Revenue and Debt Service Funds' budgetary information was amended during the year.

Compliance

**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

Citizens Advisory Committee
Sonoma County Transportation Authority
Santa Rosa, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the activities of the Measure M Special Revenue and Debt Service Funds (the "Measure M Funds") of the Sonoma County Transportation Authority ("SCTA") which comprise the balance sheets – by activity as of June 30, 2015, the related statements of revenues, expenditures and changes in fund balance – by activity for the year then ended, and the notes to the financial statements, and have issued our report thereon dated November 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Measure M Funds' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Measure M Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Measure M Funds' 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 Measure M Funds' financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure M Funds' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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)

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 Measure M Funds' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Measure M Funds' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pisanti & Brunken LLP

Santa Rosa, California
November 20, 2015



Sonoma County Regional Climate Protection Authority

**Basic Financial Statements,
Required Supplementary Information
and Other Supplementary Information**

For the Fiscal Year Ended June 30, 2015

**Sonoma County Regional Climate Protection Authority
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Independent Auditor's Report

Board of Directors
Sonoma County Regional
Climate Protection Authority
Santa Rosa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Sonoma County Regional Climate Protection Authority ("RCPA"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise RCPA's basic financial statements as listed in the foregoing table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of RCPA as of June 30, 2015, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015, on our consideration of RCPA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are integral parts of the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Pisanti & Brinker LLP

Santa Rosa, California
November 20, 2015

Management's Discussion and Analysis

The management of the RCPA offers the readers of RCPA's basic financial statements this narrative overview and analysis of the financial activities of RCPA for the fiscal year ended June 30, 2015.

Financial highlights

- The assets of RCPA exceeded its liabilities at June 30, 2015 by \$191,536.
- RCPA's restricted net position at June 30, 2015 totaled \$191,536.

Overview of the financial statements

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

Government-wide financial statements

The *government-wide financial statements*, as listed in the table of contents, provide a broad overview of RCPA's activities as a whole, and are comprised of the *statement of net position* and the *statement of activities*.

The *statement of net position* provides information about the financial position of RCPA as a whole on the full accrual basis, similar to that used in the private sector.

The *statement of activities* provides information about RCPA's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues and expenses of each of RCPA's programs. The statement explains the change in net position for the year.

Fund financial statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. RCPA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. RCPA's only fund is a governmental fund.

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

Fund financial statements (continued)

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. RCPA's ending net position is equal to its ending fund balance because it has no non-current assets or liabilities at year end.

Notes to the basic financial statements

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

Government-wide financial analysis

As noted above, net position may serve over time as a useful indicator of a government's financial position. In the case of RCPA, assets exceeded liabilities by approximately \$191,536 at June 30, 2015.

Condensed Statement of Net Position

June 30,	2014	2015
Assets		
Current assets	\$ 186,269	\$ 328,316
Liabilities		
Current liabilities	43,322	136,780
Net position - restricted	\$ 142,947	\$ 191,536

Governmental activities

Governmental activities for RCPA resulted in an increase in net position balance of \$48,589 at June 30, 2015. Key elements of these activities during the fiscal year ended June 30, 2015 are identified below.

Sonoma County Regional Climate Protection Authority

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Governmental funds

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

As of June 30, 2015, RCPA's governmental fund reported an ending fund balance of \$191,536.

General fund budgetary highlights

Adjustments from the original approved budget resulted in a net increase to intergovernmental and grant revenue of \$44,830. Associated adjustments to appropriated expenditures resulted in a net increase in of \$81,600.

Condensed Statement of Changes in Net Position

Year Ended June 30,	2014	2015
Revenues:		
Program revenues - Climate protection program	\$ 809,042	\$ 701,045
General revenues	749	1,416
Total revenues	809,791	702,461
Expenses:		
Climate protection program	794,681	653,872
Total expenses	794,681	653,872
Increase in net position	15,110	48,589
Net position, beginning of year	127,837	142,947
Net position, end of year	\$ 142,947	\$ 191,536

Fluctuations in revenues and expenses are generally correlated due to a significant portion of RCPA's program costs being reimbursable. Variations between the fiscal years ended June 30, 2014 and June 30, 2015 are due primarily to changes in program activity.

Economic Factors and Next Year's Budget

RCPA activities are primarily funded from state and federal programs, which can be impacted by changes to state and federal budgets. In 2014-15 RCPA activities were primarily funded by three state programs: the Sustainable Communities Grant and Incentives Program administered by the Strategic Growth Council, the Climate Ready Grant program administered by the State Coastal Conservancy, and the Bay Area Regional Energy Network (BayREN) overseen by the California Public Utilities Commission. Activities funded by the California Strategic Growth Council related to the Climate Action 2020 project began in March 2014 and will continue for 24 months, into the fiscal year ending June 30, 2016. The Climate Ready North Bay Project began in July of 2014 and will continue through the end of 2015. The Bay Area Regional Energy Network is providing ratepayer funding overseen by the California Public Utilities Commission to the RCPA for calendar years 2013 through 2015. RCPA is exploring additional grant opportunities for future years' budgets.

Request for Information

This financial report is designed to provide a general overview of RCPA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Sonoma County Regional Climate Protection Authority, 490 Mendocino Avenue, Suite 206, Santa Rosa, CA 95401.

Financial Statements

Sonoma County Regional Climate Protection Authority

Governmental Fund Balance Sheet / Statement of Net Position

June 30, 2015

	General Fund		Governmental Activities
	Governmental Fund Balance Sheet	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 128,505	\$ -	\$ 128,505
Due from other governments	199,811	-	199,811
Total assets	328,316	-	328,316
Liabilities			
Accounts payable	129,271	-	129,271
Due to other governments	7,509	-	7,509
Total liabilities	136,780	-	136,780
Fund balance/net position			
Fund balance			
Restricted	191,536	(191,536)	-
Total fund balance	191,536	(191,536)	-
Total liabilities and fund balance	\$ 328,316		
Net position			
Restricted		191,536	191,536
Total net position		\$ 191,536	\$ 191,536

See accompanying Notes to the Basic Financial Statements

Sonoma County Regional Climate Protection Authority

**Statement of Revenues, Expenditures and
Changes in Fund Balances / Statement of Activities**

For the Year Ended June 30, 2015

	General Fund	Adjustments	Statement of Activities Governmental Activities
Expenditures/expenses			
Current:			
Services and supplies	\$ 653,872	\$ -	\$ 653,872
Total expenditures/expenses	653,872	-	653,872
Program revenues			
Intergovernmental revenue	567,912	-	567,912
Intergovernmental grants	133,133	-	133,133
Total program revenues	701,045	-	701,045
Excess of program revenues over expenditures/expenses	47,173	-	47,173
General revenues			
Investment income	1,369	-	1,369
Miscellaneous revenue	47	-	47
Total general revenues	1,416	-	1,416
Net change in fund balance/net position	48,589	-	48,589
Fund balance/net position:			
June 30, 2014	142,947	-	142,947
June 30, 2015	\$ 191,536	\$ -	\$ 191,536

See accompanying Notes to the Basic Financial Statements

Note A. Reporting Entity

The Sonoma County Regional Climate Protection Authority (RCPA) was created by the passage of Assembly Bill 881, on October 11, 2009. Pursuant to AB 881, until December 1, 2015, RCPA is governed by the same Board of Directors that governs the Sonoma County Transportation Authority (SCTA). RCPA is a separate legal entity from SCTA. RCPA, in cooperation with local agencies, performs coordination and implementation activities, within the boundaries of Sonoma County, to assist those agencies in meeting their greenhouse gas emission reduction goals. RCPA assists local agencies develop, coordinate, and implement programs and policies to comply with the California Global Warming Solutions Act and other federal or state mandates and programs designed to respond to greenhouse gas emissions and climate change.

The RCPA Board of Directors is governed by a twelve member board. Nine of these members are chosen from the councils of the nine incorporated cities or towns of Sonoma County and three are chosen from 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) report information on all of the activities of RCPA.

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

RCPA is engaged in a single program and has chosen to present combined government-wide and fund financial statements with a reconciliation of the individual line items in a separate column on each statement.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note B. Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered available when they are collectible within the period or soon enough thereafter to pay liabilities of the current period. For this purpose, RCPA considers revenues available if they are collected within 365 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

RCPA has no non-current assets or liabilities. Accordingly, net position and fund balance are equal at year end. Additionally, the change in net position on the statement of activities is equal to the change in fund balance.

Intergovernmental Revenue and Due From Other Governments

Intergovernmental revenue represents grant funds from the California Strategic Growth Council (SGC) to implement Climate Action 2020 (formerly the Greenhouse Gas Reduction Implementation Program), funds from the State Coastal Conservancy to implement the Climate Ready North Bay Project, California Public Utility Commission (CPUC) funding passed through the Association of Bay Area Governments (ABAG) for the implementation of Bay Area Regional Energy Network (BayREN) programs, and contributions from RCPA member governments.

Due from other governments represents amounts earned but not yet received from these funding sources.

Net Position

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

- Invested in capital assets – This component of net position consists of capital assets, net of accumulated depreciation. RCPA has no capital assets and therefore this amount was zero at year end.
- Restricted net position – This component of net position consists of net position with limits on its use that are imposed by outside parties or enabling legislation.
- Unrestricted net position – This component of net position consists of net position that does not meet the definitions of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available, unrestricted resources are used only after restricted resources are depleted.

Note B. Summary of Significant Accounting Policies (continued)

Fund Balance

Governmental funds report fund balance as non-spendable, restricted, committed, assigned or unassigned based primarily on the extent to which RCPA is bound to honor constraints on how specific amounts can be spent. The fund balance classifications are defined below.

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

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

Estimates

The preparation of 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. Cash and Investments

Investment in the Sonoma County Treasurer's Investment Pool

Cash and investments are generally comprised of cash pooled with the Sonoma County Treasury Pool (the Treasury Pool), an external investment pool, and are carried at fair value. The Sonoma County Treasurer's office also acts as a disbursing agent for RCPA. The fair value of RCPA's investment in this pool is based upon RCPA's pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio).

The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the Treasury Pool is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter.

The Treasury Oversight Committee of the Treasury Pool has oversight for all monies deposited into the Treasury Pool.

Treasury Pool Investment Guidelines

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Due to the highly liquid nature of RCPA's investment with the Treasury Pool, RCPA's exposure to interest rate risk is deemed by management to be insignificant.

The weighted average maturity of Treasury Pool investments at June 30, 2015 was 600 days.

Note C. Cash and Investments (continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

Concentration of Credit Risk

The investment policy of RCPA 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 held by RCPA at June 30, 2015.

Note D. Risk Management

RCPA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. RCPA is covered for general, automobile, crime and errors and omissions liability through Alliant Insurance Services. Limits of this coverage are \$1,000,000 per occurrence.

Note E. New Accounting Pronouncement

GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions", an amendment to GASB Statement No. 27. The objective of this statement is to improve accounting and financial reporting by state and local governmental pensions. The requirements of this statement are effective for the fiscal year ending June 30, 2015.

RCPA does not participate in a pension and therefore has no pension liability to report as of June 30, 2015.

Sonoma County Regional Climate Protection Authority

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

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental revenue	\$ 572,500	\$ 647,030	\$ 567,912	\$ (79,118)
Intergovernmental grants	162,000	132,000	133,133	1,133
Investment income	600	900	1,369	469
Miscellaneous	-	-	47	47
Total revenues	735,100	779,930	702,461	(77,469)
Expenditures				
Current:				
Services and supplies	759,116	840,716	653,872	186,844
Contribution to others	10,000	10,000	-	10,000
Total expenditures	769,116	850,716	653,872	196,844
Excess (deficiency) of revenues over (under) expenditures	(34,016)	(70,786)	48,589	119,375
Net position, June 30, 2014	142,947	142,947	142,947	-
Net position, June 30, 2015	\$ 108,931	\$ 72,161	\$ 191,536	\$ 119,375

See accompanying Note to Budget and Actual Schedule

Note A. Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized adjustment which was contingent upon new or additional revenue sources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. RCPA's budgetary information was amended during the fiscal year.

Sonoma County Regional Climate Protection Authority

Roster of Board Members

For the Fiscal Year Ended June 30, 2015

The following is a roster of the Sonoma County Regional Climate Protection Authority Board of Directors and the Executive Director at June 30, 2015.

Board of Directors	Agency
Sarah Gurney, Chair	City of Sebastopol
David Rabbitt, Vice Chair	County of Sonoma
Carol Russell	City of Cloverdale
Mark Landman	City of Cotati
Tom Chambers	City of Healdsburg
Kathy Miller	City of Petaluma
Jake Mackenzie	City of Rohnert Park
Erin Carlstrom	City of Santa Rosa
Laurie Gallian	City of Sonoma
Susan Gorin	County of Sonoma
Shirlee Zane	County of Sonoma
Sam Salmon	Town of Windsor
Alternate Joe Palla	City of Cloverdale
Alternate Susan Harvey	City of Cotati
Alternate Brigette Mansell	City of Healdsburg
Alternate David Glass	City of Petaluma
Alternate Amy Ahanotu	City of Rohnert Park
Alternate Chris Coursey	City of Santa Rosa
Alternate Patrick Slayter	City of Sebastopol
Alternate Madolyn Agrimonti	City of Sonoma
Alternate Mark Millan	Town of Windsor
Executive Director	
Suzanne Smith	Executive Director

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

Board of Directors
Sonoma County Regional
Climate Protection Authority
Santa Rosa, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Sonoma County Regional Climate Protection Authority ("RCPA"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise RCPA's basic financial statements, and have issued our report thereon dated November 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered RCPA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RCPA's internal control. Accordingly, we do not express an opinion on the effectiveness of RCPA'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 RCPA's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RCPA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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)

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 RCPA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RCPA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pisanti & Brinker LLP

Santa Rosa, California
November 20, 2015

Staff Report

To: RCPA Board of Directors

From: Lauren Casey, Deputy Director of Climate Programs

Item: 3.4 – Contract Amendment for on-call Planning Support for Climate Action 2020

Date: December 14, 2015

Issue:

Shall the Board authorize staff to execute an Amendment to the agreement for on-call planning services with Pete Parkinson related to the development of the Climate Action 2020 Plan?

Background:

The RCPA is working with planning staff from all ten local jurisdictions to develop a communitywide Climate Action Plan via the Climate Action 2020 project. The project is funded by a \$1,000,000 Strategic Growth Council Grant and includes budget for RCPA and member staff time, as well as for technical consultants. ICF, a leading climate action planning firm, is under contract with the County of Sonoma to support the technical aspects of Climate Action 2020. ICF has developed a complete Admin Draft with direction from the RCPA, the Staff Working Group (SWG), the Stakeholder Advisory Group (SAG), input from public meetings and outreach events held in each jurisdiction, and technical analysis completed by their team.

Staff Working Group members have not been able to devote as much time to writing and editing the Administrative Draft as anticipated and have requested additional support from the RCPA and consultants. Each jurisdiction submitted an estimate of the portion of their remaining grant funds that they will utilize through the public adoption process, a proposal for grant funding to return to the RCPA's budget to fund additional support services.

The Board previously authorized staff to enter into an agreement with former Director of Sonoma County's Permit and Resource Management Department, Pete Parkinson, to assist the RCPA and SWG in crafting a more accessible Public Draft of Climate Action 2020. Services provided to date include participating in meetings, reviewing and responding to member comments, providing planning expertise, and editing significant portions of the Draft plan. Pete Parkinson was retained by the RCPA because of his unique qualifications to support the RCPA and Staff Working Group members in resolving outstanding questions unique to Sonoma County and the nine cities. Mr. Parkinson has specific expertise with the project because it was originally developed under his direction as Director of PRMD. Also, he brings important context and relationships from a long history of planning work in Sonoma County.

The first phase of work with Mr. Parkinson has been funded via a contingency budget line item not previously allocated. As the scope of editing grows at the request of the cities, budget for additional services under this agreement will be provided from SWG member budgets that city staff have offered back to the RCPA. Roughly \$140,000 has been offered back to the RCPA budget from SWG members

to provide for extra support from RCPA staff and hired consultants. Staff is finalizing a request to the SGC in order to make this reallocation official and will bring a budget adjustment back to the Board to reflect the final adjustments as approved by the State in January.

The proposed Amendment would allow for the RCPA to work with Mr. Parkinson as needed, on a time and materials basis, in task order increments of \$10,000 not to exceed a total of \$75,000, all of which will be funded by budget reallocated by SWG members to the RCPA.

Policy Impacts:

RCPA's mission is to lead and coordinate countywide efforts to implement and advocate a broad range of programs and projects to reduce GHG emissions. Climate Action 2020 is central to the RCPA mission as a countywide planning effort to assess and reduce community-wide greenhouse gas emissions and prepare for climate change impacts.

Fiscal Impacts:

This project is funded by a two year Sustainable Communities Planning grant from the Strategic Growth Council, which includes budget of \$145,000 for RCPA staff time. Staff Working Group members have offered to reallocate approximately \$140,000 (out of their original budget of \$373,500) back to the RCPA to fund additional support to cities.

Staff Recommendation:

That the Board authorize staff to execute the Amendment to Agreement No. RCPA16001 for professional services related to climate action planning.

AMENDMENT TO
AGREEMENT FOR PROFESSIONAL SERVICES – RCPA16001
- ASSISTANCE WITH CLIMATE ACTION PLANNING –
REGIONAL CLIMATE PROTECTION AUTHORITY (RCPA) AND PETE PARKINSON (CONSULTANT)

The agreement for professional services (Agreement) for the purposes of supporting the development of the Climate Action 2020 Plan between the Regional Climate Protection Authority (RCPA) and Pete Parkinson (Consultant) is hereby amended as follows:

- A. The Total Budget of the Agreement established in Section 4: Part I is increased by \$50,000 and hereby amended and set at Seventy Five Thousand dollars (\$75,000.00).
- B. Section 4: Part I is amended to read: Billing against this Agreement shall occur in increments of \$10,000 based on task orders approved in writing by the Executive Director or her designee. Total costs under this Agreement shall not exceed \$75,000.
- C. This Amendment is effective December 14, 2015.

IN WITNESS WHEREOF, Consultant has duly executed this Agreement, or caused it to be duly executed, and RCPA has duly executed this Agreement, or caused it to be duly executed.

Dated: _____

Suzanne Smith, Executive Director – RCPA

Dated: _____

Pete Parkinson, Consultant

Approved as to form:

Cory O'Donnell, Legal Counsel

Staff Report

To: RCPA Board of Directors
From: Lauren Casey, Deputy Director of Climate Programs
Item: 4.1.1 – Climate Action 2020 Draft Plan Overview
Date: December 14, 2015

Issue:

Information only

Background:

Climate Action 2020 is a regional greenhouse gas (GHG) reduction implementation program for Sonoma County communities. It is a collaborative effort among all 9 cities and the County of Sonoma to take further actions to reduce GHG emissions community wide. The main role of the RCPA Board of Directors is overseeing the project management of Climate Action 2020 by RCPA staff and directing the development of a Final Draft that can be adopted by the RCPA Board to guide staff in future collaboration with members.

The purpose of the project is to develop a community wide climate action plan for all of Sonoma County to comply with AB32, achieve local GHG targets, and provide a streamlined review of GHG emissions under CEQA for new development projects. The project will also set Sonoma County communities on a path towards the long-term GHG reductions needed beyond 2020, and establish a framework for the RCPA to support communities in preparing for and responding local climate impacts.

The project has been structured to maximize efficiency through centralized project management by RCPA staff, and countywide deliverables developed with consistent methodology along with input and customization specific to each jurisdiction.

RCPA staff have been providing updates to the Board on the development of the project periodically, and have sought direction on major plan concepts related to targets, CEQA, and the role of the RCPA. Staff have also met individually with each jurisdiction as requested by staff and Directors, to confirm jurisdiction specific content that is being incorporated into the Public Draft. Community input has been provided via many channels as articulated at the September RCPA Board meeting, including public workshops in each community, tabling at events, presentations at community groups (such as Chambers and Rotaries), and digital outreach via social media. All of the input collected via these efforts have been rolled into a complete Administrative Draft of the Climate Action 2020 Plan that is being finalized by staff and consultants for planned release early in the New Year.

The purpose of today's presentation is to give a detailed overview of the Draft Climate Action Plan, so that the Board can ask questions, identify possible opportunities for clarity, and prepare to review the full plan when it is released. Once the Plan becomes public, staff will provide another presentation to the RCPA Board, followed by presentations at planning commissions and Councils or the Board in each jurisdiction; public comments will be collected during all of these presentations that will inform edits to the Plan before it is finalized for adoption.

Policy Impacts:

RCPA's mission is to lead and coordinate countywide efforts to implement and advocate a broad range of programs and projects to reduce GHG emissions. Climate Action 2020 is central to the RCPA mission as a countywide planning effort to assess and reduce community-wide greenhouse gas emissions and prepare for climate change impacts.

Fiscal Impacts:

This project is funded by a two year Sustainable Communities Planning grant from the Strategic Growth Council, which includes budget of \$145,000 for RCPA staff time.

Staff Recommendation:

That the Board provide questions and comments to staff on the presentation.

Staff Report

To: RCPA Board of Directors
From: Suzanne Smith, Executive Director
Item: 4.2.1 – status report on Sonoma County Waste Management Agency matters
Date: December 14, 2015

Issue:

What is the status of discussions with Sonoma County Waste Management Agency (SCWMA)?

Background:

In September the RCPA Board directed staff to work with SCWMA staff on how RCPA might be able to help provide solid waste education, outreach, planning and policy should the SCWMA dissolve in 2017. Since that time staff continues to attend multiple meetings and work closely with our legal counsel on the options available.

No significant changes have taken place since the November meeting and SCWMA is not slated to meet in December. SCWMA staff has been directed to circulate a matrix for each jurisdiction to discuss related to the future of SCWMA. The matrix will cover the following options:

1. Creation/Renewal of JPA similar to current SCWMA: Either extend current JPA or amend/create new JPA as agreed to by the parties to continue SCWMA programs.
2. New JPA structure linked to RCPA: New JPA would designate the RCPA Board as the JPA Board of Directors and RCPA would provide staff support on specific elements of SCWMA work plan (e.g. education, outreach, policy, reporting); operational programs could be contracted out to County of Sonoma/Republic.
3. JPA termination: If no JPA in place, each jurisdiction would be required to perform tasks currently handled by SCWMA either directly or through agreements. As presented by SCWMA staff, RCPA could perform education and policy functions, County/Republic composting and household hazardous waste operations, and each jurisdiction would be responsible for planning and reporting.

At this time RCPA is not being asked for additional information and it seems that we have provided all we can to SCWMA in terms of technical support in understanding how RCPA could have a role to play should SCWMA not extend its JPA. To that end, RCPA staff suggests reducing the level of involvement in SCWMA discussion until such time as SCWMA makes some decisions on how it prefers to proceed with its business.

Policy Impacts:

To be determined.

Fiscal Impacts:

To date, between RCPA legal fees and staff time it is estimated to have cost approximately \$10,000.

Staff Recommendation:

Staff recommends reducing the level of engagement until more clarity is provided from SCWMA about how they desire to proceed.

Staff Report

To: SCTA Board of Directors
From: Suzanne Smith
Item: 5.2 – Regional Agency Reports
Date: December 14, 2015

Issue:

Recent updates from:

- SMART
- North Coast Railroad Authority
- Metropolitan Transportation Commission (MTC)
- California Association of Councils of Government (CALCOG)
- Association of Bay Area Governments (ABAG)
- Bay Area Air Quality Management District (BAAQMD)
- Self Help Counties Coalition
- Sonoma Clean Power

Background:

The following links and materials provide information regarding various regional agencies and issues:

- MTC Executive Director's Report
 - http://www.mtc.ca.gov/news/ed_report.htm
- SMART
 - http://www2.sonomamarintrain.org/userfiles/file/November_2015_GM_Report_Final.pdf

Staff Recommendation:

This is an informational item only.

Technical Advisory Committee

MEETING AGENDA

December 3, 2015 1:30 PM

Sonoma County Transportation Authority
SCTA Large Conference Room
490 Mendocino Avenue, Suite 206
Santa Rosa, California 95401

ITEM

1. Introductions
2. Public Comment
3. Approval of Minutes, October 22, 2015* – **DISCUSSION / ACTION**
4. TDA3 Preliminary Call for Projects* – **DISCUSSION / ACTION**
5. Measure M **DISCUSSION / ACTION**
 - 5.1. Measure M Invoicing / Appropriation Status*
6. Regional Information Update – **DISCUSSION**
 - 6.1. Water Board's Issuance of Municipal Regional Permit does not affect Sonoma County yet:
http://apps.mtc.ca.gov/meeting_packet_documents/agenda_2462/J02b_SF_Bay_Water_Board_Municipal_Regional_Permit_2_Update.pdf (this item is informational only)
 - 6.2. Federal Programs Update* *The deadline to submit a Request for Authorization (RFA) for projects included in the FY2015-16 Obligation Plan was November 1, 2015 and the deadline to receive authorization is January 31, 2016.*
 - 6.3. 2017 Transportation Improvement Program (TIP) Development: *March will be the last confirmed amendment of the 2015 TIP. There will be administrative modifications in May and June and then the FMS will lock down until December while the new TIP is developed.*
 - 6.4. MTC Workshops on Pavement Condition Index and Value Capture* (this item is informational only)
7. Rail Update – **DISCUSSION**
8. Draft SCTA Board Meeting Agenda: December 14, 2015
9. Other Business / Comments / Announcements - **DISCUSSION**
10. Adjourn - **ACTION**

*Materials attached.



Copies of the full Agenda Packet are available at www.sctainfo.org

DISABLED ACCOMMODATION: If you have a disability that requires the agenda materials to be in an alternate format or that requires an interpreter or other person to assist you while attending this meeting, please contact SCTA at least 72 hours prior to the meeting to ensure arrangements for accommodation.

SB 343 DOCUMENTS RELATED TO OPEN SESSION AGENDAS: Materials related to an item on this agenda submitted to the **Technical Advisory Committee** after distribution of the agenda packet are available for public inspection in the Sonoma County Transportation Authority office at 490 Mendocino Ave., Suite 206, during normal business hours. Pagers, cellular telephones and all other communication devices should be turned off during the committee meeting to avoid electrical interference with the sound recording system.

TAC Voting member attendance – (6 Month rolling 2015/16)

Jurisdiction	May	June	July	Aug. Special Meeting	Sept	Oct
Cloverdale Public Works	√		√	√	√	√
Cotati Public Works						√
County of Sonoma DHS	√	√		√	√	√
County of Sonoma PRMD						
County of Sonoma Reg. Parks	√	√			√	
County of Sonoma TPW	√	√	√	√	√	
Healdsburg Public Works		√			√	
Petaluma Public Works & Transit	√	√	√	√	√	√
Rohnert Park Public Works	√	√	√	√		√
Santa Rosa Public Works	√	√		√	√	√
Santa Rosa Transit						
Sebastopol Public Works	√	√	√		√	√
SMART					√	
Sonoma County Transit				√		
Sonoma Public Works	√	√	√		√	√
Windsor Public Works	√	√	√	√	√	√

SCTA Citizens Advisory Committee

MEETING AGENDA

November 30, 2015 at 4:00 p.m.

Sonoma County Transportation Authority
SCTA Large Conference Room
490 Mendocino Avenue, Suite 206
Santa Rosa, California 95401

ITEM

1. Introductions
2. Public Comment
3. Administrative - Approval of Notes October 26, 2015* - ACTION
4. Measure M – DISCUSSION/ACTION
 - a. Report on Measure M projects – Sonoma County Bicycle Coalition presents Safe Routes to School and Bike Month activities
 - b. Measure M Financial Reports*
5. Highway Updates – DISCUSSION
6. Announcements
7. Adjourn

The next **SCTA/RCPA** meeting will be December 14, 2015

The next **CAC** meeting will be January 25, 2016

Copies of the full Agenda Packet are available at www.sctainfo.org. DISABLED ACCOMMODATION: If you have a disability that requires the agenda materials to be in an alternate format or that requires an interpreter or other person to assist you while attending this meeting, please contact SCTA at least 72 hours prior to the meeting to ensure arrangements for accommodation. SB 343 DOCUMENTS RELATED TO OPEN SESSION AGENDAS: Materials related to an item on this agenda submitted to the **Citizens Advisory Committee** after distribution of the agenda packet are available for public inspection in the Sonoma County Transportation Authority office at 490 Mendocino Ave., Suite 206, during normal business hours. Pagers, cellular telephones and all other communication devices should be turned off during the committee meeting to avoid electrical interference with the sound recording system.



Countywide Bicycle & Pedestrian Advisory Committee MEETING AGENDA

November 24, 2015 1:30 PM

Sonoma County Transportation Authority
SCTA Large Conference Room
490 Mendocino Avenue, Suite 206
Santa Rosa, California 95401

ITEM

1. Introductions
2. Public Comment
3. Approval of Notes: July 28, 2015 – **DISCUSSION / ACTION***
4. Notice of CBPAC Officer Elections for 2016 - **DISCUSSION***
5. Roundtable Updates
 - 5.1. Member Updates
 - 5.2. Other Entities' Updates
6. Sonoma Valley Trail Feasibility Study – Elizabeth Tyree – **PRESENTATION**
Link to draft document – http://www.bikesonoma.org/wp-content/uploads/2015/11/SVT-StudyReport-Draft_11-6-15.pdf
7. Pre-Call for FY 2015-2016 TDA3 Projects – **DISCUSSION***
8. Active Transportation Program (ATP) Cycle 2 Update – **DISCUSSION***
9. Articles and Events of Interest – **INFORMATION**
 - 9.1. AB 1096 <http://www.peopleforbikes.org/blog/entry/new-e-bike-law-passes-in-california>
 - 9.2. YES Conference January 30, 2016 <http://www.sparetheairyouth.com/2016-yes-conference>
10. Other Business / Comments / Announcements
11. Adjourn - **ACTION**

*Materials attached.

The next **SCTA** meeting will be held December 14, 2015
The next **CBPAC** meeting will be held January 26, 2016

Copies of the full Agenda Packet are available at www.sctainfo.org

DISABLED ACCOMMODATION: If you have a disability that requires the agenda materials to be in an alternate format or that requires an interpreter or other person to assist you while attending this meeting, please contact SCTA at least 72 hours prior to the meeting to ensure arrangements for accommodation. SB 343 DOCUMENTS RELATED TO OPEN SESSION AGENDAS: Materials related to an item on this agenda submitted to the **COUNTYWIDE BICYCLE & PEDESTRIAN ADVISORY COMMITTEE** after distribution of the agenda packet are available for public inspection in the Sonoma County Transportation Authority office at 490 Mendocino Ave., Suite 206, during normal business hours. Pagers, cellular telephones and all other communication devices should be turned off during the committee meeting to avoid electrical interference with the sound recording system.



Transit Paratransit Coordinating Committee

MEETING AGENDA

November 17, 2015, 1:30-3:00 PM

Sonoma County Transportation Authority
SCTA Large Conference Room
490 Mendocino Avenue, Suite 206
Santa Rosa, California 95401

ITEM

1. Introductions
2. Public Comment
3. Approval of Meeting Notes: September 15, 2015 – **DISCUSSION / ACTION***
4. Reimagining CityBus, presented by CityBus staff*
5. Roundtable Updates
 - 5.1. Transit / Paratransit Operators
 - 5.2. Other Entities
6. Notice of Elections – Staff Report – **DISCUSSION***
7. Other Business / Comments / Announcements
8. Adjourn – **ACTION**

Materials attached.

The next **SCTA** meeting will be held December 14, 2015
The next **TPCC** meeting will be held January 19, 2016

Copies of the full Agenda Packet are available at www.sctainfo.org.

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