

**AUDIT REPORT  
OF  
SONOMA COUNTY TRANSPORTATION AUTHORITY  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

**AUDIT REPORT  
OF  
SONOMA COUNTY TRANSPORTATION AUTHORITY  
JUNE 30, 2003**

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### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Sonoma County Transportation Authority (SCTA), as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the Sonoma County Transportation Authority's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sonoma County Transportation Authority, as of June 30, 2003 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2004 on our consideration of SCTA's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grants. 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.

July 5, 2004

**SONOMA COUNTY TRANSPORTATION AUTHORITY  
COMBINED BALANCE SHEET  
GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2003**

	Governmental Fund Type		Account Group		Totals (Memorandum Only)
	General	Special Revenue	General Long-Term Debt	General Fixed Assets	
<b>ASSETS AND OTHER DEBITS</b>					
Assets:					
Cash in treasury		\$ 1,045,702			\$ 1,045,702
Accounts receivable	\$ 648,048				648,048
Fixed assets:					
Office furniture and equipment				27,486	27,486
Other debits:					
Amount to be provided for compensated absences			15,073		15,073
Total assets	<u>\$ 648,048</u>	<u>\$ 1,045,702</u>	<u>\$ 15,073</u>	<u>\$ 27,486</u>	<u>\$ 1,736,309</u>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>					
Liabilities:					
Accounts payable	\$ 453,871				\$ 453,871
Compensated absences	5,025		15,073		20,098
Due to other Government	<u>186,869</u>				<u>186,869</u>
Total liabilities	<u>645,765</u>	<u>0</u>	<u>15,073</u>	<u>0</u>	<u>660,838</u>
Equity and other credits:					
Investment in general fixed assets				27,486	27,486
Fund balance:					
Reserve for encumbrances	1,148,765	880,829			2,029,594
Unreserved, undesignated	<u>(1,146,482)</u>	<u>164,873</u>			<u>(981,609)</u>
Total equity and other credits	<u>2,283</u>	<u>1,045,702</u>	<u>0</u>	<u>27,486</u>	<u>1,075,471</u>
Total liabilities, equity and other credits	<u>\$ 648,048</u>	<u>\$ 1,045,702</u>	<u>\$ 15,073</u>	<u>\$ 27,486</u>	<u>\$ 1,736,309</u>

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

**SONOMA COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	Special <u>Revenue</u>	(Memorandum <u>Only</u> )
<b>REVENUES</b>			
Interest earned	\$ (2,563)	\$ 24,619	\$ 22,056
Intergovernmental	1,290,075	580,954	1,871,029
Charges for services	<u>500</u>	<u>          </u>	<u>500</u>
Total revenues	<u>1,288,012</u>	<u>605,573</u>	<u>1,893,585</u>
<b>EXPENDITURES</b>			
Current:			
Salaries and benefits	250,542		250,542
Services and supplies	1,061,951		1,061,951
Cost applied	(15,123)		(15,123)
Fixed assets	3,546		3,546
Administration		15,123	15,123
Contribution to other governments	<u>          </u>	<u>476,819</u>	<u>476,819</u>
Total expenditures	<u>1,300,916</u>	<u>491,942</u>	<u>1,792,858</u>
Excess (deficiency) of revenues over (under) expenditures	(12,904)	113,631	100,727
Fund balance, July 1	<u>15,187</u>	<u>932,071</u>	<u>947,258</u>
Fund balance, June 30	<u>\$ 2,283</u>	<u>\$ 1,045,702</u>	<u>\$ 1,047,985</u>

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

**SONOMA COUNTY TRANSPORTATION AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUND TYPES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>General Fund</u>			<u>Special Revenue Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>						
Interest earned	\$ 3,000	\$ (2,563)	\$ (5,563)	\$	\$ 24,619	\$ 24,619
Intergovernmental	2,771,000	1,290,075	(1,480,925)	569,681	580,954	11,273
Charges for services		500	500			
Total revenues	<u>2,774,000</u>	<u>1,288,012</u>	<u>(1,485,988)</u>	<u>569,681</u>	<u>605,573</u>	<u>35,892</u>
<b>EXPENDITURES</b>						
Current:						
Salaries and benefits	270,000	250,542	19,458			0
Services and supplies	2,450,975	2,210,716	240,259			0
Cost applied	(20,000)	(15,123)	(4,877)			0
Fixed assets		3,546	(3,546)			0
Contribution to other government				873,888	980,745	(106,857)
Administration				<u>20,000</u>	<u>15,123</u>	<u>4,877</u>
Total expenditures	<u>2,700,975</u>	<u>2,449,681</u>	<u>251,294</u>	<u>893,888</u>	<u>995,868</u>	<u>(101,980)</u>
Excess (deficiency) of revenues over (under) expenditures	73,025	(1,161,669)	(1,234,694)	(324,207)	(390,295)	(66,088)
Fund balance, July 1	<u>15,187</u>	<u>15,187</u>	<u>0</u>	<u>932,071</u>	<u>932,071</u>	<u>0</u>
Fund balance, June 30	<u>\$ 88,212</u>	<u>\$(1,146,482)</u>	<u>\$(1,234,694)</u>	<u>\$ 607,864</u>	<u>\$ 541,776</u>	<u>\$(66,088)</u>

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

**SONOMA COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The 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. The Sonoma County Transportation Authority'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.

The Sonoma County Transportation Authority 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").

**B. Basis of Presentation**

**1. Governmental Fund Types**

Governmental fund types are used to account for the Sonoma County Transportation Authority's general government activities.

General Fund

The SCTA's general fund is the operating fund of Sonoma County Transportation Authority. It is used to account for the acquisition and use of all of SCTA's financial resources except those accounted for in another fund.

Special Revenue Fund

Special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes. Funds received from the Bay Area Air Quality Management District referred to as the Transportation Fund for Clean Air (TFCA) are accounted for in this fund. Allowable expenditures include reimbursements for cost of projects designed to reduce pollution from motor vehicles.

**SONOMA COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation (Continued)**

**2. Account Groups**

Accountability for and control of general fixed assets and general long-term debt are accomplished through an "account group." Account groups are not funds (they do not reflect available financial resources and related liabilities) but are accounting records of general fixed assets and general long-term debt and certain associated information.

**3. Basis of Accounting**

The modified accrual basis of accounting is used for all governmental fund types, which includes the general fund of the SCTA. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

Intergovernmental revenues, which are received as reimbursement for specific purposes or projects, are recognized based upon the expenditures recorded. Intergovernmental revenues that are virtually unrestricted as to purpose of expenditure and revocable only for failure to meet prescribed compliance requirements are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

**4. Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.



**SONOMA COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation (Continued)**

**5. Accounting System Maintained by Other Government**

The SCTA uses the County of Sonoma's Financial Accounting and Management Information System (FAMIS) and the County's budgetary recording and accounting control policies to record and control transactions affecting SCTA funds. However, the SCTA is an independent governmental organization and is not a component unit of the County of Sonoma as defined by NCGA Statement No. 3, "Defining the Reporting Entity".

**6. Encumbrances**

Encumbrance accounting is used to reserve appropriations of financial resources for which commitments for expenditure have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written and are liquidated when the related goods or services are received.

Encumbrances serve to limit planned expenditures to the amounts appropriated by the Board.

**C. Assets, Liabilities and Equity**

**1. Cash and Investments**

The Authority's cash is pooled with the Sonoma County Treasurer, who acts as a disbursing agent for the District. Interest earned on investments pooled with the County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The fair value of the position in the investment pool managed by the Sonoma County Treasurer is the same as the value of the pool shares.

**SONOMA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities and Equity (Continued)**

**1. Cash and Investments (Continued)**

The Authority'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 maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

Permitted investments include the following:

- U.S. Treasury and Federal Agency securities
- Bonds issued by local agencies
- Registered State Warrants and Municipal Notes
- Negotiable certificates of deposit
- Bankers' acceptances
- Commercial paper
- Medium-term corporate notes
- Local Agency Investment Fund (State Pool) demand deposits
- Repurchase agreements
- Reverse repurchase agreements
- Shares of a mutual fund average life
- Collateralized mortgage obligations

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

As of June 30, 2003, the weighted average maturity of the Treasury Pool was approximately one year. Forty-eight percent have maturities of zero to one year, thirty-one percent have maturities of one to three years, and twenty-one percent have maturities of three to five years.

**SONOMA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities and Equity (Continued)**

**1. Cash and Investments (Continued)**

A portion of the securities in the Treasury Pool have variable interest rates that are tied to certain indices such as LIBOR (floating rate securities). Floating rate securities will influence the performance of the portfolio based on the increase/decrease occurring in interest rates over the short term.

Fair value fluctuates with interest rates, and increasing rates could cause fair value to decline below original cost. County management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude the County from having to sell investments below original cost for that purpose.

**2. General Fixed Assets**

General Fixed assets are recorded as expenditures in the general fund.

**3. Memorandum Only - Total Column**

Total columns on the financial statements are presented to aggregate financial data. Data in these columns does not present financial position or results of operations in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation.

**II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Cash and Investments**

The Authority's cash is pooled with the Sonoma County Treasurer, who also acts as a disbursing agent for the Authority. Interest earned on investments pooled with the County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter.

**SONOMA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

**II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**A. Cash and Investments (Continued)**

The Authority applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Pools*, which require governmental entities, including governmental external investment pools, to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the Authority has stated certain investments at fair value.

The Authority's cash balance reflects a \$7,350 increase in fair value of cash and investments at June 30, 2003.

**B. Changes in General Fixed Assets**

Equipment is stated at its original cost. The cost of a fixed asset may include not only its purchase price or construction cost, but also ancillary charges necessary to place the asset in its intended location and condition for use. Ancillary charges may include costs of freight and transportation charges, site preparation expenditures, professional fees, legal claims and interest costs directly attributable to asset acquisition. No provision is made for the possible decrease in the values because of wear and tear or obsolescence, and income is not charged for the depreciation of such assets.

Activity in the general fixed assets account group for the Authority for the year ended June 30, 2003 was as follows:

	<u>Balances</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>June 30, 2003</u>
Equipment	\$ 23,940	\$ 3,546	\$	\$ 27,486
Total	<u>\$ 23,940</u>	<u>\$ 3,546</u>	<u>\$ 0</u>	<u>\$ 27,486</u>

**SONOMA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

**II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**C. Changes in General Long-Term Debt**

During the fiscal year ended June 30, 2003, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balances</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>June 30, 2003</u>
Compensated absences	\$ 10,160	\$ 4,913	\$	\$ 15,073
Total	<u>\$ 10,160</u>	<u>\$ 4,913</u>	<u>\$ 0</u>	<u>\$ 15,073</u>

**D. Compensated Absences**

Each SCTA employee will accrue and may use vacation leave with full pay providing the maximum accumulation will be no more than 280 hours. Part-time employees will accrue vacation on a prorated basis; usage and accrual are governed by the same rules applicable to full-time employees.

Each SCTA regular full-time or regular part-time employee will accrue and accumulate sick leave at the rate of 3.680 hours for each completed 80 hour pay period.

Accrued vacation is payable upon termination. Each SCTA employee who separates from service will be entitled to payment of the monetary equivalent of 25% of all unused sick leave at the time of separation.

The accrued liability for vacation and sick leave expected to be paid in the ensuing year are recorded in the general fund and the remainder is recorded in the General Long-Term Debt Account Group.

Compensated absences and long-term debt at June 30, 2003 were as follows:

Total compensated absences	\$ 20,098
Less - current portion	<u>(5,025)</u>
Long-term debt	<u>\$ 15,073</u>

**SONOMA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

**II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**E. Reserve for Encumbrances**

Sonoma County Transportation Authority had encumbrances totaling \$2,029,594 at June 30, 2003. Encumbrances in the General Fund amounted to \$1,148,765.

Encumbrances in the Special Revenue Fund equaled \$880,829 including \$126,857 in prior years Transportation Fund for Clean Air (TFCA) contract commitments to the cities and \$753,972 for Fiscal Year 2002-2003.

**F. Intergovernmental Revenues**

Intergovernmental revenues represent contributions from SCTA member governments, TFCA funding received from the Bay Area Air Quality Management District, and Federal funds passed through the Metropolitan Transportation Commission for the Overall Work Program.

Intergovernmental Revenues for the period ended June 30, 2003:

	<u>General Fund</u>	<u>Special Revenue</u>
SCTA Members:		
Cloverdale	\$ 1,830	\$
Cotati	1,852	
Healdsburg	3,495	
Petaluma	14,419	
Rohnert Park	10,252	
Santa Rosa	41,988	
Sebastopol	2,178	
Sonoma	2,640	
Town of Windsor	5,976	
County of Sonoma	<u>77,370</u>	
Subtotal - SCTA Members	162,000	
State Transportation Improvement Program	960,272	
Bay Area Air Quality Management District - TFCA Fund		580,954
SMART Administration Fees	27,803	
Metropolitan Transportation Commission - Federal Funds Overall Work Program (1998-2003)	<u>140,000</u>	
Total intergovernmental revenue	<u>\$ 1,290,075</u>	<u>\$ 580,954</u>

**SONOMA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

**II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**G. Budgets and Budgetary Accounting**

The budget of the Sonoma County Transportation Authority is a detailed operating plan that identifies estimated costs and results in relation to estimated revenues. The budget includes: 1) services and activities to be provided during the fiscal year; 2) the estimated revenue available to finance the operating plan; and, 3) the estimated spending requirements of the operating plan. The budget represents a process through which policy decisions are made, implemented, and controlled. State law prohibits expending funds for which there is no legal appropriation except under court order, for an emergency, or as otherwise provided by law. All annual appropriations lapse at fiscal year-end.

Revised Budget

The legal level of control for appropriations is exercised by the SCTA Executive Director. Appropriations may be adjusted during the year with the approval of the SCTA Board of Directors.

Budgets are adopted on a non-GAAP (generally accepted accounting principles) basis. For the purposes of a budgetary presentation, actual GAAP expenditures have been adjusted to include current year encumbrances and to exclude expenditures against prior year encumbrances. This allows a comparison of a fiscal year's expenditures and commitments with related appropriations.

The results of "actual" operations on a budgetary basis are reconciled to the results of operations on a GAAP basis as follows:

	General Fund	Special Revenue Fund
	<u>          </u>	<u>          </u>
Excess (deficit) of revenues over/under expenditures - budgetary basis	\$(1,161,669)	\$ (390,295)
Prior year encumbrances		(376,903)
Current year encumbrances	<u>1,148,765</u>	<u>880,829</u>
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	<u>\$ (12,904)</u>	<u>\$ 113,631</u>

**SONOMA COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**H. Future Government Accounting Standards**

The GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* on June 30, 1999 and Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments - Omnibus* in June 2001. These Statements require governments to report on the overall state of its financial health, depreciate all exhaustible capital assets and prepare an inventory narrative section called "management's discussion and analysis," which will explain the financial statements and describe the major financial transactions made during the year. GASB No. 34 and GASB No. 37 are effective for financial statements of governments with revenue less than \$10 million dollars for years beginning after June 15, 2003.

The GASB issued Statement No. 38, *Certain Financial Statement Disclosures* in June 2001. This Statement addresses note disclosure requirements for debt service. GASB No. 38 is effective upon implementation of GASB 34.

The GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures - an Amendment of GASB Statement No. 3* in March 2003. This Statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. GASB No. 40 is effective for financial statements for years beginning after June 15, 2003.

**III. OTHER INFORMATION**

**A. Insurance Coverage**

Sonoma County Transportation Authority is an independent legal entity. Aside from the Executive Director who is a contract employee, SCTA has one transportation planner and one executive assistant. Currently, Sonoma County's self-insurance program covers SCTA's risk for Workers' Compensation Insurance claims. The Authority is covered for general business, liability and errors and omissions coverage through Driver Alliant Insurance Services.



**SONOMA COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**III. OTHER INFORMATION (Continued)**

**B. Employees' Retirement Plan**

Plan Description

The Sonoma County Transportation Authority contributes to Sonoma County's cost sharing multiple-employer Defined Benefit Pension Plan (DBPP) and serves as a distribution agent for a Post-employment Healthcare Plan (PHP) that is administered by the Sonoma County Employees' Retirement Association (the "Retirement Association"). The Sonoma County Transportation Authority joined the Retirement Association as of July 7, 1999. Substantially all full-time employees of the Sonoma County Transportation Authority participate in this plan. All permanent employees working at least one-half of a full-time position for the Sonoma County Transportation Authority are eligible. Benefits are based on the employee's final average salary, years of service, and age at the time of retirement. The Plan is governed by the California Government Code, Title 3, Division 4, Part 3, Chapter 3.

The financial statements for the County of Sonoma (the primary government) contain additional financial information for the defined pension benefits, which is not presented here because the Sonoma County Transportation Authority portion cannot be separated from the whole. In addition, an audit report of the Retirement Association regarding the financial position of the Plan and other information for the year ended December 31, 2003 is on file at the County Auditor's Office. The date of the most recent actuarial valuation is December 31, 2002.

Funding Status

Plan members were required to contribute between 5% - 10%, depending upon their age at their date of entry, of their annual covered salary at June 30, 2003. The Sonoma County Transportation Authority is required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at actuarially determined rates. The Sonoma County Transportation Authority contributions to the Plan during the year ended June 30, 2003 was \$14,455, equal to the required contribution for the year.

Additional detailed information and/or separately issued financial statements of the Retirement Association may be obtained from the Sonoma County Retirees' Retirement Association located at 433 Aviation Boulevard, Santa Rosa, California 95403.

**SONOMA COUNTY TRANSPORTATION AUTHORITY  
ROSTER OF BOARD MEMBERS**

The following is a roster of the Sonoma County Transportation Authority Board of Directors and the Executive Director at July 5, 2004.

PATRICIA GILARDI  
JANET ORCHARD, ALT.  
City of Cotati  
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STEVE SCOTT, ALT.  
Town of Windsor  
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MIKE KERNS  
Board of Supervisors  
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VICKI VIDADK-MARTINEZ  
GREG NORDIN, ALT.  
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TIM SMITH  
Board of Supervisors  
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Santa Rosa, CA 95403

BOB BLANCHARD  
SHARON WRIGHT, ALT.  
City of Santa Rosa  
PO Box 1678  
Santa Rosa, CA 95402-1678

PAUL KELLY, CHAIR  
Board of Supervisors  
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LINDA KELLEY  
SAM SPOONER, ALT.  
City of Sebastopol  
PO Box 1776  
Sebastopol, CA 95473

ROBERT JEHN, VICE CHAIR  
MARY ANN BRIGHAM, ALT.  
City of Cloverdale  
124 N Cloverdale Blvd.  
Cloverdale, CA 95425

JOE COSTELLO  
LARRY BARNETT, ALT.  
City of Sonoma  
#1 The Plaza  
Sonoma, CA 95476

LISA WITKE SCHAFFNER  
MARK GLEASON, ALT.  
City of Healdsburg  
PO Box 578  
Healdsburg, CA 95448

MIKE HEALY  
PAM TORLIATT, ALT.  
City of Petaluma  
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Petaluma, CA 94953

SUZANNE WILFORD, Executive Director

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DONNA M. DUNK  
ASSISTANT  
AUDITOR-CONTROLLER

Honorable Board of Directors  
Sonoma County Transportation Authority  
Santa Rosa, CA 95401

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the Sonoma County Transportation Authority, as of and for the year ended June 30, 2003 and have issued our report thereon dated July 5, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Sonoma County Transportation Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sonoma County Transportation Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Directors of the Sonoma County Transportation Authority, the Metropolitan Transportation Commission, and the Bay Area Air Quality Management District and is not intended to be and should not be used by anyone other than these specified parties.

July 5, 2004