SONOMA COUNTY TRANSPORTATION AUTHORITY

SINGLE AUDIT REPORT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2003 - 2006
Sonoma County Transportation Authority

Single Audit Report

Year Ended June 30, 2006
Sonoma County Transportation Authority

Single Audit Report

Year Ended June 30, 2006
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditors' Report</td>
<td>2</td>
</tr>
<tr>
<td>Schedule of Expenditures of Federal Awards</td>
<td>2</td>
</tr>
<tr>
<td>Note to Schedule of Expenditures of Federal Awards</td>
<td>3</td>
</tr>
<tr>
<td>Report on Compliance with Requirements</td>
<td>4</td>
</tr>
<tr>
<td>Applicable to the Federal Program and on Internal Control over</td>
<td>4</td>
</tr>
<tr>
<td>Compliance in Accordance with the Program-Specific Audit Option</td>
<td></td>
</tr>
<tr>
<td>under OMB Circular A-133 for the Year ended June 30, 2006</td>
<td></td>
</tr>
<tr>
<td>Schedule of Findings and Questioned Costs</td>
<td>6</td>
</tr>
<tr>
<td>Summary Schedule of Prior Audit Findings</td>
<td>7</td>
</tr>
</tbody>
</table>
Independent Auditors' Report

To the Board of Directors
Sonoma County Transportation Authority
Santa Rosa, California

We have audited the accompanying Schedule of Expenditures of Federal Awards (the "schedule") for the Highway Planning and Construction Program of the Sonoma County Transportation Authority for the year ended June 30, 2006. This schedule is the responsibility of the Sonoma County Transportation Authority's management. Our responsibility is to express an opinion on the schedule of the program based on our audit.

We conducted our audit 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 the schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule of Expenditures of Federal Awards referred to above presents fairly, in all material respects, the expenditures of federal awards of the Sonoma County Transportation Authority for the year ended June 30, 2006 under the Highway Planning and Construction Program, in conformity with accounting principles generally accepted in the United States of America.

Santa Rosa, California
September 27, 2006
### Schedule of Expenditures of Federal Awards

#### Year Ended June 30, 2006

<table>
<thead>
<tr>
<th>Federal Grantor</th>
<th>CFDA Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of Transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through the State of California,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highway Planning and Construction Grant</td>
<td>20.205</td>
<td>$ 437,462</td>
</tr>
<tr>
<td>Passed through the Metropolitan</td>
<td></td>
<td></td>
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<tr>
<td>Transportation Commission</td>
<td></td>
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</tr>
<tr>
<td>Highway Planning and Construction Grant</td>
<td>20.205</td>
<td>174,302</td>
</tr>
<tr>
<td>Total Federal Expenditures</td>
<td></td>
<td>$ 611,764</td>
</tr>
</tbody>
</table>

See accompanying Notes to Schedule of Expenditures of Federal Awards
Note 1. **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal awards includes the federal grant activity of the Sonoma County Transportation Authority and is presented on the *modified accrual basis* of accounting. Under the modified accrual basis of accounting, expenditures are recorded when incurred and due, and if current financial resources will be used to address the expenditure.

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*. 
Report on Compliance with Requirements
Applicable to the Federal Program and on
Internal Control over Compliance in Accordance
with the Program-Specific Audit Option under
OMB Circular A-133 for the Year ended June 30, 2006

To the Board of Directors
Sonoma County Transportation Authority
Santa Rosa, California

Compliance

We have audited the compliance of the Sonoma County Transportation Authority with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to the Highway Planning and Construction program for the year ended June 30, 2006. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Sonoma County Transportation Authority's management. Our responsibility is to express an opinion on the Sonoma County Transportation Authority's compliance based on our audit.

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 the Highway Planning and Construction program have occurred. An audit includes examining, on a test basis, evidence about the Sonoma County Transportation Authority'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. Our audit does not provide a legal determination on the Sonoma County Transportation Authority's compliance with those requirements.

In our opinion, the Sonoma County Transportation Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the Sonoma County Transportation Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Sonoma County Transportation Authority's internal control over compliance with requirements that could have a direct and material effect on its Highway Planning and Construction program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.
Internal Control Over Compliance (continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agency and pass-through entity and is not intended to be and should not be used by anyone other than these specified parties.

Santa Rosa, California
September 27, 2006

[Signature]
Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

Material weaknesses identified
Reportable conditions identified not considered to be material weaknesses

_____ yes  X no  none reported

Noncompliance material to financial statements noted

_____ yes  X no

Federal Awards

Internal control over major programs:

Material weaknesses identified
Reportable conditions identified not considered to be material weaknesses

_____ yes  X no  none reported

Type of auditors' report issued on compliance for major programs: unqualified

Any audit finding disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133

_____ yes  X no

Program audited under program specific audit option under OMB Circular A-133:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program or Cluster</th>
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<tbody>
<tr>
<td>20.205</td>
<td>Highway Planning and Construction Program</td>
</tr>
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Auditee qualified as low-risk auditee

_____ yes  X no

Section II. Financial Statement Findings

No matters were noted.

Section III. Findings and Questioned Costs for Federal Awards

No matters were noted.
Finding Number: One

Audit Finding

Sonoma County Transportation Authority ("SCTA") does not have adequate controls in place to insure that federal funding is identified and that an audit is obtained in accordance with OMB Circular A-133 when required.

Status of Finding

SCTA has put adequate controls in place to identify federal funding, and obtain an audit in accordance with OMB Circular A-133 when required.

Finding Number: Two

Audit Finding

SCTA did not comply with the requirement of OMB Circular A-133 in making the appropriate filing regarding federal expenditures within the required nine months after year end.

Status of Finding

SCTA expects to make the filings required by OMB Circular A-133 in a timely manner for the year ended June 30, 2006.
Sonoma County Transportation Authority

Single Audit Report

Year Ended June 30, 2005
Sonoma County Transportation Authority

Single Audit Report

Year Ended June 30, 2005
Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditors' Report</td>
<td>2</td>
</tr>
<tr>
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<td>3</td>
</tr>
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</tr>
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<tr>
<td>Internal Control over Compliance in Accordance</td>
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<td>with the Program-Specific Audit Option under</td>
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<tr>
<td>OMB Circular A-133 for the Year ended June 30, 2005</td>
<td>4</td>
</tr>
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<tr>
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<td>9</td>
</tr>
</tbody>
</table>
Independent Auditors' Report

To the Board of Directors
Sonoma County Transportation Authority
Santa Rosa, California

We have audited the accompanying Schedule of Expenditures of Federal Awards (the "schedule") for the Highway Planning and Construction Program of the Sonoma County Transportation Authority for the year ended June 30, 2005. This schedule is the responsibility of the Sonoma County Transportation Authority's management. Our responsibility is to express an opinion on the schedule of the program based on our audit.

We conducted our audit 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 the schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule of Expenditures of Federal Awards referred to above presents fairly, in all material respects, the expenditures of federal awards of the Sonoma County Transportation Authority for the year ended June 30, 2005 under the Highway Planning and Construction Program, in conformity with accounting principles generally accepted in the United States of America.

Santa Rosa, California
September 27, 2006
<table>
<thead>
<tr>
<th>Federal Grantor</th>
<th>CFDA Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Transportation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through the State of California, Department of Transportation</td>
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<tr>
<td>Highway Planning and Construction Grant</td>
<td>20.205</td>
<td>$ 1,539,754</td>
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<tr>
<td>Passed through the Metropolitan Transportation Commission</td>
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<tr>
<td>Highway Planning and Construction Grant</td>
<td>20.205</td>
<td>133,159</td>
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<td>Total Federal Expenditures</td>
<td></td>
<td>$ 1,672,913</td>
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</tbody>
</table>

See accompanying Notes to Schedule of Expenditures of Federal Awards
Note to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2005

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal awards includes the federal grant activity of the Sonoma County Transportation Authority and is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recorded when incurred and due, and if current financial resources will be used to address the expenditure.

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.
Report on Compliance with Requirements
Applicable to the Federal Program and on
Internal Control over Compliance in Accordance
with the Program-Specific Audit Option under
OMB Circular A-133 for the Year ended June 30, 2005

To the Board of Directors
Sonoma County Transportation Authority
Santa Rosa, California

Compliance

We have audited the compliance of the Sonoma County Transportation Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to the Highway Planning and Construction program for the year ended June 30, 2005. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Sonoma County Transportation Authority's management. Our responsibility is to express an opinion on the Sonoma County Transportation Authority's compliance based on our audit.

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 the Highway Planning and Construction program have occurred. An audit includes examining, on a test basis, evidence about the Sonoma County Transportation Authority’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. Our audit does not provide a legal determination on the Sonoma County Transportation Authority's compliance with those requirements.

In our opinion, the Sonoma County Transportation Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding number two.
Internal Control Over Compliance

The management of the Sonoma County Transportation Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Sonoma County Transportation Authority's internal control over compliance with requirements that could have a direct and material effect on its Highway Planning and Construction program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Sonoma County Transportation Authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number one.

A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agency and pass-through entity and is not intended to be and should not be used by anyone other than these specified parties.

Santa Rosa, California
September 27, 2006
Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: \textit{unqualified}

Internal control over financial reporting:

- Material weaknesses identified \textbf{X} no
- Reportable conditions identified not considered to be material weaknesses \textbf{none reported}

Noncompliance material to financial statements noted \textbf{X} no

Federal Awards

Internal control over major programs:

- Material weaknesses identified \textbf{X} no
- Reportable conditions identified not considered to be material weaknesses \textbf{X} yes \textbf{none reported}

Type of auditors' report issued on compliance for major programs: \textit{unqualified}

Any audit finding disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 \textbf{X} yes \textbf{none}

Program audited under program specific audit option under OMB Circular A-133:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.205</td>
<td>Highway Planning and Construction Program</td>
</tr>
</tbody>
</table>

Auditee qualified as low-risk auditee \textbf{X} no

Section II. Financial Statement Findings

No matters were noted.
Section III.  Findings and Questioned Costs for Federal Awards

Department of Transportation

Finding #1: Highway Planning and Construction Program – CFDA 20.205 Passed through the California Department of Transportation

Condition

Sonoma County Transportation Authority ("SCTA") does not have adequate controls in place to insure that federal funding is identified and that an audit is obtained in accordance with OMB Circular A-133 when required.

Cause

SCTA management had no knowledge of the requirements of OMB Circular A-133 related to pass through funding received from a non-federal entity. Therefore, no policies or procedures existed to address compliance with OMB Circular A-133.

Recommendation

SCTA should institute policies and procedures to insure that federal funding is identified and that the related requirements of OMB Circular A-133 are complied with.

Corrective Action Plan

SCTA management and accounting staff will put internal controls into place to check if funding is federally sourced and to track how much federal funding has been received during a fiscal year.
Section III. Findings and Questioned Costs for Federal Awards (continued)

Department of Transportation (continued)

Finding #2: Highway Planning and Construction Program – CFDA 20.205 - Passed through the California Department of Transportation

Condition

SCTA did not comply with the requirement of OMB Circular A-133 in making the appropriate filing regarding federal expenditures within the required nine months after year end.

Cause

SCTA lacked the policy and procedures that would identify federal funding as such and track the related amounts in order to maintain compliance with OMB Circular A-133.

Recommendation

SCTA should institute policies and procedures to insure that federal funding is identified and that the related requirements of OMB Circular A-133 are complied with in a timely manner.

Corrective Action Plan

Management and accounting staff will be aware of the filing requirements of OMB A-133.
Finding Number: One

Audit Finding

Sonoma County Transportation Authority ("SCTA") does not have adequate controls in place to insure that federal funding is identified and that an audit is obtained in accordance with OMB Circular A-133 when required.

Status of Finding

No corrective actions regarding the finding have been made.

Finding Number: Two

Audit Finding

SCTA did not comply with the requirement of OMB Circular A-133 in making the appropriate filing regarding federal expenditures within the required nine months after year end.

Status of Finding

No corrective actions regarding the finding have been made.
Sonoma County Transportation Authority

Single Audit Report

Year Ended June 30, 2004
Sonoma County Transportation Authority

Single Audit Report

Year Ended June 30, 2004
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditors' Report</td>
<td>2</td>
</tr>
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<td>3</td>
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<td>Note to Schedule of Expenditures of Federal Awards</td>
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<tr>
<td>Report on Compliance with Requirements</td>
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</tr>
<tr>
<td>Applicable to the Federal Program and on Internal Control over Compliance in Accordance with the Program-Specific Audit Option under OMB Circular A-133 for the Year ended June 30, 2004</td>
<td>5</td>
</tr>
<tr>
<td>Schedule of Findings and Questioned Costs</td>
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<td>Summary Schedule of Prior Audit Findings</td>
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Independent Auditors' Report

To the Board of Directors
Sonoma County Transportation Authority
Santa Rosa, California

We have audited the accompanying Schedule of Expenditures of Federal Awards (the "schedule") for the Highway Planning and Construction Program of the Sonoma County Transportation Authority for the year ended June 30, 2004. This schedule is the responsibility of the Sonoma County Transportation Authority's management. Our responsibility is to express an opinion on the schedule of the program based on our audit.

We conducted our audit 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 the schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule of Expenditures of Federal Awards referred to above presents fairly, in all material respects, the expenditures of federal awards of the Sonoma County Transportation Authority for the year ended June 30, 2004 under the Highway Planning and Construction Program, in conformity with accounting principles generally accepted in the United States of America.

Santa Rosa, California
September 27, 2006
<table>
<thead>
<tr>
<th>Federal Grantor</th>
<th>CFDA</th>
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</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of Transportation</td>
<td></td>
<td></td>
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<tr>
<td>Passed through the State of California, Department of Transportation</td>
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<tr>
<td>Highway Planning and Construction Grant</td>
<td>20.205</td>
<td>$1,701,214</td>
</tr>
<tr>
<td>Passed through the Metropolitan Transportation Commission</td>
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<tr>
<td>Highway Planning and Construction Grant</td>
<td>20.205</td>
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<tr>
<td>Total Federal Expenditures</td>
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<td>$1,806,298</td>
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Note 1. **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Sonoma County Transportation Authority and is presented on the *modified accrual basis* of accounting. Under the modified accrual basis of accounting, expenditures are recorded when incurred and due, and if current financial resources will be used to address the expenditure.

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.*
Report on Compliance with Requirements
Applicable to the Federal Program and on
Internal Control over Compliance in Accordance
with the Program-Specific Audit Option under
OMB Circular A-133 for the Year ended June 30, 2004

To the Board of Directors
Sonoma County Transportation Authority
Santa Rosa, California

Compliance

We have audited the compliance of the Sonoma County Transportation Authority with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to the Highway Planning and Construction program for the year ended June 30, 2004. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Sonoma County Transportation Authority's management. Our responsibility is to express an opinion on the Sonoma County Transportation Authority's compliance based on our audit.

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 the Highway Planning and Construction program have occurred. An audit includes examining, on a test basis, evidence about the Sonoma County Transportation Authority'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. Our audit does not provide a legal determination on the Sonoma County Transportation Authority's compliance with those requirements.

In our opinion, the Sonoma County Transportation Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number two.
Internal Control Over Compliance

The management of the Sonoma County Transportation Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Sonoma County Transportation Authority's internal control over compliance with requirements that could have a direct and material effect on its Highway Planning and Construction program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Sonoma County Transportation Authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number one.

A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agency and pass-through entity and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

Santa Rosa, California
September 27, 2006
Sonoma County Transportation Authority

Schedule of Findings and Questioned Costs

Year Ended June 30, 2004

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

Material weaknesses identified yes no
Reportable conditions identified not considered none reported
to be material weaknesses

Noncompliance material to financial statements noted yes no

Federal Awards

Internal control over major programs:

Material weaknesses identified yes no
Reportable conditions identified not considered no
not to be material weaknesses

Type of auditors' report issued on compliance yes no
for major programs: unqualified

Any audit finding disclosed that are required to be yes no
reported in accordance with section 510(a) of
OMB Circular A-133

Program audited under program specific no
audit option under OMB Circular A-133:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.205</td>
<td>Highway Planning and Construction Program</td>
</tr>
</tbody>
</table>

Auditee qualified as low-risk auditee yes no

Section II. Financial Statement Findings

No matters were noted.
Section III. Findings and Questioned Costs for Federal Awards

Department of Transportation

Finding #1: Highway Planning and Construction Program – CFDA 20.205 - Passed through the California Department of Transportation

Condition

Sonoma County Transportation Authority ("SCTA") does not have adequate controls in place to ensure that federal funding is identified and that an audit is obtained in accordance with OMB Circular A-133 when required.

Cause

SCTA management had no knowledge of the requirements of OMB Circular A-133. Therefore, no policies or procedures existed to address compliance with OMB Circular A-133.

Recommendation

SCTA should institute policies and procedures to ensure that federal funding is identified and that the related requirements of OMB Circular A-133 are complied with.

Corrective Action Plan

SCTA management and accounting staff will put internal controls into place to check if funding is federally sourced and to track how much federal funding has been received during a fiscal year.
Section III. Findings and Questioned Costs for Federal Awards (continued)

Department of Transportation (continued)

Finding #2: Highway Planning and Construction Program – CFDA 20.205 - Passed through the California Department of Transportation

Condition

SCTA did not comply with the requirement of OMB Circular A-133 in making the appropriate filing regarding federal expenditures within the required nine months after year end.

Cause

SCTA lacked the policy and procedures that would identify federal funding as such and track the related amounts in order to maintain compliance with OMB Circular A-133.

Recommendation

SCTA should institute policies and procedures to insure that federal funding is identified and that the related requirements of OMB Circular A-133 are complied with in a timely manner.

Corrective Action Plan

Management and accounting staff will be aware of the filing requirements of OMB A-133.
Finding Number: One

Audit Finding

Sonoma County Transportation Authority ("SCTA") does not have adequate controls in place to insure that federal funding is identified and that an audit is obtained in accordance with OMB Circular A-133 when required.

Status of Finding

No corrective actions regarding the finding have been made.

Finding Number: Two

Audit Finding

SCTA did not comply with the requirement of OMB Circular A-133 in making the appropriate filing regarding federal expenditures within the required nine months after year end.

Status of Finding

No corrective actions regarding the finding have been made.
Sonoma County Transportation Authority

Single Audit Report

Year Ended June 30, 2003
Sonoma County Transportation Authority

Single Audit Report

Year Ended June 30, 2003
### Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditors' Report</td>
<td>2</td>
</tr>
<tr>
<td>Schedule of Expenditures of Federal Awards</td>
<td>2</td>
</tr>
<tr>
<td>Note to Schedule of Expenditures of Federal Awards</td>
<td>3</td>
</tr>
<tr>
<td>Report on Compliance with Requirements</td>
<td>4</td>
</tr>
<tr>
<td>Applicable to the Federal Program and on Internal Control</td>
<td>4</td>
</tr>
<tr>
<td>over Compliance in Accordance with the Program-Specific</td>
<td>4</td>
</tr>
<tr>
<td>Audit Option under OMB Circular A-133 for the Year ended</td>
<td>4</td>
</tr>
<tr>
<td>June 30, 2003</td>
<td>4</td>
</tr>
<tr>
<td>Schedule of Findings and Questioned Costs</td>
<td>6</td>
</tr>
<tr>
<td>Summary Schedule of Prior Audit Findings</td>
<td>8</td>
</tr>
</tbody>
</table>
Independent Auditors' Report

To the Board of Directors
Sonoma County Transportation Authority
Santa Rosa, California

We have audited the accompanying Schedule of Expenditures of Federal Awards (the "schedule") for the Highway Planning and Construction Program of the Sonoma County Transportation Authority for the year ended June 30, 2003. This schedule is the responsibility of the Sonoma County Transportation Authority's management. Our responsibility is to express an opinion on the schedule of the program based on our audit.

We conducted our audit 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 the schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule of Expenditures of Federal Awards referred to above presents fairly, in all material respects, the expenditures of federal awards of the Sonoma County Transportation Authority for the year ended June 30, 2003 under the Highway Planning and Construction Program, in conformity with accounting principles generally accepted in the United States of America.

Pisenti & Brinker LLP

Santa Rosa, California
December 1, 2006
## Schedule of Expenditures of Federal Awards

**Year Ended June 30, 2003**

<table>
<thead>
<tr>
<th>Federal Grantor</th>
<th>CFDA Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of Transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through the State of California,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highway Planning and Construction Grant</td>
<td>20.205</td>
<td>$ 910,807</td>
</tr>
<tr>
<td>Passed through the Metropolitan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation Commission</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highway Planning and Construction Grant</td>
<td>20.205</td>
<td>19,713</td>
</tr>
<tr>
<td>Total Federal Expenditures</td>
<td></td>
<td>$ 930,520</td>
</tr>
</tbody>
</table>

See accompanying Note to Schedule of Expenditures of Federal Awards
Note to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2003

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Sonoma County Transportation Authority and is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recorded when incurred and due, and if current financial resources will be used to address the expenditure.

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.
Report on Compliance with Requirements
Applicable to the Federal Program and on
Internal Control over Compliance in Accordance
with the Program-Specific Audit Option under
OMB Circular A-133 for the Year ended June 30, 2003

To the Board of Directors
Sonoma County Transportation Authority
Santa Rosa, California

Compliance

We have audited the compliance of the Sonoma County Transportation Authority with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to the Highway Planning and Construction program for the year ended June 30, 2003. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program is the responsibility of the Sonoma County Transportation Authority's management. Our responsibility is to express an opinion on the Sonoma County Transportation Authority's compliance based on our audit.

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 the Highway Planning and Construction program have occurred. An audit includes examining, on a test basis, evidence about the Sonoma County Transportation Authority'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. Our audit does not provide a legal determination on the Sonoma County Transportation Authority's compliance with those requirements.

In our opinion, the Sonoma County Transportation Authority complied, in all material respects, with the requirements referred to above that are applicable to its federal program for the year ended June 30, 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number two.
Internal Control Over Compliance

The management of the Sonoma County Transportation Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Sonoma County Transportation Authority’s internal control over compliance with requirements that could have a direct and material effect on its Highway Planning and Construction program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Sonoma County Transportation Authority’s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number one.

A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agency and pass-through entity and is not intended to be and should not be used by anyone other than these specified parties.

Santa Rosa, California
December 1, 2006
Sonoma County Transportation Authority

Schedule of Findings and Questioned Costs

Year Ended June 30, 2003

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

Material weaknesses identified yes no
Reportable conditions identified not considered to be material weaknesses none reported

Noncompliance material to financial statements noted yes no

Federal Awards

Internal control over major programs:

Material weaknesses identified yes no
Reportable conditions identified not considered to be material weaknesses yes no

Type of auditors' report issued on compliance for major programs: unqualified

Any audit finding disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 yes no

Program audited under program specific audit option under OMB Circular A-133:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.205</td>
<td>Highway Planning and Construction Program</td>
</tr>
</tbody>
</table>

Auditee qualified as low-risk auditee yes no

Section II. Financial Statement Findings

No matters were noted.
Section III. Findings and Questioned Costs for Federal Awards

Department of Transportation

Finding #1: Highway Planning and Construction Program – CFDA 20.205 - Passed through the California Department of Transportation

Condition

Sonoma County Transportation Authority ("SCTA") does not have adequate controls in place to insure that federal funding is identified and that an audit is obtained in accordance with OMB Circular A-133 when required.

Cause

SCTA management had no knowledge of the requirements of OMB Circular A-133 related to pass through funding received from a non-federal entity. Therefore, no policies or procedures existed to address compliance with OMB Circular A-133.

Recommendation

SCTA should institute policies and procedures to insure that federal funding is identified and that the related requirements of OMB Circular A-133 are complied with.

Corrective Action Plan

SCTA management and accounting staff will put internal controls into place to check if funding is federally sourced and to track how much federal funding has been received during a fiscal year.

Finding #2: Highway Planning and Construction Program – CFDA 20.205 - Passed through the California Department of Transportation

Condition

SCTA did not comply with the requirement of OMB Circular A-133 in making the appropriate filing regarding federal expenditures within the required nine months after year end.

Cause

SCTA lacked a policy and procedures that would identify federal funding as such and track the related amounts in order to maintain compliance with OMB Circular A-133.

Recommendation

SCTA should institute policies and procedures to insure that federal funding is identified and that the related requirements of OMB Circular A-133 are complied with in a timely manner.

Corrective Action Plan

Management and accounting staff will be aware of the filing requirements of OMB Circular A-133.
Sonoma County Transportation Authority

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2003

An audit in accordance with OMB Circular A-133 was not performed in the prior year. There were therefore no prior audit findings.