

*Sonoma County
Transportation Authority –
Measure M*

*Report to the Citizens
Advisory Committee
November 27, 2017*



PISENTI & BRINKER LLP
Certified Public Accountants & Advisors

An independently owned member
RSM US Alliance



Pisenti & Brinker Background

2017 Audit Team:

- Brett Bradford – Partner
- Ray Pounds – Concurring Partner
- Kellin Gilbert – Audit Manager
- Caitlin Lampe – Audit Senior

Audit of the Year Ended June 30, 2017

Financial Statements

Relative Roles & Responsibilities

- **Management** is responsible for preparing the Financial Statements and establishing a system of internal control
- **Auditor** is responsible for auditing the Financial Statements
 - Considering risks of material misstatement in the Financial Statements – Inherent risk
 - Considering internal controls relevant to the Financial Statements – Control risk
 - Performing tests of year-end balances based on risk assessment
 - Evaluating adequacy of disclosures

Risk Assessment Process - What We Considered

- Guidance from authoritative bodies (AICPA, GASB)
- Internal factors
 - Expertise of accounting staff, employee turnover, etc.
 - Susceptibility of account balances to error based on complexity and volume of underlying transactions
- External factors
 - Macroeconomic – level of sales tax or other local support
 - Regulatory environment – any new compliance requirements

Risk Assessment Results for Year Ended June 30, 2017 Audit

- Significant areas of focus
 - Compliance with Strategic Plan
 - Revenue Recognition – Measure M Sales Tax
 - Revenue Bonds – Compliance with bond indentures and adequate financial statement disclosure
 - Cash and Investments – Valuation and Disclosure
 - Financial Statement Note Disclosure – Complete and without bias

Focus of the 2017 Audit

Significant areas of focus:	Percent of effort
○ Cash & investments	10%
○ Compliance	30%
○ Revenue recognition and accounts receivable	25%
○ Accounts payable and other liabilities	10%
○ Financial statement presentation and disclosure	20%

Measure M Compliance Testing

- **Areas tested for compliance with Measure M include:**
 - Sales tax revenue allocation to Measure M Activities in compliance with the Strategic Plan
 - Performance by SCTA of required sub-recipient monitoring of Measure M funds passed through to local agencies
 - Expenditures are in accordance with the Strategic Plan and consistent with the Measure M Activity
 - Measure M Bond activity compliance:
 - Timely bond payments
 - Maintenance of debt service reserve
 - Segregation and use of debt proceeds

Audit of the Year Ended June 30, 2017 Financial Statements

- Audit is almost complete at this point in time
- We expect to report:
 - Unqualified opinion – financial statements are materially accurate
 - Compliance with Measure M – no instances of material non-compliance noted

Audit of the Year Ended June 30, 2017 Financial Statements

During the performance of our audit we did not encounter any:

- Fraud
- Illegal acts
- Disagreements with management
- Significant or unusual transactions

Audit of the Year Ended June 30, 2017

Financial Statements

Required Communications with those charged with governance:

- No material audit adjustments have been identified at this time.
- No alternative treatments of accounting principles for material items in the financial statements were discussed with management.
- Measure M did not adopt any significant new accounting policies nor were there any changes in existing significant accounting policies during the year.

Other required communications with those charged with governance

- There were no disagreements with management concerning the scope of our audit, the application of accounting principles, or the basis for management's judgments on any significant matters.
- We did not encounter any difficulties in dealing with management during the course of our audit.

Questions?

- Brett Bradford: 707-577-1582
- Kellin Gilbert: 707-577-1511