



**Measure M Special Revenue and
Debt Service Funds**

**Financial Statements
and Required Supplementary
Information**

For the Fiscal Year Ended June 30, 2020

**Sonoma County Transportation Authority
Measure M Special Revenue and Debt Service Funds
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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 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, 2020, 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.

Independent Auditor's Report (continued)

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, 2020, 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.

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, 2020, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Measure M Funds' internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Measure M Funds' internal control over financial reporting and compliance.



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

Balance Sheets - by Activity

June 30, 2020

	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	\$ 1,010,906	\$ 33,742,739	\$ 10,254,318	\$ 505,278	\$ 161,433	\$ 2,745,859	\$ 654,163	\$ 49,074,696	\$ -	\$ -	\$ -	\$ 49,074,696
Sales tax receivable	926,622	926,622	425,651	463,311	106,839	185,324	46,331	3,080,700	124,816	1,429,198	1,554,014	4,634,714
Prepaid expenses	-	-	-	-	-	-	13,435	13,435	-	-	-	13,435
Due from other governments	-	-	47,325	-	-	319,295	-	366,620	-	-	-	366,620
Restricted cash - revenue bond reserves	-	-	-	-	-	-	-	-	633,657	1,903,668	2,537,325	2,537,325
Restricted cash - debt service	-	-	-	-	-	-	-	-	373,669	4,248,450	4,622,119	4,622,119
Total assets	\$ 1,937,528	\$ 34,669,361	\$ 10,727,294	\$ 968,589	\$ 268,272	\$ 3,250,478	\$ 713,929	\$ 52,535,451	\$ 1,132,142	\$ 7,581,316	\$ 8,713,458	\$ 61,248,909
Liabilities and fund balance												
Liabilities												
Accounts payable	\$ -	\$ 316,010	\$ 273,092	\$ -	\$ -	\$ 17,257	\$ 2,317	\$ 608,676	\$ -	\$ -	\$ -	\$ 608,676
Retention payable	-	63,691	-	-	-	-	-	63,691	-	-	-	63,691
Unearned revenue	-	-	3,395,863	-	-	-	-	3,395,863	-	-	-	3,395,863
Due to other governments	1,000,305	146,686	894,922	500,135	-	72,008	-	2,614,056	-	-	-	2,614,056
Total liabilities	1,000,305	526,387	4,563,877	500,135	-	89,265	2,317	6,682,286	-	-	-	6,682,286
Fund Balance												
Nonspendable	-	-	-	-	-	-	13,435	13,435	-	-	-	13,435
Restricted - Measure M Debt Service	-	-	-	-	-	-	-	-	1,132,142	7,581,316	8,713,458	8,713,458
Restricted - Measure M Programs	937,223	34,142,974	6,163,417	468,454	268,272	3,161,213	698,177	45,839,730	-	-	-	45,839,730
Total fund balance	937,223	34,142,974	6,163,417	468,454	268,272	3,161,213	711,612	45,853,165	1,132,142	7,581,316	8,713,458	54,566,623
Total liabilities and fund balance	\$ 1,937,528	\$ 34,669,361	\$ 10,727,294	\$ 968,589	\$ 268,272	\$ 3,250,478	\$ 713,929	\$ 52,535,451	\$ 1,132,142	\$ 7,581,316	\$ 8,713,458	\$ 61,248,909

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

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

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

For Fiscal Year Ended June 30, 2020

	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	\$ 5,076,790	\$ 5,076,790	\$ 1,577,857	\$ 2,538,395	\$ 520,644	\$ 1,015,358	\$ 253,839	\$ 16,059,673	\$ 748,553	\$ 8,575,722	\$ 9,324,275	\$ 25,383,948
Intergovernmental revenue	-	-	3,694,951	-	-	319,295	-	4,014,246	-	-	-	4,014,246
Investment income	15,928	580,102	236,950	7,554	13,532	47,856	11,958	913,880	2,373	41,279	43,652	957,532
Total revenue	5,092,718	5,656,892	5,509,758	2,545,949	534,176	1,382,509	265,797	20,987,799	750,926	8,617,001	9,367,927	30,355,726
Expenditures												
Current:												
Services and supplies	-	236,310	811,380	-	719	324,304	247,580	1,620,293	-	-	-	1,620,293
Contributions to other governments	5,041,286	1,223,016	9,726,106	2,520,387	-	274,614	-	18,785,409	-	-	-	18,785,409
Debt Service:												
Interest	-	-	-	-	6,967	-	-	6,967	160,709	1,973,753	2,134,462	2,141,429
Principal	-	-	-	-	-	-	-	-	572,500	6,442,500	7,015,000	7,015,000
Total expenditures	5,041,286	1,459,326	10,537,486	2,520,387	7,686	598,918	247,580	20,412,669	733,209	8,416,253	9,149,462	29,562,131
Net change in fund balance	51,432	4,197,566	(5,027,728)	25,562	526,490	783,591	18,217	575,130	17,717	200,748	218,465	793,595
Fund balance (deficit) at June 30, 2019	885,791	29,945,408	11,191,145	442,892	(258,218)	2,377,622	693,395	45,278,035	1,114,425	7,380,568	8,494,993	53,773,028
Fund balance at June 30, 2020	\$ 937,223	\$ 34,142,974	\$ 6,163,417	\$ 468,454	\$ 268,272	\$ 3,161,213	\$ 711,612	\$ 45,853,165	\$ 1,132,142	\$ 7,581,316	\$ 8,713,458	\$ 54,566,623

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

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2020

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 2019 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 2019 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 in accordance with GASB Statement No. 31, “Accounting and Financial Reporting for Certain Investments and External Investment Pools” and GASB Statement No. 72, “Fair Value Measurement and Application”.

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2020

Note B. Summary of Significant Accounting Policies (continued)

Cash and Investments (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 \$534,930 for the year.

Unearned Revenue

Unearned revenue represents amounts collected before revenue recognition criteria are met.

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.

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2020

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, 2020 was 787 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, 2020

Note C. Cash and Investments (continued)

Fair Value Measurements

Measure M categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Measure M has the following fair value measurements as of June 30, 2020:

- Investment in Money Market Mutual Funds of \$4,622,119 which are valued using quoted prices in active markets (Level 1).
- Investment in the Sonoma County Treasury Pool of \$51,612,021 which is valued using significant other observable inputs (Level 2).

Note D. Unearned Revenue

On March 2, 2018 SCTA received an advance deposit of \$7,000,000 under a cooperative funding agreement with the City of Petaluma for the design and construction of a Highway 101 project. This amount was deferred, and revenue is being recognized as qualifying expenditures are incurred.

Note E. 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 \$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% and are payable solely from Measure M sales tax revenue through 2025.

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% and are payable solely from Measure M sales tax revenue through 2025.

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.

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2020

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

The 2011 and 2015 Bonds have a provision that in the event of default, SCTA shall transfer all sales tax revenues held by it and the trustee shall apply all sales tax revenues then held or thereafter received to debt payments then due on the bonds.

Debt service payments made from the Measure M debt service funds were \$9,149,462 for the fiscal year ended June 30, 2020, representing 36% of the \$25,383,948 in Measure M sales tax revenue recognized during the same period. The debt service payments consisted of \$7,015,000 of principal payments on the 2011 and 2015 Bonds, and interest payments totaling \$2,134,462 for both the 2011 and 2015 Bonds.

The annual debt service requirements to maturity for the 2011 Bonds are as follows as of June 30, 2020:

Fiscal Year Ending June 30:	Principal	Interest	Total
2021	\$ 2,410,000	\$ 525,338	\$ 2,935,338
2022	2,530,000	401,837	2,931,837
2023	2,650,000	285,588	2,935,588
2024	2,760,000	177,388	2,937,388
2025	2,875,000	61,094	2,936,094
Total requirements	\$ 13,225,000	\$ 1,451,245	\$ 14,676,245

The annual debt service requirements to maturity for the 2015 Bonds are as follows as of June 30, 2020:

Fiscal Year Ending June 30:	Principal	Interest	Total
2021	\$ 4,955,000	\$ 1,249,625	\$ 6,204,625
2022	5,215,000	995,375	6,210,375
2023	5,480,000	728,000	6,208,000
2024	5,760,000	447,000	6,207,000
2025	6,060,000	151,500	6,211,500
Total requirements	\$ 27,470,000	\$ 3,571,500	\$ 31,041,500

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, 2020

Note F. 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, Measure M Funds are covered for general, automobile, crime and errors and omissions liability through Alliant Insurance Services. Limits of this coverage are \$1,000,000 per occurrence. The deductible for these occurrences is \$5,000.

SCTA participates in the County of Sonoma's self-insurance program providing \$300,000 per occurrence for workers' compensation claims. The self-insurance program is accounted for in the County's Risk Management Internal Service Fund. Excess worker's compensation liability coverage is maintained through participation in the California State Association of Counties, Excess Insurance Authority (CSAC-EIA).

Note G. Commitments and Contingencies

Commitments

The Measure M Special Revenue Fund has the following outstanding commitments related to its programs as of June 30, 2020:

<u>Project</u>	<u>Outstanding Commitment Balance</u>
Highway 101	\$ 17,336,056
Local Streets - Projects	13,571,544
Bicycle and Pedestrian	4,294,472
Passenger Rail	443,844
Measure M Admin	18,750
<hr/>	
Total	\$ 35,664,666

Contingencies

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which SCTA operates. While it is unknown how long these conditions will last and what the complete financial effect will be to SCTA, the outbreak has not had a material adverse impact to SCTA's operations to date. However, the future impact of the outbreak is highly uncertain and cannot be predicted. Accordingly, there is no assurance that the outbreak will not have a material adverse impact on in the future.

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, 2020

	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	\$ 26,642,501	\$ 27,442,477	\$ 16,059,673	\$ 9,324,275	\$ 25,383,948	\$ (2,058,529)
Intergovernmental revenue	4,027,000	4,027,000	4,014,246	-	4,014,246	(12,754)
Investment income	640,500	640,500	913,880	43,652	957,532	317,032
Other	500	500	-	-	-	(500)
Total revenues	<u>31,310,501</u>	<u>32,110,477</u>	<u>20,987,799</u>	<u>9,367,927</u>	<u>30,355,726</u>	<u>(1,754,751)</u>
Expenditures						
Current:						
Services and supplies	3,285,285	3,105,015	1,620,293	-	1,620,293	1,484,722
Contributions to other governments	29,870,778	31,489,946	18,785,409	-	18,785,409	12,704,537
Debt service:						
Interest	2,153,464	2,153,464	6,967	2,134,462	2,141,429	12,035
Principal	<u>7,019,000</u>	<u>7,019,000</u>	<u>-</u>	<u>7,015,000</u>	<u>7,015,000</u>	<u>4,000</u>
Total expenditures	<u>42,328,527</u>	<u>43,767,425</u>	<u>20,412,669</u>	<u>9,149,462</u>	<u>29,562,131</u>	<u>14,205,294</u>
Net change in fund balance	<u>(11,018,026)</u>	<u>(11,656,948)</u>	<u>575,130</u>	<u>218,465</u>	<u>793,595</u>	<u>12,450,543</u>
Fund Balance at June 30, 2019	<u>53,733,028</u>	<u>53,773,028</u>	<u>45,278,035</u>	<u>8,494,993</u>	<u>53,773,028</u>	<u>-</u>
Fund Balance at June 30, 2020	<u>\$ 42,715,002</u>	<u>\$ 42,116,080</u>	<u>\$ 45,853,165</u>	<u>\$ 8,713,458</u>	<u>\$ 54,566,623</u>	<u>\$ 12,450,543</u>

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

Note to Budgetary Comparison Information

For the Fiscal Year Ended June 30, 2020

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

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 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, 2020, the related statements of revenues, expenditures and changes in fund balance – by activity for the year then ended, and the notes to the financials statements, and have issued our report thereon dated November 20, 2020.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

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

Independent Auditor's Report (continued)

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*.

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.

Resenti & Birnka LLP

Santa Rosa, California
November 20, 2020