



SONOMA COUNTY TRANSPORTATION AUTHORITY

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

For the Fiscal Year Ended June 30, 2021

**Sonoma County Transportation Authority
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Independent Auditor's Report

Board of Directors
Sonoma County Transportation Authority
Santa Rosa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sonoma County Transportation Authority ("SCTA"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise SCTA's basic financials statement 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of SCTA as of June 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (continued)

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SCTA's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the related notes to the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021, on our consideration of SCTA's 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 SCTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCTA's internal control over financial reporting and compliance.



Santa Rosa, California
November 19, 2021

The management of the Sonoma County Transportation Authority (SCTA) offers the readers of SCTA's basic financial statements this narrative overview and analysis of the financial activities of SCTA for the fiscal year ended June 30, 2021.

Financial highlights

- The assets and deferred outflows of resources of SCTA were more than liabilities and deferred inflows of resources at June 30, 2021 by approximately \$26.0 million.
- SCTA's total net position increased by \$13.8 million from June 30, 2020 to June 30, 2021. This increase was primarily due to growth in sales tax revenues for the fiscal year ended June 30, 2021.
- During the year ended June 30, 2021, SCTA used existing cash balances to defease the remaining \$10,815,000 balance of the 2011 Series sales tax revenue bonds.
- At June 30, 2021 SCTA reported ending total fund balances of \$51.1 million, a decrease of \$5.5 million in comparison with the June 30, 2020 total ending fund balances.
- Unrestricted net position for SCTA as of June 30, 2021 was \$24,693,119. This is an increase of approximately \$16.2 million compared to unrestricted net position of \$8,479,279 at June 30, 2020.
- As of June 30, 2021, unassigned fund balance for the general fund was \$601,590 or 19.9% of total general fund expenditures for the fiscal year ended June 30, 2021.

Overview of the financial statements

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

Government-wide financial statements

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

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

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

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

Fund financial statements

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

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

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

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

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

Notes to the financial statements

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

Required supplementary information

Schedules presenting net pension liability and other post-employment benefits liability, and budgetary comparison information for SCTA's funds can be found in the table of contents.

Sonoma County Transportation Authority

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Government-wide financial analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of SCTA, assets and deferred outflows of resources were more than liabilities and deferred inflows of resources by approximately \$26.0 million at June 30, 2021 as compared to a net position of approximately \$12.2 million at June 30, 2020.

Condensed Statement of Net Position

June 30,	2020	2021
Assets		
Current assets	\$ 58,399,187	\$ 52,869,570
Restricted cash	7,159,444	3,298,917
Other non-current assets	2,132	1,066
Total assets	65,560,763	56,169,553
Deferred outflows of resources	1,284,735	1,022,266
Liabilities		
Current liabilities	16,551,601	10,452,869
Total non-current liabilities	37,534,012	20,290,559
Total liabilities	54,085,613	30,743,428
Deferred inflows of resources	569,257	476,404
Net Position		
Invested in capital assets	2,132	1,066
Restricted for TFCA	1,171,892	1,277,802
Restricted for Measure M debt service	2,537,325	-
Unrestricted	8,479,279	24,693,119
Total net position	\$ 12,190,628	\$ 25,971,987

Government-wide financial analysis (continued)

During the fiscal year ended June 30, 2021, SCTA's net position increased by \$13.8 million to an approximate net position of \$26.0 million.

Governmental activities increased SCTA's net position by \$13.8 million. Key elements of these activities during the fiscal year ended June 30, 2021 are identified below:

- SCTA recognized sales tax revenues for Measure M totaling \$28.7 million, which is an increase of \$3.3 million from the prior fiscal year. This increase can be attributed to growth in online shopping for general consumer goods, economic recovery from the COVID 19 pandemic and continuing improvements to the local economy.
- SCTA received \$2.7 million from state, federal, and local sources towards various transportation improvement projects. The amount received increased by \$703 thousand from the prior fiscal year as a result of increased state funding partially offset by a decrease in federal funds, and an increase in recognizing revenue of Regional Traffic Mitigation funds.
- SCTA expenses for transportation improvement projects totaled \$2.8 million, an increase of \$885 thousand from the previous year. This increase is primarily related to an increase in spending of the Regional Traffic Mitigation funds.
- Measure M expenses totaled \$20.9 million, representing a decrease of \$880 thousand from the previous year, due primarily to a decrease in Highway 101 expenditures for the construction of Marin-Sonoma Narrows project as the project nears completion. Allocation of Local Street Rehabilitation and Local Bus Transit programs increased in proportion to the increase in sales tax revenue. Bicycle Pedestrian expenditures increased for construction of the Foss Creek Pathway in Healdsburg. Additionally, Local Street Project expenses increased as compared to the prior year.

Sonoma County Transportation Authority

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Government-wide financial analysis (continued)

Condensed Statement of Activities

Fiscal Year ended June 30,	2020	2021
Revenues:		
Program revenues:		
Measure M	\$ 4,971,778	\$ 5,869,363
Transportation Fund for Clean Air	633,383	627,526
Transportation improvements	2,045,182	2,748,254
General revenues:		
Sales tax revenues	25,383,948	28,667,699
Total revenues	33,034,291	37,912,842
Expenses:		
Measure M	21,730,857	20,851,046
Transportation Fund for Clean Air	276,727	521,616
Renewal Enterprise District	10,520	-
Transportation improvements	1,873,549	2,758,821
Total expenses	23,891,653	24,131,483
Change in net position	9,142,638	13,781,359
Net position, beginning of year	3,047,990	12,190,628
Net position, end of year	\$ 12,190,628	\$ 25,971,987

Financial analysis of SCTA's funds

Governmental Funds

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

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

Financial analysis of SCTA's funds (continued)

Governmental Funds (continued)

As of June 30, 2021, SCTA's governmental funds reported ending fund balances of \$51.1 million, a decrease of \$5.5 million from June 30, 2020. The decrease in fund balance as due to the use of \$10.8 million in cash balances to defease the 2011 Series sales tax revenue bonds. SCTA had a restricted fund balance of approximately \$50.2 million as of June 30, 2021.

The general fund is the chief operating fund of SCTA. At June 30, 2021, the unassigned fund balance of the general fund was approximately \$602 thousand.

Budgetary Highlights

- The SCTA general fund budget was adjusted during the fiscal year to increase appropriations for intergovernmental revenues, salaries and benefits, and services and supplies.
- The TFCA budget was adjusted to reflect the budgeted encumbrances outstanding as of June 30, 2020.
- Measure M budgets were adjusted during the fiscal year to increase appropriations for sales tax revenues, investment income, service and supplies, contributions to other governments, principal payments, transfers in, and transfers out. Appropriations decreased for intergovernmental revenue.

Debt Administration

As of June 30, 2021, SCTA had long-term liabilities of \$25.3 million, a decrease of \$19.4 million from the prior fiscal year. The primary reason for the decrease was the defeasance of the 2011 Series Bonds. The balance of the 2015 Series Bonds declined due to scheduled debt service payments. The net pension liability decreased by \$183,141 primarily as a result of a favorable return on investments.

Year ended June 30,	2020	2021
Sales Tax Revenue Bond, Series 2011, including unamortized premium	\$ 13,457,810	\$ -
Sales Tax Revenue Bond, Series 2015, including unamortized premium	29,386,977	23,750,491
Net other employment benefits liability	1,043,299	898,181
Net pension liability	881,829	698,688
Total long-term liabilities	\$ 44,769,915	\$ 25,347,360

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

Economic Factors and Next Year's Budgets:

SCTA activities receive significant funding from both federal and state programs, which can be significantly impacted by changes in the state and federal budgets. Measure M revenues, funded through a local one quarter percent sales tax, increased nearly 13% from the prior fiscal year ended June 30, 2020 and SCTA is projecting an increase of 3% in sales tax revenues for the next fiscal year. This will directly impact the apportionment programs including Transit and Local Street Repairs (LSR) programs and indirectly affect the project programs of Highway 101, Local Streets Projects (LSP), Passenger Rail and Bike/Pedestrian programs.

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

Request for Additional Information:

This financial report is designed to provide a general overview of SCTA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sonoma County Transportation Authority, 411 King Street, Santa Rosa, CA 95404.

Government-Wide Financial Statements

Sonoma County Transportation Authority

Statement of Net Position

June 30, 2021

		Governmental Activities
Assets		
Cash and investments	\$	46,568,712
Sales tax receivable		5,643,570
Due from other governments		623,192
Prepaid expense		33,274
Accounts receivable		822
Noncurrent assets:		
Restricted cash and investments-		
Revenue bonds debt service fund		3,298,917
Capital assets - equipment, net		1,066
Total assets		56,169,553
Deferred outflows of resources		
Deferred other postemployment benefits		171,215
Deferred pension		288,331
Deferred charge on refunding		562,720
Total deferred outflows of resources		1,022,266
Liabilities		
Accounts payable		2,346,391
Due to other governments		1,033,780
Retention payable		89,612
Unearned revenue		1,570,298
Interest payable		93,813
Bonds payable, current		5,215,000
Compensated absences payable, current		103,975
Noncurrent liabilities:		
Bonds payable		18,535,491
Net other postemployment benefits liability		898,181
Net pension liability		698,688
Compensated absences payable		158,199
Total liabilities		30,743,428
Deferred inflows of resources		
Deferred other postemployment benefits		104,502
Deferred pensions		371,902
Total deferred inflows of resources		476,404
Net Position		
Net investment in capital assets		1,066
Restricted for:		
Transportation Fund for Clean Air (TFCA)		1,277,802
Unrestricted		24,693,119
Total net position	\$	25,971,987

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

Sonoma County Transportation Authority

Statement of Activities

For the Fiscal Year Ended June 30, 2021

Functions / Programs	Expenses	<u>Program Revenues</u> Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Governmental activities:			
Measure M	\$ 20,851,046	\$ 5,869,363	\$ (14,981,683)
Transportation fund for clean air (TFCA)	521,616	627,526	105,910
Transportation improvement	2,758,821	2,748,254	(10,567)
Total governmental activities	\$ 24,131,483	\$ 9,245,143	(14,886,340)
General revenues:			
Sales tax revenue			28,667,699
Total general revenues			28,667,699
Change in net position			13,781,359
Net position - beginning of year			12,190,628
Net position - end of year			\$ 25,971,987

Fund Financial Statements

Sonoma County Transportation Authority

Balance Sheet - Governmental Funds

June 30, 2021

	General	TFCA Special Revenue	Measure M Special Revenue	Measure M Debt Service	Total Governmental Funds
Assets					
Cash and investments	\$ 2,037,495	\$ 1,392,353	\$ 42,889,273	\$ 249,591	\$ 46,568,712
Sales tax receivable	-	-	4,586,779	1,056,791	5,643,570
Prepaid expense	19,436	-	13,838	-	33,274
Other receivables	822	-	-	-	822
Due from other governments	496,790	-	126,402	-	623,192
Due from other funds	-	-	259,601	-	259,601
Restricted cash - debt service	-	-	-	3,298,917	3,298,917
Advances to other funds	-	-	278,000	-	278,000
Total assets	\$ 2,554,543	\$ 1,392,353	\$ 48,153,893	\$ 4,605,299	\$ 56,706,088
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 6,775	\$ 12,878	\$ 2,326,738	\$ -	\$ 2,346,391
Due to other governments	78,444	101,673	853,663	-	1,033,780
Due to other funds	-	-	-	259,601	259,601
Unearned revenue	1,570,298	-	-	-	1,570,298
Retention payable	-	-	89,612	-	89,612
Advances from other funds	278,000	-	-	-	278,000
Total liabilities	1,933,517	114,551	3,270,013	259,601	5,577,682
Fund balances:					
Nonspendable	19,436	-	291,838	-	311,274
Restricted	-	1,277,802	44,592,042	4,345,698	50,215,542
Unassigned	601,590	-	-	-	601,590
Total fund balances	621,026	1,277,802	44,883,880	4,345,698	51,128,406
Total liabilities and fund balance	\$ 2,554,543	\$ 1,392,353	\$ 48,153,893	\$ 4,605,299	\$ 56,706,088

Sonoma County Transportation Authority

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

	June 30, 2021
Total fund balances - governmental funds	\$ 51,128,406
Total net position reported in the statement of net position is different because:	
Certain amounts are not available to pay current period expenditures and, therefore, are not reported in the governmental funds:	
Deferred outflows of resources	1,022,266
Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the governmental funds:	
Capital assets - equipment, net	1,066
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable including unamortized premium	(23,750,491)
Accrued interest payable	(93,813)
Compensated absences payable	(262,174)
Other postemployment benefits liability	(898,181)
Pension liability	(698,688)
Deferred inflows of resources reported in the statement of net position	(476,404)
Total net position	\$ 25,971,987

Sonoma County Transportation Authority

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

For the Fiscal Year Ended June 30, 2021

	General	TFCA Special Revenue	Measure M Special Revenue	Measure M Debt Service	Total Governmental Funds
Revenues					
Sales tax	\$ -	\$ -	\$ 20,333,163	\$ 8,334,536	\$ 28,667,699
Intergovernmental	2,686,146	626,057	5,545,612	-	8,857,815
Investment income (loss)	5,848	1,469	115,179	(24,239)	98,257
Miscellaneous	56,261	-	-	-	56,261
Total revenues	2,748,255	627,526	25,993,954	8,310,297	37,680,032
Expenditures					
Current:					
Salaries and employee benefits	1,397,203	-	-	-	1,397,203
Services and supplies	773,174	-	1,852,571	-	2,625,745
Administration	-	39,389	-	-	39,389
Contributions to other governments	857,638	482,227	17,833,763	-	19,173,628
Debt service:					
Principal	-	-	-	18,180,000	18,180,000
Interest	-	-	-	1,774,962	1,774,962
Total expenditures	3,028,015	521,616	19,686,334	19,954,962	43,190,927
Other Financing Sources (Uses)					
Transfers in	-	-	-	7,276,905	7,276,905
Transfers out	-	-	(7,276,905)	-	(7,276,905)
Total other financing sources (uses)	-	-	(7,276,905)	7,276,905	-
Net change in fund balances	(279,760)	105,910	(969,285)	(4,367,760)	(5,510,895)
Fund balances at June 30, 2020	900,786	1,171,892	45,853,165	8,713,458	56,639,301
Fund balances at June 30, 2021	\$ 621,026	\$ 1,277,802	\$ 44,883,880	\$ 4,345,698	\$ 51,128,406

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds to the Statement of Activities**

For the Fiscal Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ (5,510,895)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Depreciation expense	(1,066)
Repayment of debt principal is an expenditure in the governmental funds and reduces long term liabilities in the statement of net position	18,180,000
Gain on defeasance of bonds is reported in the statement of activities but does not provide current financial resources and therefore is not reported in the governmental funds	232,810
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in compensated absences	(29,063)
Change in interest payable	69,444
Change in net other postemployment benefits liability	98,468
Change in net pension liability	200,856
Amortization of bond premiums and deferred charge on refunding	540,805
Change in net position	\$ 13,781,359

Note A. Reporting Entity

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

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

Note B. Summary of Significant Accounting Policies

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of SCTA.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Note B. Summary of Significant Accounting Policies (continued)

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

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

SCTA reports three types of governmental funds: the General Fund, special revenue funds, and a debt service fund.

General Fund: This fund is established to account for resources used to finance the general services performed by SCTA. Revenues are primarily intergovernmental, including state and federal grants as well as local contributions. The fund is charged with all costs of operating SCTA for which a separate fund has not been established.

Special Revenue Funds: These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The major funds in this category are TFCA and Measure M.

Transportation Fund for Clean Air (TFCA) Special Revenue Fund: This fund is established to account for resources that are legally restricted to expenditures on transportation projects that demonstrate a positive effect on local air quality. Revenues are primarily derived from a vehicle registration surcharge applied to vehicles registered in the Bay Area Air Quality Management District.

Measure M Special Revenue Fund: This fund is established to account for revenues that are legally restricted for expenditures related to specific transportation projects in Sonoma County. The projects include improvements to Highway 101, local streets, transit, bicycle, and pedestrian facilities. Revenues are primarily derived from a voter-approved local sales tax.

Measure M Debt Service Fund: This fund is established for the purpose of accumulating resources for the payment of principal and interest related to the 2011 and 2015 Measure M Sales Tax Revenue Bonds.

Note B. Summary of Significant Accounting Policies (continued)

Cash and Investments

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31 and No. 72, SCTA reports cash and investments at fair value in the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred.

Restricted cash and investments are held by a third party trustee and are restricted for debt service payments and Measure M expenditures pursuant to various bond covenants. Included in these amounts are sales tax revenues collected by the trustee for making the annual principal and interest payments on the Series 2015 bonds.

Sales Tax Revenue and Receivable

Sales tax receivable represents sales tax amounts allocated to SCTA through Measure M as discussed in Note J below, but uncollected at year end. Due to the nature of the sales tax receivable, management does not consider any portion uncollectible.

Sales tax revenues are presented net of administrative assessments by the State Board of Equalization in the amount of \$435,390 for the year.

Unearned Revenue

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

Capital Assets

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

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

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

Note B. Summary of Significant Accounting Policies (continued)

Bonds Payable and Bond Premium

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

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

Compensated Absences

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

OPEB

For purposes of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources, deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the County's OPEB Plan and additions to/deductions from the County's OPEB Plan fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

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

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

Note B. Summary of Significant Accounting Policies (continued)

Fund Balance

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

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

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

Estimates

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

Note C. Cash and Investments

Investment in the Sonoma County Treasurer's Investment Pool

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

Note C. Cash and Investments (continued)

Investment in the Sonoma County Treasurer's Investment Pool (continued)

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

Treasury Pool Investment Guidelines

SCTA's pooled cash and investments are invested pursuant to investment policy guidelines established by the 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 Treasurer 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 and notes issued by local agencies
- Registered state warrants and municipal notes and bonds
- Negotiable certificates of deposit
- Bankers' acceptances
- Commercial paper
- Medium-term corporate notes
- Local Agency Investment Fund (State Pool) deposits
- Repurchase agreements
- Reverse repurchase agreements
- Securities lending agreements
- Mutual funds and money market mutual funds
- Collateralized mortgage obligations
- Collateralized time deposits
- Joint power agreements
- Investment Trust of California (CalTRUST)
- Obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation or Inter-American Development Bank

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

Note C. Cash and Investments (continued)

Interest Rate Risk

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

The weighted average maturity of Treasury Pool investments at June 30, 2021 was 749 days.

Credit Risk

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

Custodial Credit Risk

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

Concentration of Credit Risk

The investment policy of SCTA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no non-pooled investments in any one issuer that represent 5% or more of total SCTA investments.

Fair Value Measurements

SCTA 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.

SCTA has the following fair value measurements as of June 30, 2021:

- Investment in Money Market Mutual Funds of \$3,298,917 which are valued using quoted prices in active markets (Level 1).
- Investment in the Sonoma County Treasury Pool of \$46,568,712 which is valued using significant other observable inputs (Level 2).

Sonoma County Transportation Authority

Notes to the Basic Financial Statements

For the Fiscal Year ended June 30, 2021

Note D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Transfers & Reclassification	Ending Balance
Capital assets, being depreciated:					
Equipment	\$ 29,629	\$ -	\$ -	\$ -	\$ 29,629
Less accumulated depreciation for:					
Equipment	(27,497)	(1,066)	-	-	(28,563)
Capital assets, net	\$ 2,132	\$ (1,066)	\$ -	\$ -	\$ 1,066

Note E. Unearned Revenue

SCTA has received advanced funding related to several funding agreements. These amounts have been deferred and revenue is being recognized as qualified expenses are incurred. As of June 30, 2021, SCTA reports the following unearned revenue balances:

Funding Source	Project	Amount
Metropolitan Transportation Commission	Highway 37 Interim	\$ 229,929
City of Rohnert Park	Regional Traffic Mitigation	1,340,369
Total		\$ 1,570,298

Sonoma County Transportation Authority

Notes to the Basic Financial Statements

For the Fiscal Year ended June 30, 2021

Note F. Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Sales Tax Revenue Bonds,					
Series 2011	\$ 13,225,000	\$ -	\$ (13,225,000)	\$ -	\$ -
Unamortized bond premium	232,810	-	(232,810)	-	-
Total 2011 Series Bonds	13,457,810	-	(13,457,810)	-	-
Sales Tax Revenue Bonds,					
Series 2015	27,470,000	-	(4,955,000)	22,515,000	5,215,000
Unamortized bond premium	1,916,977	-	(681,486)	1,235,491	-
Total 2015 Series Bonds	29,386,977	-	(5,636,486)	23,750,491	5,215,000
Total bonds	42,844,787	-	(19,094,296)	23,750,491	5,215,000
Net OPEB liability	1,043,299		(145,118)	898,181	-
Net pension liability	881,829	-	(183,141)	698,688	-
Total long-term liabilities	\$ 44,769,915	\$ -	\$ (19,422,555)	\$ 25,347,360	\$ 5,215,000

Note G. Sales Tax Revenue Bonds

SCTA 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.

On June 1, 2021, SCTA defeased the \$10,815,000 balance of the 2011 Bonds by depositing \$10,815,000 to the defeasance escrow account. The defeasance transaction resulted in a gain on defeasance of \$232,810 that is reported on SCTA's Statements of Activities and an aggregate reduction of debt service of \$925,906.

Note G. Sales Tax Revenue Bonds (continued)

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 2015 Bonds are limited obligations of SCTA secured solely by a pledge of \$62,098,689 from Measure M sales tax revenue. Pledged sales tax revenues represent 22% of estimated total revenues from the Measure M sales tax.

Debt service payments made from the Measure M Debt Service Fund included the \$10,815,000 to defease the 2011 bonds as well as \$9,136,962 in scheduled debt payments, representing 72% of the \$27,766,267 in Measure M sales tax revenue recognized during the same period. The scheduled debt service payment consisted of \$7,365,000 of principal payments on the 2011 and 2015 Bonds, and interest payments totaling \$1,774,962 for both the 2011 and 2015 Bonds.

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.

The annual debt service requirements to maturity for the 2015 Bonds are as follows as of June 30, 2021.

Fiscal Year					
Ending June 30:		Principal		Interest	Total
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	\$	22,515,000	\$	2,321,875	\$ 24,836,875

Sonoma County Transportation Authority

Notes to the Basic Financial Statements

For the Fiscal Year ended June 30, 2021

Note G. Sales Tax Revenue Bonds (continued)

Future years' amortization of bond premium and deferred charge on refunding for the 2015 Bonds are as follows as of June 30, 2021:

Fiscal Year Ending June 3	Premium	Deferred Charge on Refunding	Total
2022	\$ 539,900	\$ 140,680	\$ 680,580
2023	391,023	140,680	531,703
2024	234,559	140,680	375,239
2025	70,009	140,680	210,689
Total requirements	\$ 1,235,491	\$ 562,720	\$ 1,798,211

Debt service payments for the 2015 Bonds are made from the Measure M Debt Service Fund.

Note H. Intergovernmental Revenues

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

Note I. Due to Other Governments

Due to other governments represents amounts owed to various cities in Sonoma County, the County of Sonoma, and the State of California.

Note J. Measure M Sales Tax Revenues

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

Note J. Measure M Sales Tax Revenues (continued)

The Measure M 2019 Strategic Plan (the Strategic Plan) serves as the guiding policy and programming document for the implementation of Measure M projects. It covers a five year period and is updated periodically in order to reflect the actual revenues received.

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

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

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

Note K. Risk Management

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

Plan Description

SCTA contributes to the County's cost sharing multiple-employer defined benefit pension plan (the Plan) that is administered by the Sonoma County Employees' Retirement Association (SCERA), a public employee retirement system. Substantially all full-time employees of SCTA participate in this plan. The Plan provides retirement, disability, death and survivor benefits and cost-of-living adjustments to plan members and beneficiaries. All permanent employees working at least half time of a full-time position for SCTA are eligible. The Plan is governed by the California Government Code, Title 3, Division 4, Part 3, Chapter 3. The Board of Retirement has the authority to establish and amend benefit provisions and these shall then be adopted by the County Board of Supervisors.

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

SCERA issues an annual financial report that includes financial statements and required supplementary information for the Plan which can be obtained by writing to the Sonoma County Employees' Retirement Association, 433 Aviation Blvd., Suite 100, Santa Rosa, CA 95403-1069.

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

Funding Policy

The contribution requirements of Plan members and the County are determined by an independent actuary, approved by the SCERA Board of Retirement, and adopted by the Board of Supervisors. The contribution rates for the fiscal year ended June 30, 2021 were based on the Plan's valuation dated December 31, 2018. The contribution rates determined in each actuarial valuation take effect at the beginning of the fiscal year starting at least twelve months after the beginning of the valuation year, except when significant benefit or actuarial assumption changes occur. Plan A members are required to contribute 9.5% - 14.9% of their annual covered salary based upon the member's age at the date of entry into the system and Plan B general members are required to contribute 10.5% of their annual covered salary. The County is required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at actuarially determined rates. Employer and member contributions are funded and recognized through the County payroll system via employer benefit payments and employee deductions. For the fiscal year ended June 30, 2021, SCTA contributed \$277,152 or approximately 18.86% of covered payroll.

Note L. Employees' Retirement Plan (continued)

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

At June 30, 2021, SCTA reported a liability of \$698,688 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. SCTA's proportion of the net pension liability was based on a projection of the SCTA's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At December 31, 2020, SCTA's proportion was .366% which represents a decrease from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, SCTA recognized pension expense of \$76,296. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits. At June 30, 2021, SCTA reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,626	\$ 66,785
Changes in assumptions	28,399	-
Net difference between projected and actual earnings on retirement plan investments	-	248,150
Changes in proportion and in differences between SCTA contributions and proportionate share of contributions	85,999	56,967
SCTA contributions subsequent to the measurement date	131,307	-
	<u>\$ 288,331</u>	<u>\$ 371,902</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

Note L. Employees' Retirement Plan (continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)

Deferred outflows of resources related to pensions resulting from SCTA contributions subsequent to the measurement date totaling \$131,307 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (reduction of expense) as follows:

Year Ending June 30,	Amount
2022	\$ (59,269)
2023	31,452
2024	(174,846)
2025	(12,215)
Total	\$ <u>(214,878)</u>

Actuarial Assumptions

The total pension liability was determined based on the December 31, 2020 actuarial valuation, using the following actuarial assumptions:

Valuation Date	December 31, 2020
Measurement Date	December 31, 2020
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumption:	
Inflation	2.75%
Projected Salary Increase	3.75% - 8.75%
Investment Rate of Return	7.00%

Note L. Employees' Retirement Plan (continued)

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

The discount rate used to measure the total pension liability was 7.00% as of December 31, 2020, the measurement date. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates.

The following presents SCTA's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what SCTA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
SCTA's proportionate share of the net pension plan liability (asset)	\$ 2,077,775	\$ 698,688	\$ (447,693)

Note M. Other Postemployment Benefits (OPEB)

Plan Description

The County of Sonoma (County) maintains an Other Postemployment Healthcare Plan (OPEB or Plan). The Plan is a single employer defined benefit plan which is administered by the County. The authority to establish and amend benefit provisions of the Plan resides with the County Board of Supervisors. SCTA participates in the OPEB Plan.

The County established an OPEB trust with the Public Agency Retirement Services (PARS) in 2008 to accumulate resources to fund future benefit payments of the Plan. The OPEB trust is reported in the County of Sonoma's Comprehensive Annual Financial Report (CAFR) and can be found at www.sonoma-county.org.

In accordance with a County Board of Supervisors approved salary resolution and applicable memorandum of understanding, the Plan includes unrepresented and represented employees hired prior to January 1, 2009, with at least 10 consecutive years of regular full-time paid employment. The Plan was closed to new participants on December 31, 2008.

Note M. Other Postemployment Benefits (OPEB) (continued)

Benefits Provided

Retirees and the County share in the cost of monthly premiums for medical coverage. The County contribution toward plan member premiums is a \$500 per month maximum contribution. Retirees may enroll eligible dependents in the County medical plan elected by the retiree, but the retiree is responsible for all premium costs in excess of the County's contribution. In the case of a Safety employee's line-of-duty death pursuant to the California labor code, dependents of the deceased employee are eligible to receive County-subsidized medical coverage. In addition to the monthly contribution, the County reimburses retirees hired prior to January 1, 2009, a fixed amount of \$96.40 per month for Medicare Part B premiums.

Contributions

The OPEB Plan funding policy provides for periodic contributions by the County. The contribution rate as a percentage of covered payroll is 8.8%, and is authorized annually by the County Board of Supervisors to finance the costs of benefits for plan members, with an additional amount to finance the unfunded accrued liability. Contributions to the OPEB Plan from SCTA were \$120,782 for the year ended June 30, 2021. Employees are not required to contribute to the OPEB Plan.

The net OPEB liability and asset information is reported within certain defined timeframes as listed below:

Reporting Date	June 30, 2021
Valuation Date	June 30, 2020
Measurement Date	June 30, 2020

At June 30, 2021, SCTA reported a liability of \$898,181 for its proportionate share of the net OPEB liability. SCTA's covered payroll is used as the basis for determining its proportion of the OPEB amounts. At June 30, 2020, SCTA's proportion was .439%. At June 30, 2021 SCTA's proportion was .437% a decrease of .002%.

Discount Rate

The discount rates used to measure the total OPEB liability were 6.50% as of June 30, 2020 and June 30, 2019. The projection of cash flows used to determine the discount rate as of June 30, 2020 assumed employer contributions of 8.8% of future open group payroll. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. As a result, the discount rate is equal to the assumed investment return of 6.50%.

Note M. Other Postemployment Benefits (OPEB) (continued)

Actuarial Methods and Assumptions

The Net OPEB Liability (NOL) was measured as of June 30, 2020 and determined based on the total OPEB liability from actuarial valuations as of June 30, 2020.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal Cost Method
Inflation	2.75%
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.25%
Other assumptions	Analysis of actuarial experience per the January 1, 2015 through December 31, 2017 Actuarial Experience Study dated September 25, 2018 for the Sonoma County Employees' Retirement Association (SCERA).

Investments

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which the expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the table below.

Note M. Other Postemployment Benefits (OPEB) (continued)

Investments (continued)

The County’s Investment Guidelines for OPEB are detailed in the “Investment Guidelines Document – County of Sonoma Post-Employment Health Care Plan Investment Policy Document – June 2020.” The following is the Board’s adopted asset allocation policy for OPEB as of June 2020:

Asset Class	Allocation	Nominal Rate of Return
Large Cap U.S. Equity	30%	6.73%
Mid Cap U.S. Equity	4%	6.73%
Small Cap U.S. Equity	8%	6.73%
International Equity	8%	8.36%
Global Equity	6%	8.36%
U.S. Core Fixed Income	31%	1.48%
Alternatives	8%	7.19%
Cash	1%	0.98%
Real Estate	4%	4.83%
Total	100%	

Sensitivity of SCTA’s Proportionate Share of the Net OPEB Liability

Sensitivity of SCTA’s Proportionate Share of the Net OPEB Liability to Changes in Discount Rate

The following presents SCTA’s proportionate share of the Net OPEB liability if it were calculated using the discount rate of 6.50%, as well as what SCTA’s proportionate share of the Net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate, for measurement period ended June 30, 2020:

1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
\$ 1,003,546	\$ 898,181	\$ 807,158

Note M. Other Postemployment Benefits (OPEB) (continued)

Sensitivity of SCTA's Proportionate Share of the Net OPEB Liability (continued)

Sensitivity of SCTA's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following present SCTA's proportionate share of the Net OPEB liability if it were calculated using the trend rate that is 1%, higher as well as using trend rate 1% lower than the current trend rates, for measurement period ended June 30, 2020:

1% Decrease Trend Rate	Current Trend Rates	1% Increase Trend Rates
\$ 876,163	\$ 898,181	\$ 921,751

The County Health Plan medical trends for ages under 65 grade from 6.5% in 2020/2021 graded down to 4.5% over 4 years. County Health Plan medical trends for ages 65 and over graded down to 4.5% over 4 years. HMO Medical/Drug trends grade from 6.25% in 2020/2021 down to 4.50% over 7 years. ASO fees assumed trend was 4.50% in 2020/2021, and thereafter.

Amortization of Deferred Outflows and Deferred Inflows of Resources

The net difference between projected and actual earnings on OPEB Plan investments is amortized over a 5-year period on a straight-line basis. One-fifth was recognized in OPEB expense during the measurement period, and the remaining net difference between projected and actual investment earnings on OPEB Plan investments at June 30, 2020, is to be amortized over the remaining 4-year period.

The changes in assumptions and differences between expected and actual experience are recognized over the average of the expected remaining service lives of all employees that are provided OPEB through the Plan (active and inactive) determined as of the beginning of the measurement period. For the measurement period ended June 30, 2020, the average is 5.37 years.

Sonoma County Transportation Authority

Notes to the Basic Financial Statements

For the Fiscal Year ended June 30, 2021

Note M. Other Postemployment Benefits (OPEB) (continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources (continued)

For the year ended June 30, 2021, SCTA recognized OPEB expense/(credit) of (\$303,249). At June 30, 2021, SCTA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ -	\$ 61,078
Changes of assumptions	-	40,955
Net differences between projected and actual earnings on plan investments	3,755	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	27,488	2,469
Contributions made subsequent to the measurement date	<u>139,972</u>	<u>-</u>
Total	<u>\$ 171,215</u>	<u>\$ 104,502</u>

The \$139,972 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as OPEB expense (reduction of expense) as follows:

<u>Year Ending June 30,</u>		<u>Amount</u>
2022	\$	(744)
2023		(21,702)
2024		(21,421)
2025		(20,973)
2026		<u>(8,419)</u>
Total	\$	<u>(73,259)</u>

Note M. Other Postemployment Benefits (OPEB) (continued)

Defined Contribution Plan Description

For employees hired on or after January 1, 2009, the County provides a defined contribution into a Retiree Health Reimbursement Arrangement (HRA) account. Eligibility for this benefit is based upon completion of two full years of consecutive County regular service and have been a contributing member of the Sonoma County Employees Retirement Association. Upon completion of the initial eligibility requirements, the County provides (a) an initial contribution of \$2,400 to an HRA account established in the employee's name; this initial contribution of \$2,400 is based on full-time status and is prorated based on the employee's allocated position, and (b) thereafter contributes \$.58 per pay status hour, not including overtime, into the HRA account for each eligible employee. Once an employee has worked the two full years of service and the initial contribution into their HRA account is made, there are no further service requirements. All contributions into the Retiree HRA are made only while an employee is in active pay status, and upon separation of employment, there are no further post-employment contributions. Participants may access their HRA account at age 50 or upon retirement from the County, whichever is earlier, and may defer this date. There is no requirement to be enrolled in a County offered medical plan to receive this benefit. Retirees and dependents that elect coverage under a County-sponsored plan are responsible for all costs.

Note N. Deferred Compensation

The Deferred Compensation Benefit Plans are administered through a third-party administrator. The plan is excluded from the SCTA's financial statements. The Deferred Compensation Benefit Plan is an employer discretionary, defined contribution plan established and governed under Internal Revenue Code Sections 401(a) and 457(b). The plan is available to employee groups based on bargaining unit and job class.

Employer-only annual contributions are calculated based upon a percentage of employee compensation. For the fiscal year ended June 30, 2021, SCTA's contribution was \$13,607. SCTA offers employees an optional deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. This plan is available to substantially all employees and allows participants to defer a portion of their current income until future years, up to a maximum of \$19,500 per calendar year.

Note O. Commitments

SCTA has the following contractual commitments related to its activities as of June 30, 2021:

Activity	Outstanding Commitment Balance
Measure M	\$ 25,699,293
Total	\$ 25,699,293

Note P. 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 in the future.

Note Q. Future Governmental Accounting Standards

GASB Statement No. 87 – Leases

The requirements of this Statement are effective for periods beginning after December 15, 2021 (FY 2021-22). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Note Q. Future Governmental Accounting Standards (continued)

GASB Statement No. 92 – Omnibus 2020

The requirements of this Statement are effective for the fiscal year ending June 30, 2022. The objective of this Statement enhances comparability in accounting and financial reporting by addressing practices issues that have been identified during the implementation and application of certain GASB Statements.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements (SBITA)

Statement No. 96 Provides guidance on the accounting and financial reporting for subscription-based information technology for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset- an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

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

Required Supplementary Information

Sonoma County Transportation Authority

**Schedule of SCTA's Proportionate Share of the Net Pension Liability
and Schedule of SCTA's Contributions**

For the Fiscal Year Ended June 30, 2021

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

Last 10 Fiscal Years *									
Measurement Date	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	
SCTA's proportion of the net pension liability	0.37%	0.39%	0.33%	0.31%	0.32%	0.32%	0.31%	0.32%	
SCTA's proportionate share of the net pension liability	\$ 698,688	\$ 881,829	\$ 1,635,864	\$ 527,894	\$ 1,259,436	\$ 1,309,554	\$ 672,050	\$ 779,172	
SCTA's covered payroll	\$ 1,475,295	\$ 1,502,149	\$ 1,280,735	\$ 1,274,122	\$ 1,185,073	\$ 1,099,977	\$ 1,007,787	\$ 1,030,693	
SCTA's proportionate share of the net pension liability as a percentage of its covered payroll	47.36%	58.70%	127.73%	41.43%	106.27%	119.05%	66.69%	75.60%	
Plan fiduciary net position as a percentage of the total pension liability	93.60%	92.26%	83.50%	94.03%	85.92%	84.63%	90.88%	89.76%	

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

Last 10 Fiscal Years *								
Reporting Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	
Actuarially determined contribution	\$ 277,152	\$ 262,920	\$ 211,171	\$ 217,033	\$ 190,574	\$ 239,614	\$ 195,659	
Contributions in relation to the actuarially determined contribution	277,152	262,920	211,171	217,033	190,574	239,614	195,659	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
SCTA's covered payroll	\$ 1,469,283	\$ 1,501,435	\$ 1,440,885	\$ 1,272,420	\$ 1,227,147	\$ 1,150,999	\$ 989,162	
Contributions as a percentage of covered payroll	18.86%	17.51%	14.66%	17.06%	15.53%	20.82%	19.78%	

* Additional years will be presented as they become available.

The information presented relates solely to the County of Sonoma funds and blended component units and not the Sonoma County Employee Retirement Association as a whole.

Sonoma County Transportation Authority

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

For the Fiscal Year Ended June 30, 2021

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Proportion of the net OPEB liability	0.437%	0.439%	0.386%	0.382%	0.378%
Proportionate share of the net OPEB liability	\$ 898,181	\$ 1,043,299	\$ 965,171	\$ 1,282,277	\$ 1,392,712
Covered payroll	\$ 1,509,992	\$ 1,437,731	\$ 1,272,420	\$ 1,227,147	\$ 1,150,999
Proportionate share of the net OPEB liability as a percentage of its covered payroll	59.48%	72.57%	75.85%	104.49%	121.00%
Plan fiduciary net position as a percentage of the total OPEB liability	26.46%	21.73%	18.77%	12.90%	10.25%

Amounts presented above were determined as of the measurement date, which is one year prior to the reporting date (the other postemployment benefit liability). Additional years will be presented as they come available.

Sonoma County Transportation Authority

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

For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Intergovernmental revenue	\$ 5,099,440	\$ 5,103,913	\$ 2,686,146	\$ (2,417,767)
Investment income	18,000	18,000	5,848	(12,152)
Miscellaneous	33,000	33,000	56,261	23,261
Total revenues	<u>5,150,440</u>	<u>5,154,913</u>	<u>2,748,255</u>	<u>(2,406,658)</u>
Expenditures				
Current				
Salaries and benefits	1,463,968	1,476,126	1,397,203	78,923
Services and supplies	1,515,440	1,802,440	773,174	1,029,266
Contributions to other governments	2,188,360	2,188,360	857,638	1,330,722
Total expenditures	<u>5,167,768</u>	<u>5,466,926</u>	<u>3,028,015</u>	<u>2,438,911</u>
Net change in fund balance	<u>(17,328)</u>	<u>(312,013)</u>	<u>(279,760)</u>	<u>32,253</u>
Fund Balance at June 30, 2020	<u>900,786</u>	<u>900,786</u>	<u>900,786</u>	<u>-</u>
Fund Balance at June 30, 2021	<u>\$ 883,458</u>	<u>\$ 588,773</u>	<u>\$ 621,026</u>	<u>\$ 32,253</u>

Sonoma County Transportation Authority

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

For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 792,756	\$ 792,756	\$ 626,057	\$ (166,699)
Investment income	14,000	14,000	1,469	(12,531)
Total revenues	806,756	806,756	627,526	(179,230)
Expenditures				
Current:				
Administration	40,260	40,260	39,389	871
Contributions to other governments	771,744	1,718,839	1,718,344	495
Encumbrances	-	(939,292)	(1,236,117)	296,825
Total expenditures	812,004	819,807	521,616	298,191
Net change in fund balance	(5,248)	(13,051)	105,910	118,961
Fund Balance at June 30, 2020	1,171,892	1,171,892	1,171,892	-
Fund Balance at June 30, 2021	\$ 1,166,644	\$ 1,158,841	\$ 1,277,802	\$ 118,961

Sonoma County Transportation Authority

**Schedule of Revenues, Expenses, and Changes in Fund Balance -
Budget and Actual - Special and Debt Service Funds (Measure M)**

For the Fiscal Year Ended June 30, 2021

	Total Measure M Budgeted Amounts		Actual Amounts			Variance with Final Budget -
	Original	Final	Special Revenue	Debt Service	Total Measure M	Positive (Negative)
Revenues						
Sales tax revenue	\$ 21,651,866	\$ 25,146,386	\$ 20,333,163	\$ 8,334,536	\$ 28,667,699	\$ 3,521,313
Intergovernmental revenue	6,920,000	6,799,863	5,545,612	-	5,545,612	(1,254,251)
Investment income (loss)	504,902	679,146	115,179	(24,239)	90,940	(588,206)
Miscellaneous revenue	-	-	-	-	-	-
Total revenues	<u>29,076,768</u>	<u>32,625,395</u>	<u>25,993,954</u>	<u>8,310,297</u>	<u>34,304,251</u>	<u>1,678,856</u>
Expenditures						
Current:						
Services and supplies	3,166,680	3,222,680	1,852,571	-	1,852,571	1,370,109
Contributions to other governments	22,015,560	29,610,887	17,833,763	-	17,833,763	11,777,124
Debt service:						
Interest	1,838,964	1,838,964	-	1,774,962	1,774,962	64,002
Principal	<u>7,369,000</u>	<u>18,184,000</u>	<u>-</u>	<u>18,180,000</u>	<u>18,180,000</u>	<u>4,000</u>
Total expenditures	<u>34,390,204</u>	<u>52,856,531</u>	<u>19,686,334</u>	<u>19,954,962</u>	<u>39,641,296</u>	<u>13,215,235</u>
Other Financing Sources (uses)						
Transfers in	-	10,815,000	-	7,276,905	7,276,905	(3,538,095)
Transfers out	<u>-</u>	<u>(10,815,000)</u>	<u>(7,276,905)</u>	<u>-</u>	<u>(7,276,905)</u>	<u>3,538,095</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(7,276,905)</u>	<u>7,276,905</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(5,313,436)</u>	<u>(20,231,136)</u>	<u>(969,285)</u>	<u>(4,367,760)</u>	<u>(5,337,045)</u>	<u>14,894,091</u>
Fund Balance at June 30, 2020	<u>54,566,623</u>	<u>54,566,623</u>	<u>45,853,165</u>	<u>8,713,458</u>	<u>54,566,623</u>	<u>-</u>
Fund Balance at June 30, 2021	<u>\$ 49,253,187</u>	<u>\$ 34,335,487</u>	<u>\$ 44,883,880</u>	<u>\$ 4,345,698</u>	<u>\$ 49,229,578</u>	<u>\$ 14,894,091</u>

Note A. Budgetary Information

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

Supplementary Information

Sonoma County Transportation Authority

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	For the Fiscal Year Ended June 30, 2021		
	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Department of Transportation			
Highway Planning and Construction Cluster			
California Department of Transportation Highway Planning and Construction (Federal-Aid Highway Program)	20.205	FERPL16-6204(127)N	\$ 12,268
California Department of Transportation Highway Planning and Construction (Federal-Aid Highway Program)	20.205	CMLNI-6364(021)	277,552
Metropolitan Transportation Commission Highway Planning and Construction (Federal-Aid Highway Program) MTC Surface Transportation Program (STP)	20.205	STPL-6084(206)	1,048,972
Metropolitan Transportation Commission Highway Planning and Construction (Federal-Aid Highway Program)	20.205	STPLNI-6084(199)	13,042
Total Highway Planning and Construction Cluster			1,351,835
Total Department of Transportation			1,351,835
 Total expenditures of federal awards			 \$ 1,351,835

Notes to Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2021

Note A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Sonoma County Transportation Authority (SCTA) under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of SCTA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of SCTA.

Note B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note C. Indirect Cost Rate

SCTA has elected not to use the 10% de minimis cost rate as allowed under the *Uniform Guidance*.

Note D. Pass Through Funding

SCTA did not provide pass through funding to sub recipients during the fiscal year ended June 30, 2021.

Sonoma County Transportation Authority

Roster of Board Members

For the Fiscal Year Ended June 30, 2021

The following is a roster of the Sonoma County Transportation Authority Board of Directors and the Executive Director at June 30, 2021.

Board of Directors	Agency
Susan Gorin, Chair	County of Sonoma
Chris Rogers, Vice Chair	City of Santa Rosa
Mark Landman	City of Cotati
Melanie Bagby	City of Cloverdale
Ariel Kelley	City of Healdsburg
D’Lynda Fischer	City of Petaluma
Gerard Guidice	City of Rohnert Park
Sarah Gurney	City of Sebastopol
Madolyn Agrimonti	City of Sonoma
David Rabbitt	County of Sonoma
Lynda Hopkins	County of Sonoma
Esther Lemus	Town of Windsor
Alternate Susan Harvey	City of Cotati
Alternate Skylaer Palacios	City of Healdsburg
Alternate Kevin McDonnell	City of Petaluma
Alternate Jackie Elward	City of Rohnert Park
Alternate Eddie Alvarez	City of Santa Rosa
Alternate Neysa Hinton	City of Sebastopol
Executive Director	
Suzanne Smith	Executive Director

Compliance



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

Independent Auditor's Report

Board of Directors
Sonoma County Transportation Authority
Santa Rosa, California

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Sonoma County Transportation Authority ("SCTA"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise SCTA's basic financial statements, and have issued our report thereon dated November 19, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SCTA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SCTA's internal control. Accordingly, we do not express an opinion on the effectiveness of SCTA's internal control.

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

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



Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Board of Directors
Sonoma County Transportation Authority
Santa Rosa, California

Report on Compliance for Each Major Federal Program

We have audited the Sonoma County Transportation Authority's ("SCTA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SCTA's major federal programs for the year ended June 30, 2021. SCTA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of SCTA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SCTA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, SCTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance (continued)**

Independent Auditor's Report (continued)

Report on Internal Control Over Compliance

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

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

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

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



Santa Rosa, California
November 19, 2021

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statement audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
---------------------------	------------------------------------

Highway Planning and Construction Cluster

Dollar threshold used to distinguish between type A and type B program: \$750,000

Auditee qualified as low-risk auditee? Yes

II. Financial Statement Findings

No matters are reportable

III. Federal Award Findings and Questioned Costs

No matters are reportable

Sonoma County Transportation Authority

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2021

No matters were reported in the prior year.