

**Sonoma County Abandoned Vehicle  
Abatement Service Authority**

**Annual Report  
For the Fiscal Year Ended  
June 30, 2008**

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Abatement Service Authority**

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**RODNEY A. DOLE**  
AUDITOR-CONTROLLER  
TREASURER -TAX COLLECTOR



**DONNA M. DUNK**  
ASSISTANT  
AUDITOR-CONTROLLER

**ROBERT BOITANO**  
ASSISTANT  
TREASURER

**PAM JOHNSTON**  
ASSISTANT  
TAX COLLECTOR / AUDITOR

Board of Directors  
Sonoma County Abandoned Vehicle  
Abatement Service Authority  
Santa Rosa, CA

### **Auditor-Controller's Report**

We have audited the accompanying basic financial statements of the Sonoma County Abandoned Vehicle Abatement Service Authority (the Authority), as of and for the year ended June 30, 2008, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note IV.B of the Notes to the Financial Statements, the Auditor-Controller is mandated by various statutes within the California Government Code to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. However, we believe adequate safeguards and divisions of responsibility exist.

In our opinion, except for the effects, if any, of the impairment to auditor independence, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2008 and the respective changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management has not presented the management discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be part of the basic financial statements.

*Sonoma County Auditor-Controller*

November 30, 2009

**Sonoma County Abandoned Vehicle  
Abatement Service Authority  
Statement of Net Assets  
June 30, 2008**

**Assets**

Cash and investments	\$ 104,347
Due from other governments	<u>123,482</u>
Total assets	<u>227,829</u>

**Liabilities**

Due to other governments	<u>77,111</u>
Total liabilities	<u>77,111</u>

**Net Assets**

Unrestricted	<u>150,718</u>
Total net assets	<u>\$ 150,718</u>

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

**Sonoma County Abandoned Vehicle  
Abatement Service Authority  
Statement of Activities  
For the Fiscal Year Ended June 30, 2008**

**Program Expenses**

Abandoned vehicle abatement:	
Current	\$ <u>452,881</u>
Total program expenses	<u>452,881</u>

**Program Revenues**

Intergovernmental revenue:	
Vehicle registration service fee	<u>470,172</u>
Total charges for services	<u>470,172</u>
Net program revenues (expenses)	<u>17,291</u>

**General Revenues**

Investment earnings	<u>6,678</u>
Change in net assets	23,969
Net assets, beginning of year	100,852
Prior period adjustment	<u>25,897</u>
Net assets, beginning of year, as restated	<u>126,749</u>
Net assets, end of year	<u>\$ <u>150,718</u></u>

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

**Sonoma County Abandoned Vehicle  
Abatement Service Authority  
Balance Sheet  
Governmental Fund  
June 30, 2008**

**Assets**

Cash and investments	\$ 104,347
Due from other governments	<u>123,482</u>
Total assets	<u><u>\$ 227,829</u></u>

**Liabilities and Fund Balance**

Liabilities:	
Due to other governments	\$ 77,111
Fund balance:	
Unreserved	<u>150,718</u>
Total liabilities and fund balance	<u><u>\$ 227,829</u></u>

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

**Sonoma County Abandoned Vehicle  
Abatement Service Authority  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Governmental Fund  
For the Fiscal Year Ended June 30, 2008**

**Revenues**

Intergovernmental revenue	\$ 470,172
Investment earnings	<u>6,678</u>
Total revenues	<u>476,850</u>

**Expenditures**

Current:	
Abandoned vehicle abatement	431,485
Services and supplies	<u>21,396</u>
Total expenditures	<u>452,881</u>

Excess (deficiency) of revenues over (under) expenditures	23,969
Fund balance, beginning of year	100,852
Prior period adjustment	25,897
Fund Balance, beginning of year, as restated	<u>126,749</u>
Fund balance, end of year	<u><u>\$ 150,718</u></u>

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

**Sonoma County Abandoned Vehicle  
Abatement Service Authority  
Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<b>Program Revenues</b>				
Vehicle registration service fees	\$ 455,000	\$ 455,000	\$ 470,172	\$ 15,172
Investment earnings	<u>5,000</u>	<u>5,000</u>	<u>6,678</u>	<u>1,678</u>
Total revenue	<u>460,000</u>	<u>460,000</u>	<u>476,850</u>	<u>16,850</u>
<b>Expenditures</b>				
Abandoned vehicle abatement	437,250	437,250	431,485	(5,765)
Service and supplies	<u>22,750</u>	<u>22,750</u>	<u>21,396</u>	<u>(1,354)</u>
Total expenditures	<u>460,000</u>	<u>460,000</u>	<u>452,881</u>	<u>(7,119)</u>
Excess (deficiency) of revenues over (under) expenditures	0	0	23,969	23,969
Fund balance, beginning of year	100,852	100,852	100,852	0
Prior period adjustment	<u>0</u>	<u>0</u>	<u>25,897</u>	<u>25,897</u>
Fund Balance, beginning of year, as restated	<u>100,852</u>	<u>100,852</u>	<u>126,749</u>	<u>25,897</u>
Fund balance, end of year	<u>\$ 100,852</u>	<u>\$ 100,852</u>	<u>\$ 150,718</u>	<u>\$ 49,866</u>

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

**Sonoma County Abandoned Vehicle  
Abatement Service Authority  
Notes to the Basic Financial Statements  
June 30, 2008**

**I. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Sonoma County Abandoned Vehicle Abatement Service Authority (the Authority) was established under provisions of the California Vehicle Code Sections 9250.7 and 22710. On September 16, 1994 the Sonoma County Board of Supervisors authorized the creation of the Authority with Resolution 94-1207. Membership in the Authority is open to all cities in the County and the County of Sonoma. Membership consists of the cities of Cloverdale, Cotati, Healdsburg, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Windsor and the County of Sonoma. The Authority is governed by a Board of Directors composed of a representative from each member.

The purpose of the Authority is the abatement of the costs incurred by its members for the removal and disposal of abandoned, wrecked, dismantled or inoperative vehicles. The Authority is funded by an abandoned vehicle service fee imposed on the registration of vehicles in Sonoma County. The Authority apportions its revenue among its members according to population percentage and the number of vehicles removed or disposed.

**B. Basis of Presentation**

**Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Authority. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities (if any).

The statement of activities presents a comparison between direct expenses and program revenues. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include 1) charges paid by the recipients of goods or services offered by a program and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

**Sonoma County Abandoned Vehicle  
Abatement Service Authority  
Notes to the Basic Financial Statements  
June 30, 2008**

**Fund Financial Statements**

The fund financial statements provide information about the Authority's general fund.

**C. Measurement Focus and Basis of Accounting**

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 recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 other than property taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within three hundred sixty five days of the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Amounts recorded as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

**D. Assets, Liabilities, and Net Assets or Fund Balance**

**1. Investments**

Investments are stated at fair value in the statement of net assets and balance sheet and the corresponding changes in fair value of investments are recognized in the year in which the change occurred. The Authority follows the practice of pooling cash and investments of all funds with the County of Sonoma Treasurer.

Fair value of investments is determined quarterly. Realized and unrealized gains or losses and interest earned on pooled investments are allocated quarterly to the appropriate fund based on their respective average daily balance for that quarter. The value of participants' pool shares is based on amortized cost, which is different than fair value. The County of Sonoma Treasurer has not provided nor obtained any legally binding guarantees to support the value of pool shares.

**Sonoma County Abandoned Vehicle  
Abatement Service Authority  
Notes to the Basic Financial Statements  
June 30, 2008**

**2. Net Assets**

Net assets are classified into three components – 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt (if any) - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted net assets (if any) - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets - This category represents net assets of the entity, not restricted for any project or other purpose.

**3. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**II. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

Budgetary revenue estimates represent original estimates modified for any authorized adjustment. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. All budgets are adopted on a non-GAAP basis.

**Sonoma County Abandoned Vehicle  
Abatement Service Authority  
Notes to the Basic Financial Statements  
June 30, 2008**

**III. Detail Notes**

**A. Cash and Investments**

The Authority's cash is pooled with the Sonoma County Treasurer, who acts as a disbursing agent. Deposits with the Sonoma County Treasurer include pooled investments that are not held in the name of the individual Authority. Funds are available on short notice and are treated as cash equivalent.

Investment in the Sonoma County Treasurer's Investment Pool

The Sonoma County Treasurer acts as a disbursing agent for the Authority. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority'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). 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 County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool.

As of June 30, 2008, the Authority's share of the decrease in fair value of investments was negligible.

Investment Guidelines

The Authority's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the Treasury Pool investment policy is available upon request from the Sonoma County Treasurer at 585 Fiscal Drive, Room 100-F, Santa Rosa, California, 95403-2871.

**Sonoma County Abandoned Vehicle  
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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 is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the Treasury Pool manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2008, approximately 63 percent of the securities in the Treasury Pool had maturities of one year or less. Of the remainder, 4 percent had a maturity of more than five years.

Disclosures Relating to 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

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Treasury Pool's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions:

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by depository regulated under stated law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

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June 30, 2008**

➤ The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

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 the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the 2007 Sonoma County CAFR.

**B. Due from Other Governments**

Due from Other Governments is the amount due to the Authority as of June 30, 2008 from the State of California for appropriated but not disbursed vehicle abatement service fees.

**C. Due to Other Governments**

Due to Other Governments is the amount owed in total to Authority member participants as of June 30, 2008 for their combined share of the State vehicle service fee.

**D. Fund Balance/Net Assets**

Fund Balance/Net Assets are comprised of the following:

- The amount of interest earned on Cash and Investments not apportioned to Authority member participants.
- The unexpended portion of the administration fee withheld from disbursements to members.

**Sonoma County Abandoned Vehicle  
Abatement Service Authority  
Notes to the Basic Financial Statements  
June 30, 2008**

**IV. Other Information**

**A. Risk Management**

Although the Authority is an independent legal entity, its administration and staff are County of Sonoma employees. As such, administrative personnel are covered by the County's self insurance program as follows: \$300,000 per occurrence for workers' compensation claims, and \$750,000 per occurrence for automobile and general liability claims. The County is entirely self-insured for unemployment claims. The County has established an internal service fund to account for the eventual settlement of lawsuits and claims.

The County participates in the CSAC Excess Insurance Authority (CSAC EIA) excess liability insurance program. The County is covered under this program for \$1,000,000 to \$15,000,000 per occurrence for liability claims. The County maintains "All Risk" coverage for physical loss and damage including flood and earthquake coverage through participation in the CSAC EIA with the following limits and deductibles: \$600,000 per occurrence and \$50,000 deductible for "All-Risk" and flood, earthquake deductible at \$500,000 per occurrence.

The County pays an annual basic premium for excess coverage and is assessed an annual risk premium based on an actuarial review that estimates each of the program's participant's ultimate liabilities. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

**B. Auditor Independence**

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. Specifically, "Auditors should not audit their own work or provide non-audit services in situations where the amounts or services involved are significant or material to the subject matter of the audit." Although the office of the Auditor-Controller is statutorily obligated to maintain accounts of departments, districts or funds that are contained within the County Treasury, we believe that adequate safeguards and divisions of responsibility exist. Therefore, we believe that subject to this qualification and disclosure, the reader can rely on the information contained in this report.

**C. Prior Period Adjustment**

A prior period adjustment was made to beginning fund balance to adjust for prior period expenditures that were recorded in the current period.

**Sonoma County Abandoned Vehicle  
Abatement Service Authority  
Roster of Board Members**

As of May 30, 2009 the Authority's Board consisted of:

Directors

Chief Mark Tuma ..... City of Cloverdale  
(707) 894-2150

Chief Robert Stewart ..... City of Cotati  
(707) 792-4611

Chief Susan Jones ..... City of Healdsburg  
(707) 431-3377

Chief Steve Hood ..... City of Petaluma  
(707) 778-4372

Lt. Patrick Strouse ..... City of Rohnert Park  
(707) 584-2650

Lt. Gary Negri ..... City of Santa Rosa  
(707) 543-3600

Chief Jeff Weaver ..... City of Sebastopol  
(707) 829-4400

Chief Brett Sackett ..... City of Sonoma  
(707) 996-3602

Debra Watts - Chair ..... County of Sonoma  
(707) 565-1923

Chief Steve Freitas ..... Town of Windsor  
(707) 838-5332

Regular Meetings

The Board of Directors is required to meet at least annually.