

Penalty Calculation for Dutra Contract

7/5/06

Summary of Interest Only Invoices and Amounts Paid by NCRA - BALANCE DUE TO DUTRA

Invoice	Invoice Date	Invoice Period	Amount Dutra Invoiced	Amount NCRA Paid	NCRA's	
					Dutra's Cumulative Balance	Calculated Cumulative Balance
13152	10/7/2005	Sep-05	497.68	497.68	-	-\$313.37
13083	11/3/2005	Oct-05	9,770.67	9,770.67	-	-\$9,367.72
Rev. 13083	11/3/2005	Oct-05	(7,738.34)	-	(7,738.34)	-\$9,367.72
13106	12/12/2005	Nov-05	4,145.45	-	(3,592.89)	-\$8,068.80
13115	1/3/2006	Dec-05	4,917.14	-	1,324.25	-\$5,277.83
Dutra Excess Billing			0.40	-	1,324.65	-\$5,277.83
13124	2/2/2006	Jan-06	7,172.76	-	8,497.41	-\$2,815.48
13131	3/2/2006	Feb-06	6,162.98	-	14,660.39	-\$345.73
13136	4/3/2006	Mar-06	6,249.16	-	20,909.55	\$2,088.19
13144	5/1/2006	Apr-06	861.89	-	21,771.44	\$2,437.33
13152	6/2/2006	May-06	890.62	-	22,662.06	\$2,798.11
		Jun-06	-	-	-	\$3,147.24
Total			32,930.41	10,268.35	22,662.06	\$3,147.24

Penalty Calculation for Dutra Contract

7/5/06

Invoice No.	Invoice Date	Invoice Amount (less tax)	Step 1 Required Approval Date	Step 2 Amount Subject to Penalty	Step 3 Penalty per Day	Step 4 No. of Days Penalized	Step 4 Current Penalty	Step 5 Current Penalty	Step 5 Cumulative Penalty
MONTH 3 - November 2005									
Billing #1	11/1/2005	\$11,862.48	10/31/2005	\$11,862.48	0.0000892	0	\$0.00	\$0.00	-\$9,367.72
Billing #1	11/1/2005	-\$7,206.00	11/1/2005						-\$9,367.72
Billing #1	11/1/2005	\$4,656.48	10/31/2005	\$4,656.48	0.0000892	15	\$6.23	\$6.23	-\$9,361.49
Billing #1	11/1/2005	-\$2,509.00	11/1/2005						-\$9,361.49
Billing #1	11/16/2005	\$2,147.48	11/15/2005	\$2,147.48	0.0000892	15	\$2.87	\$2.87	-\$9,358.62
Billing #2	11/1/2005	\$181,861.25	10/31/2005	\$181,861.25	0.0000892	30	\$486.66	\$486.66	-\$8,871.96
Billing #3	11/1/2005	\$211,787.52	10/31/2005	\$211,787.52	0.0000892	30	\$566.74	\$566.74	-\$8,305.21
Billing #4	10/7/2005	\$673,338.26	11/21/2005	\$673,338.26	0.0000892	9	\$540.56	\$540.56	-\$7,764.66
Billing #5	11/2/2005	\$282,226.00	12/17/2005	\$0.00	n.a.	0	0	0	-\$7,764.66
Retention Credit		-\$136,107.55	11/1/2005	-\$107,884.95	0.0000892	29	-\$279.08	-\$279.08	-\$8,043.74
Balance Interest Pd NCRA	10/31/2005	-\$9,367.72	10/31/2005	-\$9,367.72	0.0000892	30	-\$25.07	-\$25.07	-\$8,068.80
Current Interest Pd NCRA	11/30/2005	\$0.00	11/30/2005	\$0.00	0.0000892	0	\$0.00	\$0.00	-\$8,068.80
MONTH 4 - December 2005									
Billing #1	11/16/2005	\$2,147.48	11/30/2005	\$2,147.48	0.0000892	31	\$5.94	\$5.94	-\$8,062.87
Billing #2	11/1/2005	\$181,861.25	11/30/2005	\$181,861.25	0.0000892	26	\$421.77	\$421.77	-\$7,641.09
Billing #2	11/1/2005	-\$123,438.00	12/27/2005						-\$7,641.09
Billing #3	12/27/2005	\$58,423.25	12/26/2005	\$58,423.25	0.0000892	5	\$26.06	\$26.06	-\$7,615.04
Billing #3	11/1/2005	\$211,787.52	11/30/2005	\$211,787.52	0.0000892	26	\$491.18	\$491.18	-\$7,123.86
Billing #3	11/1/2005	-\$143,751.00	12/27/2005						-\$7,123.86
Billing #4	12/27/2005	\$68,036.52	12/26/2005	\$68,036.52	0.0000892	5	\$30.34	\$30.34	-\$7,093.51
Billing #4	10/7/2005	\$673,338.26	11/30/2005	\$673,338.26	0.0000892	31	\$1,861.91	\$1,861.91	-\$5,231.60
Billing #5	11/2/2005	\$282,226.00	12/17/2005	\$282,226.00	0.0000892	14	\$352.44	\$352.44	-\$4,879.15
Retention Credit		-\$136,107.55	11/30/2005	-\$136,107.55	0.0000892	31	-\$376.36	-\$376.36	-\$5,255.52
Balance Interest Pd NCRA	11/30/2005	-\$8,068.80	11/30/2005	-\$8,068.80	0.0000892	31	-\$22.31	-\$22.31	-\$5,277.83
Current Interest Pd NCRA	12/31/2005	\$0.00	12/31/2005	\$0.00	0.0000892	0	\$0.00	\$0.00	-\$5,277.83
MONTH 5 - January 2006									
Billing #1	11/16/2005	\$2,147.48	12/31/2005	\$2,147.48	0.0000892	31	\$5.94	\$5.94	-\$5,271.89
Billing #2	12/27/2005	\$58,423.25	12/31/2005	\$58,423.25	0.0000892	12	\$62.54	\$62.54	-\$5,209.36
Billing #2	11/1/2005	-\$42,737.00	1/13/2006						-\$5,209.36
Billing #3	11/13/2006	\$15,686.25	1/12/2006	\$15,686.25	0.0000892	19	\$26.59	\$26.59	-\$5,182.77
Billing #3	11/1/2005	\$68,036.52	12/31/2005	\$68,036.52	0.0000892	12	\$72.83	\$72.83	-\$5,109.95
Billing #3	11/1/2005	-\$49,770.00	1/13/2006						-\$5,109.95
Billing #4	11/13/2006	\$18,266.52	1/12/2006	\$18,266.52	0.0000892	19	\$30.96	\$30.96	-\$5,078.99
Billing #4	10/7/2005	\$673,338.26	12/31/2005	\$673,338.26	0.0000892	31	\$1,861.91	\$1,861.91	-\$3,217.07
Billing #5	11/2/2005	\$282,226.00	12/31/2005	\$282,226.00	0.0000892	31	\$780.41	\$780.41	-\$2,436.66
Retention Credit		-\$136,107.55	12/31/2005	-\$136,107.55	0.0000892	30	-\$364.22	-\$364.22	-\$2,800.88
Balance Interest Pd NCRA	12/31/2005	-\$5,277.83	12/31/2005	-\$5,277.83	0.0000892	31	-\$14.59	-\$14.59	-\$2,815.48
Current Interest Pd NCRA	1/31/2006	\$0.00	1/31/2006	\$0.00	0.0000892	0	\$0.00	\$0.00	-\$2,815.48

Penalty Calculation for Dutra Contract

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Detailed Monthly Penalty Computation Based on Policy & Procedures for Prompt Payment

Summary of Policies and Procedure Manual Section 12 - Prompt Payment Calculation

- Step 1: Determine the Required Payment Approval Date: The last calendar day before interest starts to accrue which is 45 days after an undisputed invoice is received but not paid.
- Step 2: Amount Subject to Penalty: The gross amount of the invoice less sales tax.
- Step 3: Penalty Per Day: Multiply the amount subject to penalty (from Step 2) by the applicable penalty interest factor per day as specified in the applicable Budget Letter (0.0000892 is the daily factor for 3.256% annually through June 30, 2006 expect a new Budget Letter for FY 06-07). Monthly payments toward the total amount due may be made.
- Step 4: Number of Days Penalized: The number of calendar days between the approval date (as determined in Step 1) and the date the undisputed invoice is paid. Monthly penalty payments may be made.
- Step 5: Late Payment Penalty Amount: Multiply the amount as determined in Step 3 by the number of days penalized as determined in Step 4. The result is the late payment penalty amount due to the contractor. Amounts less than \$75 shall not be paid to an entity that is not a small business.

Invoice No.	Invoice Date	Invoice Amount (less tax)	Step 1 Required Approval Date	Step 2 Amount Subject to Penalty	Step 3 Penalty per Day	Step 4 No. of Days Penalized	Step 4 Current Payment Date	Step 5 Current Penalty Amount Due	Step 5 Cumulative Penalty Amount Due
MONTH 1 - September 2005									
Billing #1	7/21/2005	\$10,676.23	9/4/2005	\$10,676.23	0.0000892	26	9/30/2005	\$24.76	\$24.76
Billing #2	8/5/2005	\$162,607.50	9/19/2005	\$162,607.50	0.0000892	11	9/30/2005	\$159.55	\$184.31
Billing #3	9/2/2005	\$190,598.50	10/17/2005	\$0.00	n.a.	0	n.a.	0	\$184.31
Billing #4	10/7/2005	\$673,338.26	11/21/2005	\$0.00	n.a.	0	n.a.	0	\$184.31
Billing #5	11/2/2005	\$282,226.00	12/17/2005	\$0.00	n.a.	0	n.a.	0	\$184.31
Interest Paid by NCRA	9/30/2005	\$497.68	9/30/2005	-\$313.37	0.0000892	0	9/30/2005	-\$497.68	-\$313.37
MONTH 2 - October 2005									
Billing #1	7/21/2005	\$10,676.23	9/30/2005	\$10,676.23	0.0000892	31	10/31/2005	\$29.52	-\$283.85
Billing #2	8/5/2005	\$162,607.50	9/30/2005	\$162,607.50	0.0000892	31	10/31/2005	\$449.64	\$165.79
Billing #3	9/2/2005	\$190,598.50	10/17/2005	\$190,598.50	0.0000892	14	10/31/2005	\$238.02	\$403.81
Billing #4	10/7/2005	\$673,338.26	11/21/2005	\$0.00	n.a.	0	n.a.	0	\$403.81
Billing #5	11/2/2005	\$282,226.00	12/17/2005	\$0.00	n.a.	0	n.a.	0	\$403.81
Balance Interest Pd NCRA	9/30/2005	-\$313.37	9/30/2005	-\$313.37	0.0000892	31	10/31/2005	-\$0.87	\$402.95
Current Interest Pd NCRA	10/31/2005	\$9,770.67	10/31/2005	-\$9,367.72	0.0000892	0	10/31/2005	-\$9,770.67	-\$9,367.72
								-\$9,054.35	

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Invoice No.	Invoice Date	Invoice Amount (less tax)	Step 1 Required Approval Date	Step 2 Amount Subject to Penalty	Step 3 Penalty per Day	Step 4 No. of Days Penalized	Step 4 Current Penalty Payment Date	Step 5 Current Penalty Amount Due	Step 5 Cumulative Penalty Amount Due
MONTH 6 - February 2006									
Billing #1	11/16/2005	\$2,147.48	1/31/2006	\$2,147.48	0.0000892	28	2/28/2006	\$5.36	-\$2,810.12
Billing #2	1/13/2006	\$15,686.25	1/31/2006	\$15,686.25	0.0000892	28	2/28/2006	\$39.18	-\$2,770.94
Billing #3	1/13/2006	\$18,266.52	1/31/2006	\$18,266.52	0.0000892	28	2/28/2006	\$45.62	-\$2,725.32
Billing #4	10/7/2005	\$673,338.26	1/31/2006	\$673,338.26	0.0000892	28	2/28/2006	\$1,681.73	-\$1,043.59
Billing #5	11/2/2005	\$282,226.00	1/31/2006	\$282,226.00	0.0000892	28	2/28/2006	\$704.89	-\$338.70
Balance Interest Pd NCRA	1/31/2006	-\$2,815.48	1/31/2006	-\$2,815.48	0.0000892	28	2/28/2006	-\$7.03	-\$345.73
Current Interest Pd NCRA	2/28/2006	\$0.00	2/28/2006	\$0.00	0.0000892	0	2/28/2006	\$0.00	-\$345.73
MONTH 7 - March 2006									
Billing #1	11/16/2005	\$2,147.48	2/28/2006	\$2,147.48	0.0000892	27	3/27/2006	\$5.17	-\$340.56
Billing #1	3/28/2006	-\$1,186.25	3/28/2006						-\$340.56
Billing #1	3/28/2006	\$661.23	3/27/2006	\$661.23	0.0000892	4	3/31/2006	\$0.34	-\$340.21
Billing #2	1/13/2006	\$15,686.25	2/28/2006	\$15,686.25	0.0000892	31	3/31/2006	\$43.38	-\$296.84
Billing #3	1/13/2006	\$18,266.52	2/28/2006	\$18,266.52	0.0000892	31	3/31/2006	\$50.51	-\$246.33
Billing #4	10/7/2005	\$673,338.26	2/28/2006	\$673,338.26	0.0000892	27	3/27/2006	\$1,621.67	\$1,375.34
Billing #5	3/28/2006	-\$606,004.00	3/28/2006						\$1,375.34
Rem Unpd	3/28/2006	\$67,334.26	3/27/2006	\$67,334.26	0.0000892	4	3/31/2006	\$24.02	\$1,399.36
Billing #5	11/2/2005	\$282,226.00	2/28/2006	\$282,226.00	0.0000892	27	3/27/2006	\$679.71	\$2,079.08
Rem Unpd	3/28/2006	-\$254,004.00	3/28/2006						\$2,079.08
Balance Interest Pd NCRA	3/28/2006	\$28,222.00	3/27/2006	\$28,222.00	0.0000892	4	3/31/2006	\$10.07	\$2,089.15
Current Interest Pd NCRA	2/28/2006	-\$345.73	2/28/2006	-\$345.73	0.0000892	31	3/31/2006	-\$0.96	\$2,088.19
Current Interest Pd NCRA	3/31/2006	\$0.00	3/31/2006	\$0.00	0.0000892	0	3/31/2006	\$0.00	\$2,088.19
MONTH 8 - April 2006									
Billing #1	3/28/2006	\$961.23	3/31/2006	\$961.23	0.0000892	30	4/30/2006	\$2.57	\$2,090.76
Billing #2	1/13/2006	\$15,686.25	3/31/2006	\$15,686.25	0.0000892	30	4/30/2006	\$41.98	\$2,132.74
Billing #3	1/13/2006	\$18,266.52	3/31/2006	\$18,266.52	0.0000892	30	4/30/2006	\$48.88	\$2,181.62
Billing #4	3/28/2006	\$67,334.26	3/31/2006	\$67,334.26	0.0000892	30	4/30/2006	\$180.19	\$2,361.81
Billing #5	3/28/2006	\$28,222.00	3/31/2006	\$28,222.00	0.0000892	30	4/30/2006	\$75.52	\$2,437.33
Balance Interest Pd NCRA	3/31/2006	\$0.00	3/31/2006	\$0.00	0.0000892	30	4/30/2006	\$0.00	\$2,437.33
Current Interest Pd NCRA	4/30/2006	\$0.00	4/30/2006	\$0.00	0.0000892	0	4/30/2006	\$0.00	\$2,437.33

Penalty Calculation for Dutra Contract

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Invoice No.	Invoice Date	Invoice Amount (less tax)	Step 1 Required Approval Date	Step 2 Amount Subject to Penalty	Step 3 Penalty per Day	Step 4 No. of Days Penalized	Step 4 Current Penalty Payment Date	Step 5 Current Penalty Amount Due	Step 5 Cumulative Penalty Amount Due
MONTH 9 - May 2006									
Billing #1	3/28/2006	\$961.23	4/30/2006	\$961.23	0.0000892	31	5/31/2006	\$2.66	\$2,439.99
Billing #2	1/13/2006	\$15,686.25	4/30/2006	\$15,686.25	0.0000892	31	5/31/2006	\$43.38	\$2,483.36
Billing #3	1/13/2006	\$18,266.52	4/30/2006	\$18,266.52	0.0000892	31	5/31/2006	\$50.51	\$2,533.87
Billing #4	3/28/2006	\$67,334.26	4/30/2006	\$67,334.26	0.0000892	31	5/31/2006	\$186.19	\$2,720.07
Billing #5	3/28/2006	\$28,222.00	4/30/2006	\$28,222.00	0.0000892	31	5/31/2006	\$78.04	\$2,798.11
Balance Interest Pd NCRA	4/30/2006	\$0.00	4/30/2006	\$0.00	0.0000892	31	5/31/2006	\$0.00	\$2,798.11
Current Interest Pd NCRA	5/31/2006	\$0.00	5/31/2006	\$0.00	0.0000892	0	5/31/2006	\$0.00	\$2,798.11
MONTH 10 - June 2006									
Billing #1	3/28/2006	\$961.23	5/31/2006	\$961.23	0.0000892	30	6/30/2006	\$2.57	\$2,800.68
Billing #2	1/13/2006	\$15,686.25	5/31/2006	\$15,686.25	0.0000892	30	6/30/2006	\$41.98	\$2,842.65
Billing #3	1/13/2006	\$18,266.52	5/31/2006	\$18,266.52	0.0000892	30	6/30/2006	\$48.88	\$2,891.54
Billing #4	3/28/2006	\$67,334.26	5/31/2006	\$67,334.26	0.0000892	30	6/30/2006	\$180.19	\$3,071.72
Billing #5	3/28/2006	\$28,222.00	5/31/2006	\$28,222.00	0.0000892	30	6/30/2006	\$75.52	\$3,147.24
Balance Interest Pd NCRA	5/31/2006	\$0.00	5/31/2006	\$0.00	0.0000892	30	6/30/2006	\$0.00	\$3,147.24
Current Interest Pd NCRA	5/31/2006	\$0.00	5/31/2006	\$0.00	0.0000892	30	6/30/2006	\$0.00	\$3,147.24
MONTH 11 - July 2006 - Projected through July 31, 2006									
Billing #1	3/28/2006	\$961.23	6/30/2006	\$961.23	0.0000892	31	7/31/2006	\$2.66	\$3,149.90
Billing #2	1/13/2006	\$15,686.25	6/30/2006	\$15,686.25	0.0000892	31	7/31/2006	\$43.38	\$3,193.28
Billing #3	1/13/2006	\$18,266.52	6/30/2006	\$18,266.52	0.0000892	31	7/31/2006	\$50.51	\$3,243.79
Billing #4	3/28/2006	\$67,334.26	6/30/2006	\$67,334.26	0.0000892	31	7/31/2006	\$186.19	\$3,429.98
Billing #5	3/28/2006	\$28,222.00	6/30/2006	\$28,222.00	0.0000892	31	7/31/2006	\$78.04	\$3,508.02
Balance Interest Pd NCRA	5/31/2006	\$0.00	6/30/2006	\$0.00	0.0000892	31	7/31/2006	\$0.00	\$3,508.02
Current Interest Pd NCRA	6/30/2006	\$0.00	6/30/2006	\$0.00	0.0000892	31	7/31/2006	\$0.00	\$3,508.02

NOTES and BASE DATA

Summary of Invoices for Work Performed

Invoice #	Invoice Date	Amount
Billing #1	7/21/2005	\$10,676.23
Revised #1	11/1/2005	\$11,862.48
Billing #2	8/5/2005	\$162,607.50
Revised #2	11/1/2005	\$181,861.25
Billing #3	9/2/2005	\$190,598.50
Revised #3	11/1/2005	\$211,787.52
Billing #4	10/7/2005	\$673,338.26
Billing #5	11/2/2005	\$282,226.00

Summary of Invoice Payments by OES for Work Performed - Excluding Penalties

Billing #	Date Pmt 1	Amt #1	Date Pmt #2	Amt #2	Date Pmt #3	Amt #3	Total	7/5/2006 Remaining Due
Billing #1	11/1/2005	7,206	11/16/2005	2,509	3/28/2006	1,186.25	\$10,901.25	\$961.23
Billing #2	12/27/2005	123,438	1/13/2006	42,737			\$166,175.00	\$15,686.25
Billing #3	12/27/2005	143,751	1/13/2006	49,770			\$193,521.00	\$18,266.52
Billing #4	3/28/2006	606,004					\$606,004.00	\$67,334.26
Billing #5	3/28/2006	254,004					\$254,004.00	\$28,222.00

NCRPA Penalty Payment Summary

Dutra Invoice	NCRPA Pmt
10/7/05 #13152	\$497.68
11/3/05#13083	\$9,770.67
	\$10,268.35

Retention Summary

Billing #	Total Bill	10% Ret.	Billing Date	Notice of Completion	NOC + 45 days (Days Penalty Avoided)	Days of Penalty Credit	Penalty Factor	Estimated Penalty Credit	Check Total*
Billing #1	\$11,862.48	\$1,186.25	11/1/2005	12/16/2005	1/30/2006	90	0.0000892	\$ 9.52	
Billing #2	\$181,861.25	\$18,186.13	11/1/2005	12/16/2005	1/30/2006	90	0.0000892	\$ 146.00	
Billing #3	\$211,787.52	\$21,178.75	11/1/2005	12/16/2005	1/30/2006	90	0.0000892	\$ 170.02	
Billing #4	\$673,338.26	\$67,333.83	10/7/2005	12/16/2005	1/30/2006	115	0.0000892	\$ 690.71	
Billing #5	\$282,226.00	\$28,222.60	12/17/2005	12/16/2005	1/30/2006	44	0.0000892	\$ 110.77	
	\$1,361,075.51	\$136,107.55						\$ 1,127.02	-\$1,019.67

* The check total is different from the estimated penalty credit because the amount OES paid Dutra was slightly more than 90% of the billed amount. Note that the total "Remaining Due" under Summary of Payments is \$130,470 which is less than the strict 10% retention amount of \$136,107.55.

April 14, 2006

Chairman Michael DeBar
Mendocino County Board of Supervisors
501 Low Gap Road, Room 1090
Ukiah, Ca 95482

Dear Chairman DeBar,

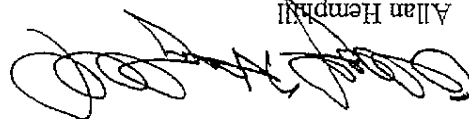
The North Coast Railroad Authority (NCRA) has requested \$4.9 million in funding from the California Transportation Commission (CTC) to make urgent public safety repairs to the Northwestern Pacific (NWP) rail line. The CTC will consider this request, which has the strong backing of our State Senator Wes Chesbro, at its April 27 meeting in Fresno.

As you know, the NWP line parallels US Highway 101 and traverses 4 North Coast Counties and 10 Cities. Portions of the line require immediate attention to address deferred maintenance worsened by the 2006 winter storms. The planned work includes bridge repairs, culvert repairs, strengthening of the roadbed where it acts as a levee, debris removal and vegetation control. We are concerned that further delays will lead to serious deterioration of sections of the trackway resulting in increased public safety hazards, and related liability issues. If the CTC approves the request for funding in April, NCRA's project engineer will immediately take steps necessary to begin work this construction season.

This letter serves as a request of local governments to work collaboratively with the NCRA to accomplish these public safety repairs on public lands that run through your county and cities within your county. In-kind contributions of labor and equipment by individual Public Works Departments in the counties where the work is being performed would be most appreciated. We have also taken the liberty of sending a copy of this letter to the Mendocino Council of Governments and the Humboldt County Association of Governments, as well as the Work Force Investment Boards in your respective Counties. If you believe a joint effort of this kind is possible, please contact NCRA's Executive Director, Mitch Stogner at (707) 463-3280 so that coordination with NCRA's project engineer can be initiated.

Thank you very much for your consideration of this request.

Sincerely,



Allan Hemphill
Chairman, NCRA

cc: John Barua, CTC

Robert Chung, CTC

Wes Chesbro

Spencer Clifton, HCAOG

Phil Dow, MCOG

Janet DeFace, Humboldt County WIB

Judy Coffey, Sonoma County WIB

ATTACHMENT 2
Form of Letter Requesting Financial Support
Marty Lombardi, Mendocino County WIB

**ATTACHMENT 3
Summary of Corrective Actions**

Actions Recommended by the Department of Transportation Auditors: 29

• Actions Taken by July 24, 2006: 20

1. A contract in accordance with 49 CFR 18 approved by the NCRA Board and executed for Project Engineering and Transportation Planning staff to provide an immediate correction action and to provide for these services at a critical time in NCRA history.
2. Terminated three services contracts under agreements different than the standard NCRA contract.
3. The Policies and Procedures Manual has been updated to include a step-by-step process for paying contractors interest under the Prompt Payment Act (Chapter 0605).
4. On April 14, 2006 ten letters were sent to Public Works departments, Councils of Governments and Work Force Investment Boards
5. On July 12, 2006 the Policies and Procedures Manual was amended to incorporate authorization thresholds for expenditures and provide controls for the authorization and approval of the Executive Director's expenses.
6. Effective July 3, 2006 all journal entries initiated by Sonoma County are reviewed and approved by NCRA consistent with the above authorization requirements
7. NCRA established subsidiary ledgers on an accrual basis effective July 1, 2006 and has sought a greater level of assistance from the Sonoma County Auditor-Controller's office.
8. In June 2006 NCRA expanded the cost coding structure to include a subobject code in the Administration Fund for unallowed costs and to isolate all direct and indirect cost centers.
9. On July 7, 2006, the subsidiary ledgers were established to track accounts payables and receivables, and other current and long-term liabilities.
10. NCRA on July 11 implemented an adequate inventory system to account for the inventory of the signal equipment acquired with FEMA and OES funds.
11. NCRA staff began identifying and recording all time to the proper cost centers effective July 1, 2006.
12. NCRA staff began recording all labor hours worked on all projects on the same timesheet effective July 1, 2006.
13. NCRA is currently negotiating a contract in which a private firm with real estate expertise would assume management of NCRA's Crossing Lease Program in return for a sum specific annual guarantee of income.
14. The NCRA will report annually beginning FY 2006-07 to the CTC the status of property and equipment acquired with federal and state funds.
15. The audit contract for the fiscal year ended June 30, 2006 was awarded by the Board at the July 12, 2006 Board of Directors meeting and includes provisions for a physical inventory.
16. NCRA added provisions to the Policies and Procedures Manual to conduct an inventory of equipment and rolling stock once every two years beginning with Fiscal Year 2006-07. The inventory will be reconciled to the property records and adjusted, if needed. Impairments will be recorded based on the inventory every two years. Depreciation expense will be recorded on an annual basis.

ATTACHMENT 3
Summary of Corrective Actions

17. The Executive Director's timecard is being signed by a Board Director.
18. NCRA incorporated provisions of 49 CFR 18 and OMB A-87 in the Policies and Procedures Manual adopted at the Board's July 12, 2006 meeting
19. NCRA received approval for its DBE program on June 14, 2006.
20. NCRA's Board of Directors is responsible for the reports submitted to the CTC to ensure that the reports contain the most up-to-date and correct data and information.

• Actions Planned: 9

1. Within the next six months the Executive Director will proceed with a formal Request for Qualifications for Project Engineering and Transportation Planning staff.
2. Going forward, the Executive Director and his staff will implement and comply with the Policies and Procedures Manual in the procurement process.
3. The Administrative Assistant has scheduled training in Quickbooks July 17-21, 2006 to improve the management and reporting of property leases and revenue.
4. Beginning with the 2007 first quarterly report to the CTC, the NCRA will include in the report the activity for the quarter on the management of the property lease receivables and revenues
5. A mid-year inventory with observation by the auditors will be conducted during the 2007 fiscal year for financial reporting purposes for the fiscal year ended June 30, 2006.
6. NCRA has begun, but will continue to implement the July 12 amended Policies and Procedures Manual.
7. Using the timecard information and revised accounting subcodes, NCRA intends to submit an indirect cost allocation plan meeting the requirements of OMB A-87 either concurrent with or immediately after the December 2006 follow up audit.
8. With the implementation of the Actions Taken or Planned, NCRA will be able to submit quarterly reports to the CTC that are based on full accrual accounting in accordance with GAAP beginning with the 1st quarter 2006-07 statement. NCRA will complete 4th quarter 05-06 CTC report on a test basis.
9. Sonoma County will post to the subsidiary ledgers for Accounts Payable, Accounts Receivable, Judgments, and Long-Term Debt on a monthly basis to ensure that the financial reporting produced by Sonoma County's financial system and NCRA's financial reports to the CTC agree. Beginning with the 1st quarter 2006-07 statement, the CTC quarterly reports will include a letter signed by the Executive Director and the Chairman of the NCRA Board of Directors certifying to the correctness and completeness of the reports submitted.

