

## AGENDA

Independent Taxpayer Oversight Committee

July 15, 2021 – 4:00 pm

Join the meeting virtually at:

<https://us02web.zoom.us/j/84010697149>

Voting Members: Joan Borucki, Chair  
Robert Holderness

Ex-Officio Members: Joyce Renison (Sacramento County Auditor-Controller designee)  
Terri Kletzman (Board Chair designee)  
Sabrina Drago - STA Executive Director

Staff: Tim Jones, STA

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1. Call to order.
2. Review and approve minutes from the May 20, 2021 meeting.
3. Financial audit entrance conference
4. Review budget-to-actual reports for Q3 FY 2021.
5. Executive Director summary of the June STA Board meeting and any current initiatives.
6. Comments from the public

## Agenda Item #2

# Meeting Minutes

**To:** ITOC Committee Members  
**From:** Tim Jones, ITOC Staff  
**Re:** May 20, 2021 ITOC Meeting Minutes

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### Attendees:

Joan Borucki – Chair, Robert Holderness – voting members

Joyce Renison, Terri Kletzman (absent), and Sabrina Drago – ex-officio members

Meeting called to order at 4:07 pm and adjourned at 5:12 pm

### Agenda Item #2

- Reviewed and approved April 15, 2021 meeting minutes.

### Agenda Item #3

- Reviewed and discussed the draft budget for FY 2021-22
  - Recommended changing the word “plummet” on page 3 to “plummeted.”

### Agenda Item #4

- Discussed the outcome of contract negotiations with Brown Armstrong CPAs – the firm selected for audit services during the April committee meeting.
  - STA staff and Brown Armstrong audit partner, Ryan Nielsen worked with each other’s respective legal counsel to develop indemnification language (section 13 of the contract) that both parties could agree on. Over the course of two weeks and many iterations of the language, consensus could not be reached and both parties agreed to part ways.

### Agenda Item #5

- Discussed hiring Richardson & Company LLP to perform audit services for the fiscal year ending June 30, 2021.
  - Given Richardson’s qualifications, pricing, and experience auditing the STA, the committee asked staff to notify the firm that STA would like to move forward with them.

- In anticipation of the outcome regarding Richardson & Company LLP, staff prepared a draft audit contract for the committee's review.
  - Draft contract was reviewed and approved as to form.
  - Staff was instructed to take the contract to the STA Governing Board during its June 17, 2021 for approval and subsequent execution by the STA Executive Director.

## **Agenda Item #6**

- Reviewed and approved Q3 FY 2020-21 Capital Status Reports.
  - No comments or corrections.

## **Agenda Item #7**

- STA Executive Director, Sabrina Drago shared that a contract for polling services provided by FM3 has been approved and the firm will start work in early summer.
- Also approved, was a contract for public relations by FSB Public Affairs which will start work in June.
- The STA Governing Board meeting was moved from its original date of June 10 to June 17 because of County budget hearings. Since the new date conflicts with the planned ITOC meeting in June and since there is not much committee business at that time, the committee asked that the June ITOC meeting be cancelled.

## **Agenda Item #8**

- Comments from the public
  - No public member in attendance.

## **Off agenda item**

- Committee asked staff to contact the County of Sacramento and ask if an invitation to apply for the open ITOC position could be posted on the County website. Joyce Renison indicated that she would send staff contact information for the appropriate County representative.

# SACRAMENTO TRANSPORTATION AUTHORITY

## AUDIT PLANNING MEETING

July 15, 2021

### Auditor's responsibility under generally accepted auditing standards

- Objective is opinion on the financial statements
- Conclude as to fair presentation of the financial statements
- Reasonable assurance that financials are free from material misstatement
- Internal control evaluated for effect on financials, not an opinion

### Scope of Audit

#### Financial statements include:

- General Fund: Measure A, Freeway Service Patrol and general administration of STA.
- Special Revenue Fund: Sacramento Abandoned Vehicle Authority. (Separate legal entity)
- Debt Service Fund: Accounts for the payments on the Measure A bonds.
- Fiduciary Funds: Measure A funds held in trust and not yet claimed by the jurisdictions.

#### Audit under *Government Auditing Standards*

Obtain an understanding of internal control and identify risk areas

Determine materiality level

Audit involves sampling using statistical methods and judgment

Understanding of policies/procedures/internal controls

- Entity-wide controls
- Revenue/receipts procedures
- Expenditure/disbursement controls
- Payroll controls

Testing of account balances/transactions

- Examine documentation of material account balances and those with potential risk
- Look for material misstatements based on calculated materiality amounts

Testing of compliance

- STA's administration of Measure A funds in accordance with Ordinance
- Recipients' use of Measure A funds in accordance with Expenditure Plan (sample of jurisdictions will be selected by STA)
- Compliance with the Abandoned Vehicle Handbook and California Vehicle Code Section 22710
- STA's compliance with PUC Division 19 related to Local Transportation Authority Laws
- Appropriation Limit compliance, as required by the California Constitution.
- Evaluate the Annual Financial Report prepared by STA staff for compliance with GASB and GFOA

### Timing of Audit

#### Fieldwork

- Interim – August 10
- Year-end – Late August

Final reports provided by December 1

GFOA deadline for award – December 31, 2021

**BUDGET TO ACTUAL ANALYSIS**  
**SacMetro Freeway Service Patrol (FSP)**  
**Quarter Ending March 31, 2021 (accrual basis)**

	FY 21 Budget	Expected Amount	Actual Amount	Expected/Actual Variance	Comments
<b>Revenue:</b>					
State Allocation	\$3,603,113	898,383	898,383	\$0	reimbursements are trending lower than budgeted because new routes planned for early in the fiscal year did not come on line until late in the year
CVR-SAFE*	748,000	748,000	748,000	-	good
<b>Total Revenue</b>	<b>4,351,113</b>	<b>1,646,383</b>	<b>1,646,383</b>	<b>-</b>	see above
Beginning Fund Balance	538,348	433,052	433,052	-	actual beginning fund balance - June 30, 2020 audited financial statements
<b>Total Revenue and Beginning Fund Balance</b>	<b>\$4,889,461</b>	<b>\$2,079,435</b>	<b>\$2,079,435</b>	<b>\$0</b>	see above
<b>Appropriations:</b>					
Salaries and Benefits	\$150,763	\$113,072	\$114,463	(\$1,391)	good
Overhead	58,846	-	-	-	overhead costs will be allocated at the end of the fiscal year
Conferences and Travel	1,825	-	-	-	conferences cancelled due to COVID
Communications	58,818	44,114	37,924	6,189	good
Professional Services	-	25,539	25,539	-	CHP services that were going to be charged directly to Caltrans have instead been charged to FSP and reimbursed by Caltrans
Other Operating Expenditures	3,400	2,550	7,007	(4,457)	Printing costs for brochures carried by contractors were higher than expected
Contractors	2,973,663	2,230,247	1,863,355	366,892	good
<b>Total Appropriations</b>	<b>\$3,247,315</b>	<b>\$2,415,522</b>	<b>\$2,048,289</b>	<b>\$367,233</b>	see above
Ending Fund Balance	\$1,642,146	(\$336,087)	\$31,146	-	

\* Capitol Valley Regional Service Authority for Freeways and Expressways

**BUDGET TO ACTUAL ANALYSIS**  
**Sacramento Abandoned Vehicle Service Authority (SAVSA)**  
**Quarter Ending March 31, 2021 (accrual basis)**

**Revenue:**

Vehicle License Fees

Interest

**Total Revenue**

Beginning Fund Balance

**Total Revenue and Beginning Fund Balance**

FY 21 Budget	Expected Amount	Actual Amount	Expected/Actual Variance	Comments
\$1,273,975	\$955,481	\$1,010,972	\$55,490	good
400	300	494	194	good
1,274,375	955,781	1,011,466	55,684	See above
128,775	159,226	159,226	-	actual beginning fund balance - June 30, 2020 audited financial statements
\$1,403,150	\$1,115,007	\$1,170,692	\$55,684	

**Appropriations:**

Contributions to SAVSA Entities

Salaries and Overhead

**Total Appropriations**

Ending Fund Balance

\$1,252,334	\$939,251	\$984,992	(\$45,741)	good
22,041	-	-	-	salaries and overhead costs of about \$22,500 will be allocated at the end of the fiscal year
\$1,274,375	\$939,251	\$984,992	(\$45,741)	See above
\$128,775	\$175,757	\$185,700	-	

**BUDGET TO ACTUAL ANALYSIS**  
**STA General Fund**  
**Quarter Ending March 31, 2021 (accrual basis)**

	<b>FY 21 Budget</b>	<b>Expected Amount</b>	<b>Actual Amount</b>	<b>Expected/Actual Variance</b>	<b>Comments</b>
<b>Revenue:</b>					
Sales Tax	\$133,513,377	\$100,135,033	\$109,648,947	\$9,513,914	Revenues are 12.5% higher than year-to-date (YTD) FY20 and 10.5% higher than YTD FY19 and trending 9.5% higher than budgeted - YTD
Mitigation Fees	6,000,000	3,000,000	4,404,654	1,404,654	Residential permits in Rancho Cordova, Elk Grove, and Folsom higher than expected
Interest	4,000,000	3,000,000	365,980	(2,634,020)	Interest income from the STA's interest rate swap partners is much lower than expected because of historically low interest rates
<b>Total Revenue</b>	<b>143,513,377</b>	<b>106,135,033</b>	<b>114,419,581</b>	<b>8,284,548</b>	See above
Beginning Fund Balance	48,314,453	48,179,584	48,179,584	-	actual beginning fund balance - June 30, 2020 audited financial statements
<b>Total Revenue and Beginning Fund Balance</b>	<b>\$191,827,830</b>	<b>\$154,314,617</b>	<b>\$162,599,165</b>	<b>\$8,284,548</b>	See above
<b>Appropriations:</b>					
Ongoing allocations to Measure A Entities	\$105,321,537	\$78,991,153	\$86,480,848	(\$7,489,696)	Higher revenues drive increased pass-through allocations
Capital Improvement Program	29,625,296	22,218,972	18,968,402	3,250,570	expenditures will accelerate in Q4
<b>Total Appropriations</b>	<b>\$134,946,833</b>	<b>\$101,210,125</b>	<b>\$105,449,251</b>	<b>(\$4,239,126)</b>	see above
<b>Other Financing Sources (Uses):</b>					
Transfers out (to the Debt Service Fund)	(\$22,108,139)	(\$16,581,104)	(\$14,863,340)	\$1,717,764	interest rates are lower on the variable rate debt- reducing debt service costs
<b>Total Financing Sources (Uses)</b>	<b>(\$22,108,139)</b>	<b>(\$16,581,104)</b>	<b>(\$14,863,340)</b>	<b>\$1,717,764</b>	see above
Ending Fund Balance	\$34,772,858	\$36,523,388	\$42,286,574	-	

**BUDGET TO ACTUAL ANALYSIS**  
**STA Administration**  
**Quarter Ending March 31, 2021 (accrual basis)**

	FY 21 Budget	Expected Amount	Actual Amount	Expected/Actual Variance	Comments
<b>Revenue:</b>					
Sales Tax	\$983,436	\$737,577	\$808,189	\$70,612	Higher than expected because sales tax revenue is higher than expected.
Other	50	38	41	-	Good
<b>Total Revenue</b>	<b>983,486</b>	<b>737,615</b>	<b>808,231</b>	<b>70,616</b>	See above
Beginning Fund Balance	764,141	722,530	722,530	-	actual beginning fund balance - June 30, 2020 audited financial statements
<b>Total Revenue and Beginning Fund Balance</b>	<b>\$1,747,627</b>	<b>\$1,460,145</b>	<b>\$1,530,761</b>	<b>\$70,616</b>	See above
<b>Appropriations:</b>					
Salaries and Benefits	\$462,324	\$346,743	\$401,926	(\$55,183)	salaries and benefits reimbursements from the FSP and SAVSA programs expected at the end of the fiscal year, which will reduce the variance by about \$10,000
Rent	30,820	23,115	39,090	(15,975)	overhead reimbursements from the FSP and SAVSA programs expected at the end of the fiscal year, which will reduce the variance by about \$15,000
Conferences and Travel	2,600	325	325	-	no in-person conferences due to COVID
Insurance	7,150	7,150	11,243	(4,093)	overhead reimbursements from the FSP and SAVSA programs expected at the end of the fiscal year, which will reduce the variance by about \$4,000
Professional Services	32,500	24,375	49,116	(24,741)	overhead reimbursements from the FSP and SAVSA programs expected at the end of the fiscal year, which will reduce the variance by about \$18,000
ITOC	35,750	35,750	52,754	(17,004)	a portion of the financial audit charges will be reimbursed by the FSP and SAVSA programs at the end of the fiscal year, which will reduce the variance by about \$15,000
Other Operating Expenditures	10,400	7,800	10,862	(3,062)	overhead reimbursements from the FSP and SAVSA programs are expected at the end of the fiscal year, which will reduce the variance by about \$2,500
<b>Total Appropriations</b>	<b>\$581,544</b>	<b>\$445,258</b>	<b>\$565,317</b>	<b>(\$120,059)</b>	see above
Ending Fund Balance	\$1,166,083	\$1,014,887	\$965,444	-	