INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Sacramento Transportation Authority
Sacramento, California

We have performed the procedures described in Attachment I, as of June 30, 2017 and for the year then ended, which were agreed to by the Sacramento Transportation Authority (Authority), solely to assist you (1) with respect to the monitoring of recipient compliance with applicable Transportation Expenditure Agreements for Measure A funds between the Authority and the respective recipient entity as it relates to the Entity Allocation; (2) with respect to the monitoring of applicable recipient compliance with the Abandoned Vehicle Abatement Handbook issued by the California Highway Patrol as it relates to the Sacramento Abandoned Vehicle Service Authority (SAVSA) and (3) with respect to the monitoring of applicable jurisdiction compliance with the Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP). This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment I either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on any of the Measure A, SAVSA and SCTMFP entities. Accordingly, we do not express such an opinion on the recipient entities’ compliance, specified elements, accounts or items. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Authority and is not intended to be and should not be used by anyone other than the Sacramento Transportation Authority.

December 18, 2017
At your request, we have performed certain procedures as of June 30, 2017 and for the year then ended with respect to recipient compliance with the applicable Transportation Expenditure Agreement between the Authority and the respective recipient entities. Such procedures performed were as follows:

1. We read the recipient’s accounting system narrative as it specifically relates to the accounting for, and control over, Measure A receipts and expenditures.

2. We read the recipient’s indirect cost allocation methodology, if indirect costs are charged to the Measure A projects.

3. We read the recipient’s methodology for allocating and recording interest related to Measure A receipts and recomputed reported interest income for the year ended June 30, 2017 based on the amount set forth in the supporting schedules provided by the recipient entities.

4. You selected certain projects from the Original Measure A Status Report, Measure A Distributions/Expenditures On-going Annual Programs Schedule and the Measure A Capital Projects Schedule for the fiscal year ended June 30, 2017 as follows:

   On-going Measure A

   County of Sacramento: Safety and Streetscaping and County-wide street maintenance
   City of Sacramento: Safety and Streetscaping and City-wide street maintenance
   Elk Grove: Street and Road maintenance
   Paratransit: General Measure A expenditures
   SMAQMD: General Measure A expenditures
   Regional Transit: General Measure A expenditures

   Measure A Capital Projects

   County of Sacramento: US Highway 50 to Folsom Boulevard, Phase II
   City of Sacramento: Downtown Intermodal Station

For the projects selected above, we performed the following:

a. Obtained the Quarterly Status Reports for fiscal year ended June 30, 2017.

b. Obtained detail listing of project costs. Ensured amounts agreed to the Expenditure Status Report provided by the recipient to the Authority. Haphazardly selected all or 10 (in total), whichever is less, expenditures for the fiscal year ended June 30, 2017 and agreed amounts to supporting documentation.

c. Determined that the expenditures are consistent with the project descriptions in the County Transportation Expenditure Plan.

d. Determined that the expenditures are consistent with the project descriptions in the contract.
Further, we have performed certain procedures as of June 30, 2017 and for the year then ended with respect to the applicable recipient’s compliance with the Abandoned Vehicle Abatement Handbook (Handbook) as it relates to the Sacramento Abandoned Vehicle Service Authority (SAVSA) recipient entities. Such procedures were as follows:

1. We read the recipient’s accounting system narrative as it specifically relates to the accounting for, and control over, abatement receipts and expenditures.

2. Read the recipient’s indirect cost allocation methodology, if indirect costs are charged to the program.

3. Read the recipient’s methodology for allocating and recording interest related to Pre-92 receipts and recomputed reported interest income for the year ended June 30, 2016 based on the amount set forth in the supporting schedules provided by the recipient entities, if applicable.

4. For the fiscal year ended June 30, 2017, you selected the following recipient entity for verification of abandoned vehicle abatement expenditures:

   City of Elk Grove

For the programs selected in the step above, we performed the following:


b. Obtained detail listing of program costs. Ensured amounts agree to the Quarterly Status Report provided by the recipient to the Authority.

c. Haphazardly selected all or 10, whichever is less, expenditures for the fiscal year ended June 30, 2017 and agreed amounts to supporting documentation noting if the expenditure is related to the abatement, removal, and disposal as public nuisances of any abandoned, wrecked, dismantled or inoperative vehicles or parts thereof from private or public property.

d. Agreed the amounts in the SAVSA Quarterly Status Report - All Entities provided by the Authority for the fiscal year ended June 30, 2017 to the amounts in the Quarterly Status report for the quarter ended December 31, 2016 provided by the recipient.

e. Agreed abatement figures on the Quarterly Status Report for one sample quarter to the summary sheets and two documents provided by the City.

f. Selected 10 tow reports or abatement tickets and agreed to quarterly status reports.

Additionally, we have performed certain procedures as of June 30, 2017 and for the year then ended with respect to the applicable jurisdiction’s compliance with the Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP) guidelines. Such procedures performed were as follows:

1. We obtained an understanding of the jurisdiction’s procedures as it specifically relates to proper collection of the SCTMFP fees on new development and whether those fees collected are in accordance with the Sacramento Countywide Transportation Mitigation Fee Program Guidelines.

2. We inquired on how waivers are handled and whether there are separate codes in the jurisdiction’s building permit system for the waivers and who can approve them.

3. You selected certain recipients who collect the SCTMFP fees and remit those fees to the Authority for the fiscal year ended June 30, 2017 as follows:

   City of Sacramento

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For the jurisdiction selected above, we performed the following:

a. Obtained the numerical sequence of building permits issued by the jurisdiction during the fiscal year ended June 30, 2017

b. Randomly selected a sample of five permits from the population described in item a. above.

c. Determine using “The Measure A Sacramento County Transportation Mitigation Fee Program Fee Rate Schedule” dated April 28, 2016 that the rates charged by the jurisdiction are in accordance with indicated schedule.

In connection with the procedures performed, the following items came to our attention:

**Current Year Findings**

**City of Elk Grove SAVSA:** The City reported a total number of tows for the first quarter of 2016/17, the period selected for testing, of 68. The actual number of tows for the period was 81. This under-reporting of tows results in the City under-claiming $384 of abandoned vehicle funds. The City should ensure procedures are in place for accurate and complete reporting of tows.

**Prior Year Findings**

**City of Elk Grove SAVSA:** Controls over abatement receipts and expenditures should be formally documented in City policy. This policy should include procedures on how the claims are submitted and how related expenses are allocated, configured and charged to the fund. Currently, the City does not have these procedures related to the Abandoned Vehicle program formally documented.

Additionally, the City Code Enforcement department bills for abandoned vehicle activities based on the number of incidents reported. Current rates used for voluntary tows and involuntary tows are $84.00 and $161.00, respectively. These rates apparently are unsupported by actual personnel and operating costs incurred. Also, 8% of all departmental operating costs are charged to the abandoned vehicle program. No detailed justification for this rate is available. The City should provide or develop detailed analysis for rates used and billed for these activities.

**Current Status:** The City has written a policy, which includes procedures on how claims are submitted, how related expenses are calculated, allocated and charged, for the abandoned vehicle program.

Additionally, the City has prepared a calculation of the average pay rate of employees that work on code enforcement that is used to bill for voluntary and involuntary tows. This rate is applied to an estimate amount of hours to arrive at the billed amount. Their policy also states they will use the 10% de minimus rate for overhead. This finding is considered resolved.