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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, 2016 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; and (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). 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 or SAVSA recipient 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.

Richardson & Company, LLP

December 23, 2016

ATTACHMENT I

PROCEDURES PERFORMED

At your request, we have performed certain procedures as of June 30, 2016 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, 2015 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 (New Measure A) Schedule and the Measure A Capital Projects Schedule for the fiscal year ended June 30, 2016 as follows:

Original Measure A

City of Sacramento: Folsom Boulevard Widening-Hornet at 67th

On-going Measure A

County of Sacramento: Pedestrian facilities and County-wide street maintenance

City of Sacramento: Pedestrian facilities and City-wide street Maintenance

Folsom: Traffic safety and control, pedestrian facilities and street and road maintenance

Citrus Heights: Street and Road Maintenance

Measure A Capital Projects

County of Sacramento: Hazel Avenue Widening, Phase I and II

City of Sacramento: Intermodal Circulation and Consumnes River Boulevard (Freeport to Franklin and I-5 Interchange)

JPA Connector: Capital Southeast Connector

For the projects selected above, we performed the following:

- a. Obtained the Quarterly Status Reports for fiscal year ended June 30, 2016.
- 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, 2016 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, 2016 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, 2016, you selected the following recipient entities for verification of abandoned vehicle abatement expenditures:

City of Sacramento
County of Sacramento
City of Elk Grove

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

- a. Obtained the Expenditure Status Report for the fiscal year ended June 30, 2016.
- 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, 2016 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, 2016 to the amounts in the Quarterly Status report for the quarter ended December 31, 2015 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 or County.
- f. Selected 10 tow reports or abatement tickets and agreed to quarterly status reports.

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

Current 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.

Prior Year Findings

City of Isleton: City of Isleton was unable to provide an accounting system narrative for Measure A projects.

Current Status: The City of Isleton subsequently produced the Measure A accounting system narrative.

City of Sacramento Abandoned Vehicles: The 2nd quarter SAVSA reimbursement amount charged to the Authority is \$1,242.87 higher than the calculated reimbursed amount obtained by multiplying total employee hours from the timesheet times the hourly pay (including salary and benefits). The City's payroll system does not provide sufficient detail of these differences so we could not determine their cause.

Current Status: During fiscal 2015-16, Authority management indicated that the City had repaid the \$1,242.87 amount. This finding is considered resolved.

Caltrans Measure A: During our June 30, 2010 audit, we recalculated five labor charges for the US 50 bus/carpool lane project. We noted differences between our calculation and the charges shown on Caltrans' reports ranging from 5% to 116% of the individual employee charge. While we contacted Caltrans regarding this issue, we did not receive a response.

During our June 30, 2015 audit, the above issue has continued. We noted differences between cash expenditures paid and the employee timesheet for four employees as there is a material difference due to the monthly benefit rate used to calculate time charged to the project. We have contacted Caltrans regarding this issue, and Caltrans representatives could not provide support for the rates used as of the date of our report. We also could not verify total expenditure amount to approved timesheets because timesheets did not include the proper project code to which time should have been charged.

Current Status: Subsequent to the completion of the June 2015 audit, Caltrans provided documentation enabling verification of the monthly loaded benefit rate used. Authority management reviewed this issue with Caltrans management including the timesheets in question and was satisfied that the timesheets included the appropriate timesheet coding that could be tied to actual Measure A project cost summaries. This finding is considered resolved.

City of Sacramento SAVSA: During the Authority's June 30, 2014 audit, an overclaimed amount was noted for \$30.82 for the purchase of business cards for two Code Enforcement Officers that were not involved in the SAVSA program. The finding indicated that the Authority was requesting a deduction in the 2nd quarter 2015 claim of \$30.82.

Current Status: During fiscal 2015-16, Authority management indicated that the City had repaid the \$30.82 amount. This finding is considered resolved.