



James Marta & Company
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors and Management
Sacramento Transportation Authority
Sacramento, CA

We have performed the procedures enumerated in Attachment 1, which were agreed to by the management of Sacramento Transportation Authority (the "Authority"), solely to assist you in (1) monitoring recipient compliance with applicable Memorandum of Understanding for Measure A funds between the Authority and the respective entity as it relates to the entity's allocation; and (2) monitoring 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) for the year ended June 30, 2011. The Authority's management is responsible for monitoring the recipient entity's compliance with laws and regulations applicable to the requirements mentioned above. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. 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 conduct an examination, the objective of which would be the expression of an opinion on the required compliance of the Measure A or SAVSA recipient entities. Accordingly, we do not express such an opinion. 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 Board of Directors and management of the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

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December 22, 2011

ATTACHMENT I

PROCEDURES PERFORMED

MEASURE A

At your request, we have performed certain procedures as of June 30, 2011 and for the year then ended with respect to recipient compliance with the applicable Memorandum of Understanding 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 any.
3. We read the recipient's methodology for allocating and recording interest related to Measure A receipts and recomputed reported interest income for one quarter for the year ended June 30, 2011 based on the amount set forth in the supporting schedules provided by the recipient entities, if interest was allocated to Measure A funds.
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, 2011 as follows:

On-going Measure A

City of Elk Grove: Street and Road Maintenance

County of Sacramento: Marconi Avenue Improvements, El Camino Improvements, Street Maintenance Countywide

Regional Transit: Transit Operations, Maintenance, and Safety

City of Sacramento: City Street and County Road Maintenance, Traffic Control and Safety, and Safety, Streetscape, Pedestrian and Bike Facility

SMAQMD: Transportation-related Air Quality Program

Original Measure A

City of Elk Grove: Pavement Maintenance, Handicapped access

County of Sacramento: Safety Improvements, State Highway Projects, Speed Control

City of Sacramento: Handicapped Access, Signal Upgrade

PROCEDURES PERFORMED: MEASURE A (Continued)

Measure A Capital Projects

Caltrans: Highway 50 & Interstate 80 Bus/Carpool Lanes

County of Sacramento: Bradshaw Road – Phase 1, Hazel Avenue – Phase 1 Watt Avenue/ US 50 Interchange

Regional Transit: Downtown Natomas Airport LRT Extension / South Sacramento LRT Corridor Phase II

City of Sacramento: Downtown Intermodal Station

Capital Southeast Connector Authority: I-5 / SR99 / US 50 Connector Project

For the projects selected above, we performed the following:

- a. Obtained the Original Measure A Status Report, Distribution/Expenditures for On-going projects or the Measure A Capital Projects Schedule, as applicable for fiscal year ended June 30, 2011
- b. From the detail of total project costs provided by the recipient entities, we haphazardly selected all or 10, whichever is less, expenditures for the fiscal year ended June 30, 2011 and agreed amounts to supporting documentation noting if the expenditure was consistent with the project descriptions in the Expenditure Plan, the on-going Measure A Memorandum of Understanding of the Five-year Expenditure Plans for New Measure A, as applicable.
- c. We agreed the amounts in the applicable schedules provided by the Authority for the fiscal year ended June 30, 2011 to the expenditure detail for the fiscal year ended June 30, 2011 provided by the recipient for the selected projects.

SAVSA

We have performed certain procedures as of June 30, 2011 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. We read the recipient's indirect cost allocation methodology, if any.
3. We read the recipient's methodology for allocating and recording interest and recomputed reported interest income for the year ended June 30, 2011 based on the amount set forth in the supporting schedules provided by the recipient entities.

PROCEDURES PERFORMED: SAVSA (Continued)

4. For the fiscal year ended June 30, 2011, 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, 2011.
- b. From the detail of total project costs provided by the recipient entities, we haphazardly selected all or 10 expenditures, whichever is less, for the fiscal year ended June 30, 2011 and agreed amounts to supporting documentation noting if the expenditure was consistent with the allowable expenditures stated in the Handbook.
- c. We agreed the amounts in the SAVSA Quarterly Status Report provided by the Authority for the fiscal year ended June 30, 2011 to the amounts in the Quarterly Status Report and supporting documentations for the quarter ended June 30, 2011 provided by the recipient.

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

Current Year Findings

2011-01 City of Elk Grove (SAVSA) Quarterly Status Reports

Finding:

During our review of expenditures, we noted discrepancies in the quarterly reports submitted to the Authority and the City's supporting documents resulting to a net overstatement of \$3,565.69. The following are the details of the finding:

Quarter	Claimed Amount	Verified Amount	Overstatement (Understatement)
1	\$ 22,457.97	\$ 21,780.55	\$ 677.42
2	24,246.60	18,567.52	5,679.08
3	11,631.44	14,184.92	(2,553.48)
4	18,775.12	19,012.45	(237.33)
	Net Overstatement		\$ 3,565.69

Current Year Findings (Continued)

Cause

Discrepancies in Quarters 1, 2, and 4 arose due to the inaccurate carryover of amounts indicated in the City's supporting documents (i.e. SAVSA Cost Component Calculator and Elk Grove PD Abatement Calls) to the Quarterly Status Reports. The discrepancy in Quarter 3 arose due to the aforementioned inaccurate carryovers as well as arithmetical errors in the calculation of the costs associated with the Elk Grove PD Voluntary and Involuntary Abatement Calls.

Upon inquiry, we noted that there is currently no review process in place relating to the submission of the SAVSA quarterly status reports.

Recommendation

We recommend that a review process be put in place wherein the Quarterly Status Report is reviewed by a supervisor or an employee of the City other than the one preparing the report. This will significantly improve the system of checks and balances necessary for an effective reporting process.

Prior Year Findings

City of Sacramento (SAVSA)

Finding: It was noted by the prior auditor that there was a discrepancy in the number of tows number of tows between the City's quarterly status report and the tow report for the second quarter. The City reported 164 tows while the tow report shows only 162 tows.

Status: In the current year, we did not note any discrepancies as a result of our procedures.

County of Sacramento (SAVSA)

Finding: During last year's procedures, it was noted by the prior auditor that a County employee noted input errors where time was entered using an incorrect billing code. The user of incorrect hours resulted in an understatement of expenses by \$27,329 for the entire year. Due to these input errors, the timesheets are now being entered by the Finance department instead of the Human Resource department. However, this error is mitigated by the fact that the County used the prior year indirect cost rate of \$30 per hour even though they calculated an indirect cost rate of \$70 per hour for fiscal year 2009/10, which would have resulted in an additional \$261,888 of charges.

Status: In the current year, we did not note any errors regarding incorrect billing code as a result of our procedures. Moreover, we noted that the County was using the correct indirect rate.

Prior Year Findings (Continued)

Caltrans Measure A

Finding: The prior auditor recalculated five labor charges for the US 50 bus/carpool lane project and noted differences between the calculation and the charges shown on Caltrans' reports ranging from 5% to 116% of the individual employee charge.

Status: In the current year, we did not note any errors regarding labor charges as a result of our procedures.