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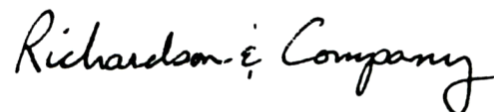
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Board of Directors
Sacramento Transportation Authority
Sacramento, California

We have performed the procedures described in Attachment I, as of June 30, 2009 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.



December 15, 2009

ATTACHMENT I

PROCEDURES PREFORMED

At your request, we have performed certain procedures as of June 30, 2009 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 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, 2008 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 Measure A Expenditure Plan Combined Status Report for the fiscal year ended June 30, 2009 as follows:

Original Measure A

County of Sacramento: Bradshaw Road – Calvine to Florin, Pedestrian Safety Facilities – various, maintenance projects, State highway projects

City of Elk Grove: Pavement maintenance, maintenance

Sacramento Regional Transit District: Operating Support, South Rail Line-Operations

City of Sacramento: 7th Street Extension, Handicapped Access, Street Maintenance

New Measure A

City of Folsom: Folsom Bridge Crossing

City of Rancho Cordova: Sunrise Boulevard – Gold Country

Caltrans: US 50 bus/carpool lanes

For the projects selected above, we performed the following:

- a. Obtained the Expenditure Status Report for fiscal year ended June 30, 2009.
- 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, 2009 and agreed amounts to supporting documentation noting if the expenditure was consistent with the project descriptions in the Expenditure Plan, or the new Measure A agreement, as applicable.
- c. We agreed the amounts in the Measure A Expenditure Plan Combined Status Report provided by the Authority for the fiscal year ended June 30, 2009 to the expenditure detail for the fiscal year ended June 30, 2009 provided by the recipient for the selected projects.

Further, we have performed certain procedures as of June 30, 2009 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 related to Pre-92 receipts and recomputed reported interest income for the year ended June 30, 2008 based on the amount set forth in the supporting schedules provided by the recipient entities.
4. For the fiscal year ended June 30, 2009, you selected the following recipient entities for verification of abandoned vehicle abatement expenditures:

City of Sacramento
County of Sacramento

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, 2009.
- 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, 2009 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 - All Entities provided by the Authority for the fiscal year ended June 30, 2009 to the amounts in the Quarterly Status report for the quarter ended June 30, 2009 provided by the recipient.

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

Current Year Findings

Caltrans Measure A: The expenditures incurred for the US 50 bus/carpool lane consisted primarily of salary charges, overhead and entries identified as adjustments. We selected a sample of salary charges, but we were unable to recalculate the salary charges using the timesheet and payroll information provided to us. We requested additional information to perform this calculation but had not received it as of the date of this report. In addition, we requested additional information on the entries identified as adjustments but had not received this information as of the date of this report.

City of Sacramento Abandoned Vehicle: For the City of Sacramento Abandoned Vehicle program, we selected safety equipment expenditures for testing. We noted that there was a safety shoe reimbursement to an employee who works as a building inspector that was erroneously recorded and reimbursed by Measure A funds for \$200. According to the City, this occurred due to this employee having the same initials as the employee who works under the Code Enforcement department. As a result, Measure A money received by the City is overstated by \$200. We recommend that the City ensure proper recording of data for accuracy of the information provided to the Authority.

County of Sacramento Abandoned Vehicle: Of the sample of 10 employees tested for the first quarter payroll, we found that the pay rates used to bill the Authority were understated compared to published labor rates for fiscal year 2009 by \$0.06 to \$2.34 per hour, resulting in the understatement of billings for

the first quarter selected for testing of \$520.76. The other three quarters were likely understated as well due to the use of the incorrect rates. Also, we found two employees that had reported hours on their timesheets that were improperly excluded from SAVSA billings due to apparent input errors, resulting in a \$871.09 understatement of billings. While these discrepancies result in immaterial differences, the County should ensure that controls are in place to detect hours and rate-related errors.

We also noted a discrepancy in the number of tows of four between the tow summary report and the amount submitted on the Status Report. The County determined that this discrepancy was due to a discrepancy in the range of dates that were used in preparing the Status Report. Also, in our review of the first quarter tow listing generated from the database, we found two tows that appear to be duplicates but the duplicate does not appear to have been removed. In addition, three test entries were included in the count included on the SAVSA report. These discrepancies resulted in the overstatement of amounts reported to STA by four tows. We noted the County does not have a procedure in place whereby the invoices from the tow company are reconciled to the tows entered into the County system. We recommend such a procedure be established to ensure the accuracy of the information provided to the Authority.

Prior Year Findings

City of Elk Grove Measure A: The New Measure A Status Report provided by the City of Elk Grove to the Agency for the year ended June 30, 2008 over-reported expenditures by \$37,205.24 for the Sheldon Road/SR 99 Project because of expenditures being reported twice. The City detected this error after the claim was submitted. However, the City incurred more expenditures on this project that was funded by Measure A, so this discrepancy does not result in an overpayment. The City has adjusted their claim for 2008/09 by the over-reported amounts. We recommend that the City ensure that controls are in place to detect duplicate entries.

In addition, we noted that on the City's Status Report submitted to the Authority, the amounts being reported as expenditures appear to represent the amounts claimed rather than the actual amount of expenditures incurred by the City. We recommend that the City work with the Authority to revise the amounts that have been included on the Status Reports.

Current Status: During our June 30, 2009 examination, we noted no discrepancies between the Status Report provided by the City to the Authority and the City's expenditures.

City of Sacramento Measure A: The City has included in the street maintenance expenditures on its Status Report \$890,468.83 associated with widening Del Paso Road. This project is not the proper use of maintenance funds, which are to be used for items such as pavement maintenance, curb, gutter and sidewalk repair, etc. In addition, we noted that the Del Paso Road widening project is not listed in the expenditure plan as an approved use of Measure A funds. We recommend that the City work with the Authority to resolve this issue. The Status Report will need to be revised to reflect the proper amount of street maintenance expenditures.

Current Status: The Authority has determined that this project meets the criteria of the use of Measure A funds.

City of Sacramento Abandoned Vehicle: The Daily Vehicle Activity Sheet prepared by the City to accumulate the count of towed vehicles was incorrectly totaled, resulting in an overstatement of one tow reported to the Authority. The City should ensure that procedures are in place for accurately reporting the tow information.

In addition, we noted that the personnel expenditures reported on the Status Report were overstated by \$298.41 because 16 hours that were charged to a grant project were reported as expenditures related to the Abandoned Vehicle program. This error does not affect the amount of Abandoned Vehicle funds the City receives because actual expenditures are higher than the reimbursements received from the Authority.

Current Status: During our June 30, 2009 examination, we noted no differences in reporting of tow information to the Authority and no similar errors in the coding of salary costs.

County of Sacramento Abandoned Vehicle: We selected a sample of 10 employees for the third quarter of fiscal year 2007/08 and noted two instances where time sheets could not be found for one employee. Also, one labor rate was not supported by the labor rates report from their system. A variance of \$5.83 an hour was noted between the \$105.57 on the labor rate schedule and \$111.40 reported to the Authority, causing an overstatement of personnel costs by \$396.44. While this discrepancy results in an immaterial difference, the County should ensure that controls are in place to detect rate-related errors. We also recommend the County maintain complete payroll records.

We also noted a discrepancy in the number of tows of 14 between the tow summary report and the amount submitted on the Status Report. The County determined that this discrepancy was due to a discrepancy in the range of dates that were used in preparing the Status Report. Also, in our review of the third quarter tow listing generated from the database, we found 7 tows that appear to be duplicates and a discrepancy of one tow compared to the count on the Status Report. Furthermore, in our comparison of 10 tows from the County database to the tow company report, we found that one tow was excluded from the tow company report. We noted the County does not have a procedure in place whereby the invoices from the tow company are reconciled to the tows entered into the County system. We recommend such a procedure be established to ensure the accuracy of the information provided to the Authority.

Current Status: During our June 30, 2009 examination, we noted similar discrepancies related to tows and salary costs.