

# **SACRAMENTO TRANSPORTATION AUTHORITY (Authority) ACCOUNTING POLICIES AND PROCEDURES Fiscal Year 2023**

## **Introduction**

The Sacramento Transportation Authority (Authority)—a Local Transportation Authority—was created in August 1988 under the Local Transportation Authority and Improvement Act (Act), commencing with California Public Utility Code Section 180000 to administer the Measure A sales tax program. In November 1988, Sacramento County voters passed Measure A, an Ordinance enacted by the Authority imposing a one-half cent sales tax to fund transportation improvements throughout Sacramento County for a 20-year period. In November 2004, voters approved a 30-year extension of the one-half cent retail sales tax beginning in April 2009 (Measure A). At the same time, the 1988 Measure A sales tax sunsetted. The Authority also administers the Sacramento Abandoned Vehicle Service Authority (SAVSA) funding for SAVSA sunsetted on April 2022, and the Sacramento Metropolitan Freeway Service Patrol (SacMetro FSP) programs, neither of which is affiliated with the Measure A sales tax program.

The Authority's Governing Board (Board) is comprised of 16 members, including five Sacramento County Supervisors, five members of the Sacramento City Council, two members of the Elk Grove City Council, and one councilmember each from the Cities Citrus Heights, Folsom, Galt/Isleton, and Rancho Cordova. The Board holds public meetings about eight times per year, but that schedule may change as necessary. The Board appoints the Authority's Executive Director (ED). The ED is responsible for carrying out the Authority's policies, overseeing day-to-day operations, and staff. The Measure A Ordinance created the Independent Taxpayer Oversight Committee (ITOC). The ITOC consists of three voting members with specific professional and/or community credentials in the areas of finance, engineering or transportation planning, and management of major construction projects. In addition, there are three non-voting members: the Board Chair or their designee, the County of Sacramento Auditor-Controller or their designee, and the Authority's ED.

Authority staff consists for three members – the ED who has been with the Authority since June 2022, the Accounting Manager who has been with the Authority since September 2022, and the Special Programs Manager ((Administrative Services Officer III (ASO)), who has been with the Authority since December 2013. Staff positions and salaries are tied to Sacramento County's published classifications and compensation.

The sales tax money collected by the Authority is passed through to partner entities by the voter approved formula. Additionally, the ordinance directs the Authority to withhold up to .75% of the net revenue for program administration costs and 20.75% to pay for the Capital Improvement Program (CIP), which includes debt service, ancillary fees, and pay-go funding. The net revenue is derived by deducting California Department of Tax and Fee Administration's (CDTFA) administration fees and allocations to Isleton and Galt. For an example of the monthly allocation see [June 2021 - Summary of Claims and JV's.xlsx](#) and for the voter-approved ordinance see [New Measure A Ordinance.pdf](#). Measure A also created the Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP). Authority staff annually calculate this fee which is collected by the County and cities of Rancho Cordova, Elk Grove, Galt, Folsom, Sacramento, and Citrus

Heights and remitted semi-annually to the Authority. The fee is generated when a final building permit is issued for construction projects. There are some projects that are exempt from the fee, such as those outlined in the Memoranda of Understanding the Authority has with each participating entity. The proceeds from this program are used to pay for approved CIP claims.

Bond proceeds, when available, are also used to pay for approved CIP claims. Its debt portfolio consists of two issuances – the 2022 and 2023 series. This debt is serviced with the monthly allocation of 20.75% of the net sales tax as directed in the Ordinance. US Bank, the debt trustee, receives funds first and retains funds for debt service. Any allocated but unused money is available for pay-as-you-go CIP funding.

### **Division of Responsibility**

Because of the small staff, separation of duties is somewhat challenging; however, we believe the following procedures effectively prevent fraud and misappropriation of funds.

- The Accounting Manager does not approve any expenditures, with the exception of the list in the Cash Expenditure Section – all payments are approved by either the ED or ASO.
- The Authority does not store any check stock.
- The Authority does not produce checks in-house; rather all approved disbursements requiring a check are processed by the County of Sacramento treasury or through US Bank's SinglePoint payment service, prepared by the Accounting Manager and approved by either the ED or ASO.
- The Authority does not keep any cash in its offices, nor does staff handle any cash.
- Only the accountant (Administrative access) and ASO (Accounts Payable access) has access to the Authority's accounting system QuickBooks Enterprise Desktop.
- The ED and ASO have SinglePoint access to approve payments prepared by the accountant. There is a two-step payment process in SinglePoint; preparer (accountant or ASO) approver (accountant, ED or ASO).

### **Accounting System**

The Authority uses QuickBooks Desktop Enterprise to account for all its financial assets. All fund financial information is reported on a modified accrual basis of accounting and government wide information on a full accrual basis.

To appropriately report Governmental fund-based accounting information, classes have been established for each sub fund of the General Fund as reported in our Comprehensive Annual Financial Report – Administration, SacMetro FSP, SCTMFP, and the General Fund. Additionally, there are classes for SAVSA, debt service, and government-wide, full-accrual entries.

For the Fiduciary/Agency funds, classes were created for each entity/program with cash assets. Over time, many of the entity/programs we initially set up in the accounting system have spent all remaining funds. Therefore, as of June 30, 2023, only the Neighborhood Shuttle and CTSA have remaining cash assets.

The Authority generally operates on a cash-basis during the fiscal year but accrues as appropriate, modified and full-accrual entries at year end – June 30.

The accounting system is password protected and is accessed at different levels by staff. The Accounting Manager (administrative access), the ASO (accounts payable access) and the Executive Director have read-only access to the accounting system.

### **Cash Expenditures**

The Authority receives invoices through regular mail and electronically. Each item is date-stamped and forwarded to the appropriate staff for review. All expenditures are approved by the ED or ASO with the exception of the below; the Accounting Manager does not approve any. In general, the ASO reviews and approves most administration related charges (including payroll), all SacMetro FSP and SAVSA charges, and is a backup approver for the capital program. The ED generally reviews and approves claims from Neighborhood Shuttle program partners, charges for legal services and bond related transactions, capital program claims, and monthly sales tax allocations.

There are routine payments that are made by the Authority that are not individually approved. The ED and the Accounting Manager discuss and summarize the vendors and transaction types at least annually. They are as follows:

- Debt service payments (interest, principal payments) that are administered by the Trustee.
- Rent payments
- Payroll administration payments
- Benefit provider payments
- Routine office expenditures (phone / internet / parking)

Approved claims/invoices are forwarded to the Accounting Manager for payment. In general, they are paid by the County of Sacramento (County) treasury or through SinglePoint, an electronic portal hosted by US Bank. Certain bond program charges are paid by the Authority's trustee at US Bank. All claims/invoices forwarded to the County for payment require an accounts payable claim form (wire/ACH transfers and warrants) or journal voucher (Interfund transfers) generated by the Accounting Manager with supporting documentation. Wire/ACH transfers are commonly used for monthly Measure A allocations for the following agencies – Isleton, Galt, Citrus Heights, Elk Grove, Folsom, Rancho Cordova, City of Sacramento, Paratransit, Sacramento Regional Transit District, and Sacramento Metropolitan Air Quality Management District, but are also used for vendors such as Caltrans. Other agencies such as – Sacramento County, County Parks, and programs such as the Neighborhood Shuttle and Consolidated Transportation Services Agency (CTSA) are paid through journal vouchers (Interfund transfer) since each agency's funds are held in the County treasury.

The County provides a multi-step payment process that verifies: Vendors, Banking Information and Addresses of payments. They also facilitate either the Journal Entry, ACH or Wire transfer depending on the vendor type.

US Bank SinglePoint is used to pay for all SacMetro FSP claims/invoices, and most administrative charges. To pay an approved claim/invoice, the Accounting Manager logs into the password protected system and takes an additional step of generating a token number and entering that information into the system to access the bill pay portal. The

vendor and amount are entered into the system. Payments are approved by either the ASO or ED prior to generation. US Bank generates a check, or in some cases an electronic transfer, from the bank account associated with the selected vendor.

### **Purchase Card Policy**

Each staff member has an agency credit card (CAL-Card) that is used for business charges throughout the month. When a bill is received for credit card purchases, each staff member provides supporting documentation for each of their charges and the bill and supporting documentation is approved during the credit card reconciliation process. The credit card transaction support is accumulated with the statement, reconciled and the package is approved by either the ASO or Executive Director. Transactions initiated by the ASO or Executive Director are reviewed by the Accounting Manager. Then the Accounting Manager initiates payment through SinglePoint.

Supporting documentation must include the business purpose of the transaction, amounts and that the goods or services were received.

Limitations to credit card purchases:

- Personal expenses unrelated to official duties.
- Purchase cards should only be used by the assigned cardholder.
- Cash advances or withdrawals.
- Split transactions to exceed transaction limits.

### **Cash Receipt**

The California Department of Tax and Fee Administration (CDTFA) collects all Measure A sales tax money on behalf of the Authority. The money is remitted to the Authority monthly. The amount of the remittance, is published roughly three-five business days before the money is remitted to the Authority around the 25<sup>th</sup> of each month. The net proceeds are forwarded to the Authority's trustee, US Bank. The trustee withholds enough funds to pay the Authority's bond program debt service costs. The remaining funds are remitted to the Authority's General Fund within Sacramento County treasury.

Measure A mitigation fees are sent via wire/ACH transfer from our partner agencies to a sub fund of the General Fund within the Sacramento County treasury. All other cash with exception of a portion of the administration funds and Sacramento Metropolitan Freeway Service Patrol (SacMetro FSP) funds are deposited in the Sacramento County pooled assets account. A portion of the Authority's administration funds and all of the SacMetro FSP funds are on deposit with US Bank. The administration fund has two accounts, one with the County of Sacramento and one at US Bank. The US Bank Account is replenished by the County of Sacramento Account through an agreed upon reimbursement process (see the [Administrative Fund Investing](#) Policy).

SCTMFP revenue is received from each participating agency semi-annually – once for the period July through December (due within 60 days after the end of the reporting period) and again for the period January through June. All funds are remitted via ACH/Wire directly to Authority's fund within the Sacramento County treasury.

The SacMetro FSP program receives funding via a grant from the Sacramento Area Council of Governments (SACOG) and claims reimbursements from Caltrans. The grant funding from SACOG is generated by the Capitol Valley Regional Service Authority for Freeways and Expressways (CVR-SAFE), while the funding from Caltrans is Sacramento and Yolo Counties portion of a Statewide grant. The total funding from SACOG is remitted via ACH/Wire, usually around July. The ASO submits periodic reimbursement requests to Caltrans for claims paid to FSP contractors' semi-monthly. Caltrans remits payment via ACH/Wire within 4-6 weeks of submitting a reimbursement request.

The SAVSA program receives all funding via EFT remittance from the State Controller's Office. The proceeds are deposited directly into the program's fund. FSP Cash is held in a US Bank Account.

### **Payroll**

The Authority uses a third party - Automated Data Processing (ADP) - to process payroll. Employees are paid biweekly. The payroll periods end on Saturday, so payroll is processed on the Wednesday after the end of the payroll period. All employees receive payment by direct deposit on the Friday that follows the end of the pay period. Employee process their timesheets on the ADP employee portal for each payroll period. The ED is an at-will, exempt employee appointed by the Board, but submits a timesheet for accountability. The timesheets are reviewed and approved by the ED (and the ED's by the Accounting Manager). Once approved, the Accounting Manager processes the payroll.

The Accounting Manager is the only employee with administrative access to ADP's web-based payroll data entry system. The payroll data is entered into the system and a preview report is generated for review by the Accounting Manager and subsequently by the ASO. If the information is correct, the payroll is processed and an email confirmation from ADP is received by the Accounting Manager. The payroll report and timesheets are forwarded to the ASO for review. Then the ASO logs into CalPERS' website and enters the payroll. The retirement contributions generated by CalPERS' system are verified with the amounts reported to ADP. At the same time, the ASO enters the employee contributions to the deferred compensation (457) program.

The payroll and CalPERS reports are routed back to the Accounting Manager. Then the Accounting Manager logs into CalPERS website and pays the amounts due for retirement and deferred compensation by EFT from the administration fund. A confirmation of cash remitted to employees is received in the mail after each payroll cycle. ADP (ADP Run) submits all tax forms and payments on behalf of the Authority.

### **Bank Reconciliation**

Monthly, the Accounting Manager performs a cash reconciliation of each fund. The process begins when the Accounting Manager retrieves bank statements. Statements for the administration and SacMetro FSP funds are downloaded from US Banks' SinglePoint, while all trustee statements are downloaded from US Banks' web-based Pivot system. The County provides monthly reports from its Comprehensive Online Management Personnel and Accounting System for Sacramento County (COMPASS)

that function as bank statements for each fund the County holds on behalf of the Authority. Those funds are:

General Fund – 102A  
Admin Fund – 102P  
SCTMFP Fund – 102O  
SAVSA Fund – 106A  
CTSA Agency Fund – 150E  
Neighborhood Shuttle Fund – 150F

The Accounting Manager reconciles each statements' cash balance to the cash reported in QuickBooks. Any reconciling differences (with exception of immaterial rounding differences) are investigated and resolved. The most common reconciling differences are related to certain transactions posted by the County to our funds for interest earned on cash balances and legal and fiscal services provided by County staff. After each fund is reconciled, a detailed reconciliation report is printed. Each report along with supporting documentation is presented to the ED for review and approval.

## **IT**

Refer to the IT Policy.

## **Checklist for Year-end Closing Entries**

- Compare Beginning Fund Balances/Net Assets to the audited ending balances from the prior year
- Review all funds for – assets with credit balances, liabilities with debit balances, fund balances/net assets with debit balances, revenues with debit balances, expenditures/expenses with credit balances and research any such balances to determine their validity
- Review year-end budget-to-actual expenditures and explain any material variances – this is typically completed after each quarter and when the final Measure A allocation is posted near the end of August
- Reconcile all June bank statements to accounting system data – resolve any variances
- Adjust all cash balances held in the County Pool to fair value as of June 30
- Accrue all earned interest - County makes an adjustment in August that is dated in the prior fiscal year.
- Determine if any funds report negative cash balances – transfer cash from another fund to eliminate negative cash balance and post DT/DF
- Ensure that all payroll has been posted – Accounting Manager posts payroll to the fiscal year that corresponds to the pay period end date. Reconcile payroll costs from ADP to QuickBooks GL. Reconcile CalPERS contributions to GL
- Accrue Measure A sales tax revenue received in July and August (for sales tax collections in May and June and a clean-up payment in August for Q4 of the prior year - respectively)
- Verify that all DFOG (e.g. FSP, SAVSA, and GF) and DTOG (i.e. monthly sales tax allocations and capital claims) are posted and document supported
- Verify that DTOF and DFOF are posted and in balance
- Review all expenditures paid during July and August and accrue a liability as appropriate

- Record interest payable
- Accrue reimbursement (DFOB/DFOF) to GF for expenditures paid on behalf of the administration fund
- Accrue reimbursement from SAVSA and FSP for costs incurred by the administration fund (DFOB/DFOF)
- Compensated absences – ensure the beginning balance matches prior year's ending balance, ensure fiscal year ending balance agrees with accountant's worksheet, record increase/decrease to the compensated absence liability (due within one year and long-term)
- Review long-term debt – ensure beginning balances agree with prior year's audited ending balances, ensure ending balances for each outstanding debt reconcile to supporting reports and amortization schedules, ensure that debt service principal and interest are reported separately, ensure that reductions in the long-term debt agree to the principal payments recorded in the accounting system
- Post the Mark-to-Market (MTM) valuation of the interest rate swaps as of June 30
- Ensure that TI/TO are in balance
- Are there any prior period restatements or adjustments – if so, why?
- Have prior year findings been addressed
- Are revenues coded as general or program – per GASB 34
- Ensure fund balance is classified per GASB 54 (i.e. unassigned, committed, restricted)
- Ensure all pension calculations are performed and posted to the accounting system
- Ensure Other Post Employment Benefit (OPEB) entries are posted to the accounting system