

**SACRAMENTO TRANSPORTATION AUTHORITY**

**MEASURE A SALES TAX PROGRAM  
PERFORMANCE AUDIT**

June 30, 2018

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CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
BACKGROUND INFORMATION .....	2
SCOPE .....	7
OBJECTIVES, PERFORMANCE STANDARD, PROCEDURES PERFORMED AND CONCLUSIONS .....	8
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS .....	20

## INDEPENDENT AUDITOR'S REPORT

To the Independent Taxpayer Oversight  
Committee and Governing Board of  
Sacramento Transportation Authority  
Sacramento, California

We have conducted a performance audit of Sacramento Transportation Authority's (the "Authority" or "STA") compliance with specific elements of the Measure A Ordinance No. STA 04-01 (the "Ordinance") for the period of April 1, 2009 to June 30, 2018.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives as developed by the Independent Taxpayer Oversight Committee ("ITOC") listed on pages 8 through 19 of this report which includes determining the compliance with specific performance criteria set forth in the Ordinance. Management is responsible for Sacramento Transportation Authority's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of the Authority to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the Authority's compliance with the requirements of the Ordinance but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

The results of our tests indicated that, in all significant respects, Sacramento Transportation Authority met the objectives listed on pages 8 through 19 and is in compliance with the requirements set forth in the Ordinance.



Crowe LLP

Sacramento, California  
October 3, 2019

SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX PROGRAM  
BACKGROUND INFORMATION

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The Sacramento Transportation Authority (STA) was created in 1988 to administer a half-cent sales tax program in Sacramento County which voters approved in November 1988. The 20-year program started in April 1989 and sunsetted in March 2009. Funds collected during the term of the initial program were expended on projects to relieve traffic congestion, improve air quality, construct new and repair existing highways, local streets and roads, expand public transit, and increase public safety by providing essential countywide transportation improvements.

In November 2004, voters approved a 30-year extension to the half-cent sales tax program (Measure A). The program extension began in April 2009 and will sunset in March 2039. Measure A is projected to generate from \$4 to 5 billion for transportation improvements throughout the Sacramento region. The current program, has provided monthly formula driven revenue allocations (on-going) for transit operations and maintenance, road maintenance, safety and congestion relief programs, pedestrian and bicycle facilities, air quality improvement programs, senior and disabled transportation services, and American River Parkway improvements and maintenance. In addition, Measure A provides funding for 33 capital improvement projects and mitigation programs (capital projects) identified in the Sacramento County Transportation Expenditure Plan 2009-2039 (Expenditure Plan) approved by voters. Measure A provides this funding to the State and local agencies listed below.

- City of Citrus Heights
- City of Elk Grove
- City of Folsom
- City of Galt
- City of Isleton
- City of Rancho Cordova
- City of Sacramento
- County of Sacramento
- Sacramento Metropolitan Air Quality Management District
- Paratransit
- Capital SouthEast Connector
- Sacramento Regional Transit (Regional Transit)
- California Department of Transportation (Caltrans)

About the time Measure A started in 2009, the nation was nearing the end of a significant recession that impacted every federal, state, and local jurisdiction in profound ways. In particular, consumer spending had declined. As a result, sales tax revenue started declining in fiscal year 2007 and did not reach its pre-recession level until fiscal year 2016. However, sales tax revenue has increased on average 4.9% since program inception through June 30, 2018 – the scope of this performance audit.

In addition to sales tax revenue, Measure A generates fees from the Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP) which also began in April 2009. Each local agency participating in Measure A collects mitigation fees for certain new construction and remits those funds to STA. These funds are used to finance the capital improvement projects and mitigation programs identified in the expenditures plan.

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SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX PROGRAM  
BACKGROUND INFORMATION

Collectively, Measure A revenues from sales tax and SCTMFP fees from the inception of Measure A through the year ended June 30, 2018, totaled, approximately \$950 million as reported and summarized in STA's Comprehensive Annual Financial Report (CAFR) by fiscal year in the following table:

Fiscal Year	STA Sales Tax Revenue	STA Sales Tax Revenue Growth Rate	SCTMFP Fees	SCTMFP Fees Growth Rate
2009-10	\$ 81,413,982	-	\$ 3,073,658	-
2010-11	87,299,421	7.2%	2,334,437	(24.1)%
2011-12	92,239,996	5.7%	2,957,362	26.7%
2012-13	97,390,177	5.6%	3,176,382	7.4%
2013-14	100,063,237	2.7%	3,540,542	11.5%
2014-15	105,564,247	5.5%	4,624,139	30.6%
2015-16	110,707,633	4.9%	4,363,650	(5.6)%
2016-17	116,877,996	5.6%	7,858,175	80.1%
2017-18	119,187,748	2.0%	7,621,753	(3.0)%
Total/Average	<u>\$ 910,744,437</u>	<u>4.9%</u>	<u>\$ 39,550,098</u>	<u>15.4%</u>

As shown in the table above, sales tax revenue has grown steadily since program inception. Although the growth rate varied year over year, it averaged 4.9% since program inception. Using actual sales tax receipts through June 30, 2018 and the forecast amounts, the program is expected to generate about \$4.7 billion which is consistent with the sales tax revenue estimate in the Expenditure Plan. All sales tax revenue is allocated by formula as directed by the Expenditure Plan. Each month, STA allocates Measure A funds to each local agency for Measure A programs and uses identified in the Expenditure Plan.

In contrast to sales tax revenue, SCTMFP fee revenue has proven to be volatile. As the table above documents, the growth rate has varied from a reduction of 24.1% to growth of 80%. Using data from program inception through June 30, 2018, the growth rate averaged 15.4%. The long-term forecast for the SCTMFP fee program indicates it might generate approximately \$215 million using a projected 3.0% growth rate from fiscal year June 30, 2018 through the end of the Measure A program. This amount is half the amount included in the Measure A Expenditure Plan totaling \$488 million. As noted above, SCTMFP fee revenue is subject to significant volatility year over year which means the long term forecast is also subject to significant volatility.

In addition to sales tax and fee revenues, STA issued \$183 million in bonds in 2006 and 2007 in anticipation of the sales tax revenue collections beginning in April 2009. In the Sacramento region there were projects ready for construction funding, so debt was issued to advance them. These bonds were paid off in fall 2009 when \$318 million in new bonds were issued – partly to pay off the previously issued bonds and to provide additional funding for shovel-ready projects. In July 2012, \$53 million in additional bonds were issued, but payments toward the principal have reduced the outstanding balance to \$46.3 million with payoff planned in fiscal year 2028. Principal payments on the remaining debt will begin in fiscal year 2029 with payoff planned for the end of the program in fiscal year 2039. The table below represents all outstanding debt at June 30, 2018.

Bond Series	Amount Outstanding at June 20, 2018	Interest Rate	Fiscal of Final Bond Maturity
2009C	\$ 106,100,000	Variable	2039
2012	46,315,000	Fixed	2028
2014A *	106,100,000	Variable	2039
2015A **	106,100,000	Variable	2039
Total	<u>\$ 364,615,000</u>		

\* 2009A Series refunded by 2014A Series

\*\*2009B Series refunded by 2015A Series

(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX PROGRAM  
BACKGROUND INFORMATION

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Issuing debt is a vital element of financing capital projects identified in the Expenditure Plan. The Authority regularly works with its capital program partners to determine how much funding is needed and when to determine if enough cash will be available when necessary. In cases where cash on hand will be insufficient, the Authority works with its financial advisory team to determine how much debt to issue. As noted in the previous table this effort has led to several issuances over the course of the program.

It is important to issue debt in amounts that can be spent in three years or less to avoid paying interest on unused funds. Accounting standards require that agencies demonstrate they have done so. In the Authorities case, it hires a third party that performs analysis to confirm compliance with the accounting standard and other regulations. The summary on page 17 of this report summarizes the timing of debt issuance and related use of those funds to demonstrate its compliance with the standards.

All local agencies with capital projects in the planning phase or under construction are required to report the status of those projects on a quarterly basis. This information is remitted to STA staff then reviewed by the Independent Taxpayer Oversight Committee (ITOC) and the Governing Board of the Sacramento Transportation Authority (Governing Board). The process is dynamic since the reports may generate questions that staff are directed to follow-up on. Occasionally, staff from local agencies building the projects represent them before the ITOC and Governing Board to provide a forum for more in-depth conversations.

There are 33 specific capital projects identified in the Expenditure Plan. Since some projects include multiple jurisdictions or phases, the total project count for planning and funding purposes is 54. As of June 30, 2018, there were 13 projects that were completed including the Folsom Bridge Crossing, and the Grant Line, Sheldon, Watt Avenue, and Cosumnes Boulevard Interchanges. In addition, there were 18 projects that are in progress. As of June 30, 2018, the following table summarizes the status of each project in the approved Expenditure Plan:

**Completed:**

<u>Project</u>	<u>Sub-Project</u>	<u>Jurisdiction</u>	<u>Measure A Funding Status</u>	<u>Construction Status</u>
Antelope Road: Watt Ave. to Auburn Blvd.	Roseville Rd. to I-80	City of Citrus Heights	Complete	Complete
Bradshaw Road: Grant Line to Folsom Blvd.	Calvine Rd. to Florin Rd.	County of Sacramento	Complete	Complete
Cosumnes Blvd./I-5 Interchange Upgrade		City of Sacramento	Complete	Complete
Cosumnes River Blvd.: I-5 to Franklin Blvd.	Freeport Blvd. to Franklin Blvd.	City of Sacramento	Complete	Complete
Folsom Bridge Crossing		City of Folsom	Complete	Complete
Galt/SR 99 Interchange Upgrade		City of Galt	Complete	Complete
Grant Line Rd./SR99 Interchange Upgrade		City of Elk Grove	Complete	Complete
Greenback Lane: I-80 to Folsom/Auburn Road	West City Limit to Fair Oaks Blvd.	City of Citrus Heights	Complete	Complete
I-5/I-80 Interchange Upgrade		Caltrans	Complete	Complete
I-80 Bus/Carpool Lanes: Elk Grove to I-80		Caltrans	Complete	Complete
Sheldon Rd./SR 99 Interchange Upgrade		City of Elk Grove	Complete	Complete
Sunrise Blvd.: Placer Co Line to Grant Line	Oak Ave. to Antelope Rd.	City of Citrus Heights	Complete	Complete
Watt Ave./SR 50 Interchange Upgrade		County of Sacramento	Complete	Complete

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SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX PROGRAM  
BACKGROUND INFORMATION

**In Progress:**

<u>Project</u>	<u>Sub-Project</u>	<u>Jurisdiction</u>	Measure A <u>Funding Status</u>	<u>Construction Status</u>
Downtown Sacramento Intermodal Station		City of Sacramento	Partial	In Progress
Folsom Blvd.: 65th to Sunrise	Watt Ave. to Bradshaw Rd.	County Of Sacramento	Partial	In Progress
Folsom Blvd.: 65th to Sunrise	Bradshaw Rd. to Sunrise Blvd.	City of Rancho Cordova	Partial	In Progress
Greenback Lane: I-80 to Folsom/Auburn Road	Fair Oaks Blvd. to Main Ave. Phase 1	County of Sacramento	Partial	In Progress
Hazel Ave.: Placer County to Folsom Blvd.	US 50 to Madison Ave.	County of Sacramento	Partial	In Progress
Hazel Ave.: Placer County to Folsom Blvd.	US 50 to Folsom Blvd.	County of Sacramento	Partial	In Progress
I-5 Bus/Carpool Lanes Elk Grove to I-80		Caltrans	Partial	In Progress
I-5/SR 99/Hwy. 50 Connector		Regional	Partial	In Progress
DNA LRT Extension		Regional Transit	Partial	In Progress
Meadowview Rd to Cosumnes River College LRT Extension		Regional Transit	Partial	In Progress
LRT I-80 Corridor Improvements		Regional Transit	Partial	In Progress
Madison Ave.: Watt Ave. to Greenback Ln.	Sunrise Blvd. to Hazel Ave.	County of Sacramento	Partial	In Progress
Richards Blvd/I-5 Interchange		City of Sacramento	Partial	In Progress
South Watt/Elk Grove-Florin Rd.: Folsom Blvd. to Elk Grove Blvd.	Folsom Blvd. to Calvin Rd. Phase 1	County of Sacramento	Partial	In Progress
SR 50 Bus/Carpool Lanes: Sunrise to Downtown Sacramento		Caltrans	Partial	In Progress
Sunrise Blvd.: Placer Co Line to Grant Line	Jackson Rd. to Grant Line Rd.	County of Sacramento	Partial	In Progress
Sunrise Blvd.: Placer Co Line to Grant Line	Gold Country Blvd. to Jackson Rd.	City of Rancho Cordova	Partial	In Progress
Watt Ave.: Antelope to Capital City Freeway	Antelope Rd. to Capital City Freeway	County of Sacramento	Partial	In Progress

**Not Started:**

<u>Project</u>	<u>Sub-Project</u>	<u>Jurisdiction</u>	Measure A <u>Funding Status</u>	<u>Construction Status</u>
Antelope Road: Watt Ave. to Auburn Blvd.	Watt Ave. to Roseville Rd.	County of Sacramento	None	Not Started
Antelope Road: Watt Ave. to Auburn Blvd.	I-80 to Auburn Rd.	City of Citrus Heights	None	Not Started
Arden Way: ITS Improvements Del Paso to Fair Oaks Blvd.	Ethan Way to Fair Oaks Blvd.	County of Sacramento	None	Not Started
Arden Way: ITS Improvements Del Paso to Fair Oaks Blvd.	Del Paso Blvd. to Ethan Way	City of Sacramento	None	Not Started
Bradshaw Road: Grant Line to Folsom Blvd.	Calvine Rd. to Old Placerville Rd.	County of Sacramento	None	Not Started
Bradshaw Road: Grant Line to Folsom Blvd.	Grant Line Rd. to Calvin Rd.	City of Elk Grove	None	Not Started
Bruceville Road: Sheldon to Cosumnes River Blvd.	Sheldon Rd. to Cosumnes River Blvd.	City of Sacramento	None	Not Started

(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
 MEASURE A SALES TAX PROGRAM  
 BACKGROUND INFORMATION

**Not Started:** (continued)

<u>Project</u>	<u>Sub-Project</u>	<u>Jurisdiction</u>	<u>Measure A Funding Status</u>	<u>Construction Status</u>
Bus/Carpool ramp Connection SR 50 to SR 99		Caltrans	None	Not Started
Elk Grove Blvd.: Big Horn to Waterman	Calvine Rd. to Elk Grove Blvd.	City of Elk Grove	None	Not Started
Elk Grove Blvd.: Big Horn to Waterman	Big Horn Blvd. to Waterman Rd.	City of Elk Grove	None	Not Started
Folsom Blvd.: 65th to Sunrise	65th St. to Watt Ave.	City of Sacramento	None	Not Started
Greenback Lane: I-80 to Folsom/Auburn Road	Fair Oaks Blvd. to Main Ave. Phase 2	County of Sacramento	None	Not Started
Greenback Lane: I-80 to Folsom/Auburn Road	I-80 to Manzanita Ave.	County of Sacramento	None	Not Started
Hazel Ave.: Placer County to Folsom Blvd.	Madison Ave. to Placer County Line	County of Sacramento	None	Not Started
Madison Ave.: Watt Ave. to Greenback Ln.	Hazel Ave. to Greenback Lane	County of Sacramento	None	Not Started
Madison Ave.: Watt Ave. to Greenback Ln.	Watt Ave. to Sunrise Blvd.	County of Sacramento	None	Not Started
Implement Regional Rail commuter service		Regional	None	Not Started
Sheldon Rd: Bruceville to Bradshaw	Bruceville Rd. to Bradshaw Rd.	City of Elk Grove	None	Not Started
South Watt/Elk Grove-Florin Rd.: Folsom Blvd. to Elk Grove Blvd.	Folsom Blvd. to Calvine Rd. Phase 2	County of Sacramento	None	Not Started
SR 50 and I-5 Ramp Widenings		Caltrans	None	Not Started
Sunrise Blvd.: Placer Co Line to Grant Line	Madison Ave. to Gold Country Blvd.	County of Sacramento	None	Not Started
Sunrise Blvd.: Placer Co Line to Grant Line	Greenback Lane to Oak Ave.	City of Citrus Heights	None	Not Started
Sunrise Blvd.: Placer Co Line to Grant Line	Antelope Rd. to City Limit	City of Citrus Heights	None	Not Started

(Continued)



SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX PROGRAM  
SCOPE

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The performance audit covers the period of April 1, 2009 (the effective date of the Measure A Ordinance No. STA 04-01, *An Ordinance Providing for the Continuation of a One-Half of One Percent Retail Transactions and Use Tax* by the Sacramento Transportation Authority for Local Transportation Purposes (the "Ordinance")), through June 30, 2018.

SACRAMENTO TRANSPORTATION AUTHORITY  
 MEASURE A SALES TAX PROGRAM  
 OBJECTIVES, PERFORMANCE STANDARD, PROCEDURES PERFORMED AND CONCLUSIONS

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**1. MEASURE A DISTRIBUTION**

**Objective:** Determine if the distribution of on-going and capital project Measure A funding is in accordance with the voter-approved Expenditure Plan and the Ordinance.

**Performance Standard:** The Ordinance – Exhibit A

**Procedures Performed:**

**On-going Distribution** – We selected 60 of 864 on-going distributions comprising a total value of \$18.4 million disbursed by STA for testing. We tested compliance with the Ordinance by verifying the actual distribution agreed to the calculated distribution. We obtained supporting details ensuring the distribution was made within a timely manner.

**Capital Project Distribution** – We selected all capital project areas contained in the Ordinance. These capital project areas included:

- Local Arterial Program
- Transit Capital Improvement Program
  - Rail Transit Improvements
  - Construct Downtown Sacramento Intermodal Station
- Freeway Safety and Congestion Relief Program
  - Regional Bus/Carpool Lanes Connectors/Extensions
  - Local Freeway Interchange Congestive Relief Updates

We tested compliance with the Ordinance by comparing program expenditure subtotals for each capital project from the inception of Measure A to June 30, 2018 to the total proposed allocation in the Expenditure Plan and verified program expenditures did not exceed capital project allocations.

	<u>From Measure A Expenditure Plan</u>			
	<u>Proposed Sales Tax Allocation</u>	<u>Proposed Developer Fee Allocation</u>	<u>Total Proposed Allocation</u>	<u>Program Expenditures Through June 30, 2018</u>
1. <u>Local Arterial Program</u>	\$ 235,000,000	\$ 171,000,000	\$ 406,000,000	\$ -
Antelope Road: Watt Ave. to Auburn Blvd.	-	-	-	1,088,744
Bradshaw Rd.: Grant Line Rd. to Folsom Blvd.	-	-	-	7,923,277
I5/SR99/SR50 Connector	-	-	-	24,467,879
Folsom Blvd: 65th St. to Sunrise Blvd.	-	-	-	6,447,003
Folsom Bridge Crossing	-	-	-	37,577,078
Greenback Ln.: I/80 to Auburn/Folsom Rd.	-	-	-	2,341,282
Hazel Ave.: Placer County to Folsom Blvd.	-	-	-	35,656,005
Madison Ave.: Watt Ave. to Greenback Ln.	-	-	-	1,870,868
South Watt Ave./Elk Grove-Florin Rd.,	-	-	-	142,741
Sunrise Blvd.: Placer Co. to Grant Line Rd.	-	-	-	12,875,174
Watt Ave.: Antelope - Capital City Freeway	-	-	-	261,761
	<u>\$ 235,000,000</u>	<u>\$ 171,000,000</u>	<u>\$ 406,000,000</u>	<u>\$ 130,651,812</u>

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SACRAMENTO TRANSPORTATION AUTHORITY  
 MEASURE A SALES TAX PROGRAM  
 OBJECTIVES, PERFORMANCE STANDARD, PROCEDURES PERFORMED AND CONCLUSIONS

**1. MEASURE A DISTRIBUTION (Continued)**

	From Measure A Expenditure Plan			Program Expenditures Through June 30, 2018
	Proposed Sales Tax Allocation	Proposed Developer Fee Allocation	Total Proposed Allocation	
2. <u>Transit Capital Improvement Program</u>	\$ -	\$ 98,000,000	\$ 98,000,000	\$ -
a. <u>Rail Transit Improvements</u>	118,000,000	-	118,000,000	-
Downtown to Airport (DNA) Light Rail Transit (LRT) Extension	-	-	-	36,641,716
LRT I-80 Corridor Improvements	-	-	-	247,200
Meadowview Rd to Cosumnes River College LRT Extension	-	-	-	16,493,730
Subtotal Rail Transit Improvements	<u>118,000,000</u>	<u>-</u>	<u>118,000,000</u>	<u>53,382,646</u>
b. <u>Construct Downtown Sacramento         Intermodal Station</u>				
Sacramento Intermodal Station	58,000,000	-	58,000,000	78,819,740
Total Transit Capital Improvement Program	<u>\$ 176,000,000</u>	<u>\$ 98,000,000</u>	<u>\$ 274,000,000</u>	<u>\$ 132,202,386</u>
3. <u>Freeway Safety and Congestion Relief     Program</u>	\$ -	\$ 98,000,000	\$ 98,000,000	\$ -
a. <u>Regional Bus/Carpool Lane         Connectors/Extensions</u>	423,000,000	-	423,000,000	-
Hwy 50 Bus/Carpool Lanes Sunrise Blvd. to Downtown	-	-	-	46,723,236
I-5 Bus/Carpool Lanes Elk Grove to I-80	-	-	-	3,185,454
I-80 Bus/Carpool Lanes I-5 to Capital City Freeway	-	-	-	722,688
Subtotal Regional Bus/Carpool Lane Connectors/Extensions	<u>423,000,000</u>	<u>98,000,000</u>	<u>423,000,000</u>	<u>50,631,378</u>
b. <u>Local Freeway Interchange Congestion         Relief Upgrades</u>	141,000,000	-	141,000,000	-
Central Galt/SR 99 Interchange Upgrades	-	-	-	9,966,000
Cosumnes Blvd/I-5 Interchange Upgrade	-	-	-	8,588,138
Grant Line Road/SR 99 Interchange Upgrade	-	-	-	37,229,290
I-5/I-80 Interchange Upgrade & Carpool Lane Connector	-	-	-	1,500,000
Richards Blvd/I-5 Interchange Upgrade	-	-	-	52,444
Sheldon Road/SR 99 Interchange Upgrade	-	-	-	8,291,743
Watt Ave/Hwy 50 Interchange Upgrade	-	-	-	11,835,390
Subtotal Local Freeway Interchange Congestion Relief Upgrades	<u>141,000,000</u>	<u>-</u>	<u>141,000,000</u>	<u>77,463,005</u>
Total Freeway Safety and Congestion Relief Program	<u>\$ 564,000,000</u>	<u>\$ 98,000,000</u>	<u>\$ 662,000,000</u>	<u>\$ 128,094,383</u>

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SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX PROGRAM  
OBJECTIVES, PERFORMANCE STANDARD, PROCEDURES PERFORMED AND CONCLUSIONS

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**1. MEASURE A DISTRIBUTION** (Continued)

Conclusions: The results of our test indicate in all significant respects that all on-going and capital project distributions complied with Ordinance and voter approved Expenditure Plan.

Objective: Determine if ongoing allocations are based on annually updated population and lane mile data in compliance with the Ordinance.

Performance Standard: the Ordinance – Exhibit A Sections IV A and B and Section X

Procedures Performed: From a population of nine fiscal years we selected three fiscal year allocations to test compliance with the Ordinance. The attributes tested included:

- Allocations were updated from prior year
- Calculations were supported by lane mile data from local agencies
- Calculations were materially mathematically accurate

Conclusions: The results of our test indicate that in all significant respects the allocations were updated annually in compliance with the Ordinance.

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SACRAMENTO TRANSPORTATION AUTHORITY  
 MEASURE A SALES TAX PROGRAM  
 OBJECTIVES, PERFORMANCE STANDARD, PROCEDURES PERFORMED AND CONCLUSIONS

**2. ELIGIBILITY OF CAPITAL PROGRAM EXPENDITURES**

Objective: Determine if capital project expenditures meet eligibility criteria as adopted by the STA Governing Board in February 2015.

Performance Standard: Agenda Item #13 from February 26, 2015 STA Governing Board Meeting.

Procedures Performed: We selected 40 expenditures for testing. Our expenditure selections totaled \$148.3 million or 38% of the total STA capital project expenditures of \$393.9 million from the inception of Measure A to June 30, 2018. We selected the following specific expenditures:

	<u>Primary Project Description</u>	<u>Date</u>	<u>Amount</u>
1	Folsom Bridge Crossing	2/1/2007*	\$ 10,047,033
2	Downtown Sacramento Intermodal Station	3/15/2007*	15,909,833
3	Grant Line Road/SR 99 Interchange Upgrade	5/10/2007*	8,891,550
4	Folsom Bridge Crossing	7/31/2007*	10,102,437
5	Grant Line Road/SR 99 Interchange Upgrade	8/20/2007*	12,472,264
6	Downtown Sacramento Intermodal Station	12/24/2007*	16,390,000
7	Grant Line Road/SR 99 Interchange Upgrade	6/18/2008*	14,445,626
8	Downtown Sacramento Intermodal Station	12/16/2009	13,271,395
9	DNA LRT Extension	8/30/2011	2,122,127
10	Central Galt/SR 99 Interchange Upgrade	1/11/2012	5,025,058
11	Meadowview Rd to Cosumnes River College LRT Extension	5/11/2012	2,964,246
12	Folsom Blvd: 65th St. to Sunrise Blvd.	1/30/2013	346,874
13	Consumnes Blvd. I-5 Interchange Upgrade	1/24/2014	1,628,283
14	Consumnes Blvd. I-5 Interchange Upgrade	4/28/2014	945,241
15	Watt Ave. Hwy 50 Interchange Upgrade	7/16/2014	1,425,241
16	Consumnes Blvd. I-5 Interchange Upgrade	7/21/2014	906,257
17	Hazel Ave. Placer County to Folsom Blvd.	11/18/2014	722,954
18	Watt Ave. Hwy 50 Interchange Upgrade	12/8/2014	1,543,126
19	Hazel Ave. Placer County to Folsom Blvd.	12/10/2014	525,160
20	Consumnes Blvd. I-5 Interchange Upgrade	1/26/2015	1,653,227
21	Watt Ave. Hwy 50 Interchange Upgrade	5/14/2015	580,963
22	Downtown Sacramento Intermodal Station	7/24/2015	2,404,656
23	Meadowview Rd to Cosumnes River College LRT Extension	7/28/2015	516,457
24	Watt Ave. Hwy 50 Interchange Upgrade	8/17/2015	555,856
25	Downtown Sacramento Intermodal Station	10/21/2015	3,190,397
26	Downtown Sacramento Intermodal Station	1/28/2016	1,933,374
27	Hwy 50 Bus/Carpool Lanes Sunrise Blvd. to Downtown	3/21/2016	464,226
28	Hazel Ave. Placer County to Folsom Blvd.	6/16/2016	471,478
29	Downtown Sacramento Intermodal Station	6/28/2016	4,572,345
30	Hwy 50 Bus/Carpool Lanes Sunrise Blvd. to Downtown	8/9/2016	595,085
31	Hazel Ave. Placer County to Folsom Blvd.	8/30/2016	534,372
32	Watt Ave. Antelope - Capital City Freeway	2/4/2017	121,452
33	Hazel Ave. Placer County to Folsom Blvd.	3/8/2017	319,163
34	Downtown Sacramento Intermodal Station	4/18/2017	3,891,684
35	Hwy 50 Bus/Carpool Lanes Sunrise Blvd. to Downtown	8/16/2017	409,621
36	Hwy 50 Bus/Carpool Lanes Sunrise Blvd. to Downtown	8/16/2017	359,836
37	Downtown Sacramento Intermodal Station	10/31/2017	1,741,212
38	I5/SR99/SR50 Connector	1/19/2018	2,400,000
39	I5/SR99/SR50 Connector	2/21/2018	942,329
40	I5/SR99/SR50 Connector	4/10/2018	1,033,002
			\$ 148,375,440

\* These expenditures occurred prior to the effective date of the Ordinance however STA issued debt to fund these projects backed by future revenue generated by the Ordinance. Furthermore these projects are specifically listed in the Ordinance as eligible for funding, as such we considered these expenditures within the scope of the performance audit.

(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX PROGRAM  
OBJECTIVES, PERFORMANCE STANDARD, PROCEDURES PERFORMED AND CONCLUSIONS

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**2. ELIGIBILITY OF CAPITAL PROGRAM EXPENDITURES (Continued)**

Conclusions: The results of our tests indicate in all significant respects STA's capital project expenditures met eligibility criteria as adopted by the STA Governing Board in February 2015.

Objective: Determine if contract awards are equal or more than total project expenditures.

Procedures Performed: We selected six capital projects from a population of 33 capital projects to determine if contract awards agree with total project expenditures. We selected the following capital projects:

<u>Project Name</u>	<u>Contract Award Amount</u>	<u>Total Project Expenditures</u>
DNA LRT Extension	\$ 53,740,490	\$ 36,641,716
I5/SR99/SR50 Connector	38,428,500	24,467,879
Grant Line Road/SR 99 Interchange Upgrade	37,229,290	37,229,290
Madison Ave.: Watt Ave. to Greenback Ln.	21,772,648	1,870,868
Folsom Blvd: 65th St. to Sunrise Blvd.	12,271,720	6,447,003
Greenback Ln.: I/80 to Auburn/Folsom Rd.	2,225,000	2,225,000

Conclusions: The results of our test indicate that in all significant respects the total contract award amounts were equal to or greater than the total project expenditures.

**3. INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE (ITOC)**

Objective: Determine if the ITOC is operating in compliance with the Ordinance.

Performance Standard: the Ordinance Section II A and Exhibits A and B. Specifically:

- Establishment of the ITOC
- Supervision of annual fiscal audits
- Supervision of periodic performance audits
- Hiring of a professional auditor to conduct the audits
- Publicly available findings and recommendations of each audit
- Committee member experience requirements
- Committee member term requirements
- Annual Cost of ITOC
- Conflict of interest of ITOC voting members

Procedures Performed: We selected three fiscal years from a population of nine fiscal years to assess the ITOC compliance with the requirements in the Ordinance. We found the ITOC was initially formed by the appointing of members to the ITOC by the STA Governing Board on March 11, 2010 which was prior to the April 1, 2010 date required per the Ordinance. The ITOC held its first meeting on August 5, 2010. We inspected the annual fiscal audits that were performed for the fiscal years selected and noted they had all been completed within six months of the fiscal year end and no professional accounting firm had conducted the audit for more than three consecutive years. For the years tested we reviewed the committee members for the experience requirements and term limits.

Conclusions: The results of our tests indicate in all significant respects the ITOC operated in compliance with the Ordinance.

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX PROGRAM  
OBJECTIVES, PERFORMANCE STANDARD, PROCEDURES PERFORMED AND CONCLUSIONS

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**4. ESTABLISHMENT OF THE SACRAMENTO COUNTYWIDE TRANSPORTATION MITIGATION FEE PROGRAM (SCTMFP)**

Objective: Confirm each local agency established a transportation mitigation fee “impact fee” program in compliance with the Ordinance.

Performance Standard: the Ordinance Section VII

Procedures Performed: We tested all eight local agencies for compliance with the Ordinance requirements of establishing a transportation mitigation fee. Seven of the eight local agencies were in compliance on March 31, 2009 for implementation on April 1, 2009 as required by the Ordinance. One local agency, the City of Isleton, did not have an agreement with STA until August 2014, however, no mitigation fees would have been generated as no building activity occurred between April 1, 2009 and August 2014. We searched publicly available records for developments in the City of Isleton that would potentially be subject to SCTMFP fees from April 1, 2009 to August 2014. We found one potential development (Village on the Delta) which could have been subject to SCTMFP fees but per our inquiry of Isleton’s City Manager the permits for the development were issued prior to April 1, 2009.

Conclusions: Each local agency established a transportation mitigation fee “impact fee” program in compliance with the Ordinance, in all significant respects.

**5. ADMINISTRATION EXPENSES**

Objective: Verify that administration allocations and expenditures are limited to 0.75 percent of sales tax revenue as required under the Ordinance.

Performance Standard: the Ordinance Sections II B and Exhibit A Section XII

Procedures Performed: We obtained administrative expenditure totals by fiscal year as reported in the Comprehensive Annual Financial Reports (CAFR) and calculated the percentage of Administrative Expenditures to Sales Tax Revenue for the periods from program inception to June 30, 2018. We recalculated the Yearly Administrative Expenditures in Excess (Deficit) of Allocation and Cumulative Administrative Expenditures in Excess (Deficit) of Allocation. The Cumulative Administrative Expenditures in Excess (Deficit) of Allocation at June 30, 2018 totaled \$664,031.

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
 MEASURE A SALES TAX PROGRAM  
 OBJECTIVES, PERFORMANCE STANDARD, PROCEDURES PERFORMED AND CONCLUSIONS

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**5. ADMINISTRATION EXPENSES (Continued)**

The table below assumes all administrative expenditures reported in the CAFRs are solely related to the “new” Measure A program. We were unable to obtain a sufficient level of detail within the CAFR or from other information available from management to differentiate between “old” and “new” Measure A program administrative expenditures.

Fiscal Year	Sales Tax Revenue per CAFR	Calculated Administrative Allocation (0.75% of Sales Tax Revenue)	Administrative Expenditures per CAFR	Yearly Administrative Expenditures in Surplus (Deficit) of Allocations
17/18	\$ 119,187,748	\$ 893,908	\$ 498,402	\$ 395,506
16/17	116,877,996	876,585	977,515	(100,930)
15/16	110,707,633	830,307	1,334,542	(504,235)
14/15	105,564,247	791,732	805,331	(13,599)
13/14	100,063,237	750,474	1,008,517	(258,043)
12/13	97,390,177	730,426	745,552	(15,126)
11/12	92,239,996	691,800	658,391	33,409
10/11	87,299,421	654,746	542,380	112,366
09/10	<u>81,413,982</u>	<u>610,605</u>	<u>599,424</u>	<u>11,181</u>
Total	<u>\$ 910,744,437</u>	<u>\$ 6,830,583</u>	<u>\$ 7,170,054</u>	<u>\$ (339,471)</u>

While the “old” Measure A funding ended on March 31, 2009, \$97 million in “old” Measure A remained to be administered at the same time as the “new” Measure A. There was not a sufficient level of detail within the CAFR to differentiate between “old” and “new” Measure A program administrative expenditures. STA potentially commingled administrative expenses not related to the “new” Measure A program within the Administrative Expenditures line item in the CAFR. The time frame of this audit is greater than STA’s 5-year record retention policy and the available records did not contain the level of detail necessary to determine which administrative expenditures related to the “old” and “new” Measure A or other programs. Further, per the Ordinance, the compliance requirement limits STA to an administrative expenditure total not to exceed 0.75% of Measure A Sales Tax Revenues over the life of Measure A, not on an annual basis. We assumed for purposes of our testing all administrative expenditures reported in the CAFR related to “new” Measure A, which is more conservative. Based on the conservative approach as of June 30, 2018, STA has spent cumulatively \$339,471 in excess of the 0.75% Administrative Expenditure limitation. However based on the June 30, 2018 CAFR, STA has a positive administrative expense fund balance of \$664,031 which is potentially a combination of “old” and “new” Measure A program administrative expenditure allocations.

Conclusions: STA complied with the Ordinance requirements regarding Administrative Expenditures, in all significant respects, however we identified a matter for internal control improvement. See Finding 2018-001.

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(Continued)



SACRAMENTO TRANSPORTATION AUTHORITY  
 MEASURE A SALES TAX PROGRAM  
 OBJECTIVES, PERFORMANCE STANDARD, PROCEDURES PERFORMED AND CONCLUSIONS

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**6. MAINTENANCE OF EFFORT**

Objective: Determine if Measure A funds were used to match other funding sources.

Procedures Performed: We selected eight capital projects from a population of 26 capital projects that have either been completed or are in progress, and supported by Measure A funding. We obtained general ledger detail from local agencies supporting funding sources for projects selected and determined for Measure A funded projects selected if STA's records of Measure A funding allocation agreed to information provided by the local agencies.

Capital Project Name	Sub-Project Name	Measure A Funding	Other Local Funding	State Funding	Federal Funding	Total Project Funding to Date	Percentage Of Measure A Funding to Total Project Funding
Central Galt Interchange		\$ 10.0	\$ 15.3	\$ 1.2	\$ 12.1	\$ 38.6	26%
Consumnes Blvd. I-5 Interchange		8.6	54.0	12.7	18.2	93.5	9%
DNA LRT Extension		36.6	15.2	5.0	12.6	69.4	53%
Folsom Bridge Crossing		37.6	8.7	-	100.2	146.5	26%
Grant Line Rd. SR 99 Interchange Upgrade		37.2	41.3	-	-	78.5	47%
Hazel Ave. Placer County to Folsom Blvd.	Hwy 50 to Folsom Blvd.	1.7	0.7	-	-	2.4	71%
Hazel Ave. Placer County to Folsom Blvd.	Hwy 50 to Madison Ave.	34.0	0.5	-	23.7	58.2	58%
Downtown Sacramento Intermodal Station		78.8	19.3	44.6	67.8	210.5	37%
Watt Ave. Hwy 50 Interchange		11.8	3.3	23.6	3.9	42.6	28%
<b>Total</b>		<b>\$ 256.3</b>	<b>\$ 158.3</b>	<b>\$ 87.1</b>	<b>\$ 238.5</b>	<b>\$ 740.2</b>	<b>35%</b>

(Dollars in Millions)

Conclusions: Measure A funds were used to match with funds from other funding sources in the projects tested, in all significant respects.

**7. INTERNAL CONTROLS OVER PROCUREMENT**

Objective: Evaluate internal controls over payment processing to determine if they are properly designed.

Procedures Performed: We performed inquiries of management and walkthroughs of STA's internal controls over procurement. Within the procurement control process we observed the cash management controls related to bank account reconciliations noting the bank account reconciliations are prepared by the Chief Financial Officer (CFO) and reviewed by the Executive Director (ED). We observed the controls related to cash disbursements from STA's bank account noting the expenses were submitted by the CFO, and approved by the ED, showing proper segregation of duties. We observed the controls related to cash disbursements from the Cash in County Treasury noting the request was prepared by the CFO and approved by the ED.

Conclusions: Internal controls over payment processing are properly designed, in all significant respects.

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX PROGRAM  
OBJECTIVES, PERFORMANCE STANDARD, PROCEDURES PERFORMED AND CONCLUSIONS

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**8. MEASURE A SALES TAX REVENUES**

Objectives: Evaluate STA's process for developing revenue projections.

Procedures Performed: We observed the current procedures for developing revenue projections noting the most recent revenue projections developed were dated March 2018. We obtained supporting documentation from STA regarding the qualifications of the firm and individuals that developed the projections. We reviewed the Governing Board meeting agendas and minutes. We noted that the report and projections were prepared by a team at Beacon Economics consisting of three people, two of which hold Ph.Ds. in Economics and one that holds a M.S. degree in Economics. In addition, we noted revenue projections are prepared for the life of the Measure A program through fiscal year 2039. We noted that the Governing Board reviewed Beacon's projections as part of the budget approval process and approved the budget with the March 2018 revenue projections at the June 14, 2018 meeting.

Conclusions: The process for developing revenue projections is properly designed, in all significant respects..

**9. SACRAMENTO COUNTYWIDE TRANSPORTATION MITIGATION FEE PROGRAM (SCTMFP) REVENUES**

Objective: Determine if local agencies are charging the appropriate fees and remitting them to the STA timely.

Performance Standard: the Ordinance Section VII

Procedures Performed: We tested SCTMFP fees totaling \$14.8 million or 37.3% of the \$39.6 million in SCTMFP fees received by STA to assess compliance with the ordinance. The attributes tested included:

- Accuracy of the amount received
- Accuracy of the rates charged
- Timeliness of the remittance (within 60 days of period end)

Schedule of SCTMFP Revenues Tested

<u>Local Agency</u>	<u>Fiscal Year</u>	<u>Annual SCTMFP Revenues Per STA</u>	<u>Amount Per Local Agency Support Q1-Q2</u>	<u>Amount Per Local Agency Support Q3-Q4</u>	<u>Date Of Q1-Q2 Payment</u>	<u>Date Of Q3-Q4 Payment</u>
City of Citrus Heights	15-16	\$ 114,898	\$ 97,318	\$ 17,580	1/19/2016	7/8/2016
County of Sacramento	14-15	901,922	363,067	538,855	2/4/2015	7/30/2015
County of Sacramento	17-18	1,009,173	562,468	446,705	1/12/2018	7/10/2018
City of Elk Grove	13-14	665,916	195,216	470,700	2/7/2014	7/24/2014
City of Elk Grove	17-18	1,434,011	764,908	669,103	1/11/2018	8/7/2018
City of Folsom	17-18	833,234	445,054	388,180	2/28/2018	8/29/2018
City of Galt	16-17	188,900	99,871	89,029	1/17/2017	7/12/2017
City of Rancho Cordova	16-17	708,906	373,739	335,167	2/21/2017	7/31/2017
City of Sacramento	13-14	601,826	348,354	253,472	2/4/2014	7/18/2014
City of Sacramento	16-17	4,433,942	1,987,179	2,446,763	2/7/2017	8/7/2017
City of Sacramento	17-18	3,871,298	1,666,843	2,204,455	1/31/2018	7/25/2018
City of Isleton	All years	*	*	*	*	*
<b>Total</b>		<b>\$ 14,764,026</b>	<b>\$ 6,904,017</b>	<b>\$ 7,860,009</b>		

*\*Isleton has not submitted any STCMFP fees since the effective date of April 1, 2009 of the fees.*

Conclusions: The results of our test indicate that in all significant respects local agencies are charging the appropriate fees and timely remitting them to STA in compliance with applicable sections of the Ordinance.

(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
 MEASURE A SALES TAX PROGRAM  
 OBJECTIVES, PERFORMANCE STANDARD, PROCEDURES PERFORMED AND CONCLUSIONS

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**10. BOND ISSUANCE**

Objective: Determine if bonds were issued in a timely manner in relation to capital program expenditures.

Procedures Performed: We obtained each bond official statement, Comprehensive Annual Financial Reports (CAFRs), and supporting accounting records from STA. We compared the bond proceed balances in relation to the actual capital program construction expenditures. We observed the following bond issuance activity since the inception of the Measure A program:

Fiscal Year	Debt Series Issued	Amount of Bond Issuance	Bonds Refunded	Capital Program Construction Expenditures	Bond Proceeds Remaining (Deficit)*
2007	2006 Series A, B	\$ 100.1	\$ -	\$ 37.4	\$ 62.7
2008	2007 Series A	82.2	-	83.0	61.9
2009	-	-	-	28.5	33.4
2010	2009 Series A, B, C	318.3	185.0	60.9	105.8
2011	-	-	-	52.0	53.8
2012	Series 2012	53.4	-	35.0	72.2
2013	-	-	-	17.8	54.4
2014	-	-	-	14.5	39.9
2015	2014 Series A				
2015	2015 Series A	212.2	212.2	21.2	18.7
2016	-	-	-	24.1	(5.4)
2017	-	-	-	19.3	(24.7)
2018	-	-	-	14.9	(39.6)

(Dollars in Millions)

\* Column assumes that all capital program construction expenditures were paid for exclusively with bond proceeds however capital program expenditures can be paid for with a combination of bond proceeds, on-going tax revenue, and SCTMFP Fee revenue.

Conclusions: As a result of our inquiries with STA management and inspection of supporting documentation, the bonds were issued in a timely manner in relation to capital program expenditures, in all significant respects.

**11. FISCAL AND PERFORMANCE AUDITS AND ANNUAL BUDGETS**

Objective: Determine if timely annual fiscal audits were performed as required by the law.

Performance Standard: the Ordinance Section II A, Exhibits A and B and California Public Utilities Code Section 180105

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
 MEASURE A SALES TAX PROGRAM  
 OBJECTIVES, PERFORMANCE STANDARD, PROCEDURES PERFORMED AND CONCLUSIONS

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**11. FISCAL AND PERFORMANCE AUDITS AND ANNUAL BUDGETS (Continued)**

Procedures Performed: We inspected nine years of audit reports within the Comprehensive Annual Financial Reports (CAFRs) noting the annual fiscal audits were performed and completed within six months of the fiscal year end. We observed the following independent auditors report dates:

<u>Annual Fiscal Audit</u>	
<u>CAFR Fiscal Year Ending</u>	<u>Date Of Auditor's Report</u>
6/30/2010	11/22/2010
6/30/2011	10/28/2011
6/30/2012	11/13/2012
6/30/2013	10/2/2013
6/30/2014	10/16/2014
6/30/2015	10/30/2015
6/30/2016	12/23/2016
6/30/2017	12/18/2017
6/30/2018	12/4/2018

Conclusions: The results of our test indicate in all significant respects timely annual fiscal audits were performed in accordance with the applicable sections of the Measure A Ordinance.

Objective: Determine if timely annual budgets were approved by the Governing Board.

Performance Standard: California Public Utilities Code 180105.

Procedures Performed: We inspected the nine years of budgets within the annual June Governing Board Minutes noting that each annual budget was approved prior to the beginning of the fiscal year. We observed the following Governing Board budget approval dates:

<u>Annual Budget Approval</u>	
<u>Fiscal Year Budget</u>	<u>Board Approval Date</u>
09/10	6/8/2009
10/11	6/10/2010
11/12	6/16/2011
12/13	6/21/2012
13/14	6/6/2013
14/15	6/12/2014
15/16	6/11/2015
16/17	6/6/2016
17/18	6/8/2017

Conclusions: The results of our test indicate in all significant respects timely annual budgets were approved by the Governing Board and documented in the Governing Board Minutes.

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX PROGRAM  
OBJECTIVES, PERFORMANCE STANDARD, PROCEDURES PERFORMED AND CONCLUSIONS

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## 12. DOCUMENTATION OF PROGRAM MANAGEMENT PROCEDURES

Objective: Determine the sufficiency of the Authority's strategies to maximize funding and reduce program costs.

Procedures Performed: We performed inquiries of STA management related to the Authority's strategies to maximize funding and reduce program costs. We inspected the timing of when the Authority issued bonds in relation to capital program needs noting that bond proceeds were spent on capital projects within three fiscal years of the year that the bond(s) was issued. We inspected eight of the 26 capital projects noting that for all the projects selected other funding sources were used in addition to Measure A funds to fund the project. We reviewed administrative costs per the respective fiscal year CAFR, starting in fiscal year ended June 30, 2017 administrative expenses have declined. Furthermore we reviewed the approval of the annual budget for each fiscal year starting with the fiscal year ended June 30, 2010. We found all the budgets were approved prior to the beginning of the respective fiscal year.

Conclusions: The Authority has implemented strategies to maximize funding and reduce program costs, in all significant respects.

## 13. ACCOMPLISHMENTS DURING THE FIRST TEN YEARS

Objective: Determine the program's actual accomplishments during the first ten years met or exceeded anticipated accomplishments.

Performance Standard: Expenditure Plan

Procedures Performed: We inspected the Expenditure Plan approved by the Governing Board on July 27, 2006 noting that it estimated financing needs for capital projects. We inspected the Measure A capital program expenditures per the respective CAFRs noting that the local agencies had requested reimbursement for and been provided \$408.6 million in capital project expenditures through June 30, 2018. STA issued debt prior to the start of collection of Measure A revenues on April 1, 2009 to fund capital projects listed in the Ordinance that were ready prior to the availability of Measure A revenues. The debt issued allowed STA to meet the objective of maximizing the timing and acceleration of STA's capital program by funding projects earlier than could have been funded if STA relied solely on pay as you go funding. Another of the Plan objectives was to have the proceeds from bond issuances to meet capital requirements over a 24 to 36 month period. Per inspection of the bond official statements, STA issued Measure A bonds every 24 to 36 months, with the exception of the bond revenue anticipation notes that were issued as short term financing in fiscal years 2007 and 2008. At June 30, 2018, STA has completed 13 capital projects or 24% of the planned number of projects and are in process on 18 capital projects or 33% of the total planned projects.

Conclusions: Through our inquiries and inspection of documentation, STA's actual accomplishments met the objectives outlined in the Plan through June 30, 2018, in all significant respects.

SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX PROGRAM  
OBJECTIVES, PERFORMANCE STANDARD, PROCEDURES PERFORMED AND CONCLUSIONS

---

**2018-001 DEFICIENCY – ADMINISTRATIVE EXPENSES**

Criteria: Measure A Ordinance – STA 04-01 Section II B and Exhibit A Section XIII

Condition: Insufficient supporting documentation was available to differentiate “new” Measure A Administrative Expenditures from “old” Measure A Administrative Expenditures. Total administrative expenditures for both Measure A programs do not exceed the total allowable allotment, however, STA was unable to separate the administrative expenditures between the Measure A programs.

Cause: Financial transactions from “old” and “new” Measure A programs were commingled in the accounting records. The scope of this audit covers a time period that exceeds STA’s records retention policy. Supporting documents to distinguish administrative expenditures between the programs were not available.

Recommendation: We recommend sufficient records be retained to differentiate administrative expenses between programs.

Views of Responsible Officials and Corrective Action Plan:

The Measure A Ordinance (Ordinance) limits spending for general program administration to 0.75% of the sales tax revenues collected. Specifically, the allocation “*shall fund staff costs of the Authority and other costs of administering the programs and projects contained in the Expenditure Plan and the activities of the Independent Taxpayer Oversight Committee as described in Exhibit B*” of the Ordinance.

The Ordinance limits general program administration to 0.75% of the sales tax revenue over the life of the program – not by month or fiscal year. In addition, the Ordinance does not prevent the carryover of administrative fund balance from the “old” measure. An analysis performed by STA staff using the audited financial statements reported during the term of the “old” measure indicates that about \$4.7 million in unused administration funds were available to carry over into the current program. The Authority’s accounting data does not provide enough detail to determine how much, if any, of the “old” measure administration funds were used to fund program administration costs during the term of the current measure. However, since nearly \$100 million in “old” measure funds still held by STA remained to be distributed as of the start of the current program, it is reasonable to conclude that some of the “old” administration funding had been carried over into the current program.

Using appropriate internal overhead cost allocations rates can have a significant impact on administrative expenditures. From program inception through June 30, 2016, the Authority did not use an appropriate method to allocate overhead costs to the Sacramento Metropolitan Freeway Service Patrol (SacMetro FSP) and Sacramento Abandoned Vehicle Service Authority (SAVSA) programs, both administered by STA. During this time overhead costs incurred by the Measure A program on behalf of SacMetro FSP and SAVSA were higher than amounts reimbursed by the respective programs causing Measure A expenditures to be higher than they should have been. To correct this issue, STA staff developed a defensible method for cost allocation using the actual administrative costs associated with each program so that those costs can be reimbursed to the Measure A administration fund. This process was in place over the last two fiscal years of the scope of the audit.

In August 2016, STA staff moved previously comingled administration funds into a separate bank account and created a new accounting fund to track costs separately from other Measure A funds. In doing so, management has better information for planning purposes – preventing overspending.

Because of the improvements identified above, the administration fund’s balance has increased from a deficit of \$195,546 as of June 30, 2016 to a positive \$664,031 as of June 30, 2018.