Transportation Development Act (TDA) Guidelines and Procedures for the County Auditor Controller

Process: A series of tasks and activities that produce an outcome.

Procedure: Set of instructions for completing a task or activity in a process.

Processes and procedures provide a way to communicate and apply consistent standards and practices for TDA.

LTF Process: Revenue Estimates, apportionment, and board adoption/approval

- County Auditor Controller prepares and approves sales tax revenues estimate for the upcoming fiscal year and submits it to SACOG by February 1 for the next fiscal year.
- SACOG staff prepares allocations of the revenue estimates to be distributed to cities, transit agencies and county and sends the allocation tables to the county auditor for review.
- After county review, SACOG staff prepare staff reports about revenues for the SACOG board to adopt.
- Upon adoption of the estimated revenues, staff sends out allocation tables to jurisdictions.
- Jurisdictions can now use the allocations for planning, budgeting, and submitting a TDA claim at the beginning of the fiscal year.

STA and SGR Process: Revenue estimates, allocations, and board adoption/approval

- Each year in February, the California State Controller publishes approved estimates of sales revenue for the State Transit fund (STA) and State of Good Repair (SGR) fund for the next fiscal year.
- SACOG staff uses the estimates to calculate funding allocations for each city, county, and transit agency in the case of STA and **only** to transit Operators for SGR fund.
- Staff then prepare revenues, based on population, for the board to adopt.
- Upon adoption, staff send a copy of the allocation tables to each jurisdiction and publish the estimates on the SACOG website.
- In August, the State controller revises both the STA and SGR estimates, and the revisions are approved by the board before they are made available for distribution.

TDA (LTF/STA/SGR) Process: claims and fund payment (after board adopts/approves estimates)

- Claimants can prepare and submit a claim for a portion of the allocation or a total of the allocations.
- Claimants must present the claim to their respective governing body and obtain a signed resolution to accompany the claim packet.
- Claimant submits the approved claim to SACOG staff for review and board approval.
- SACOG staff review the claim and work with claimants to make any corrections if needed.
- A resolution for the claim is prepared for SACOG's board for approval. The resolution is signed by the board chair and the Executive Director.
- Staff prepare an allocation or instruction letter to the County Auditor-Controller to disburse LTF funds. The county disburses funds as they become available from the state.
  - The county auditor cannot disburse payments to claimants unless a claim has been approved by SACOG board and an instruction (disbursement) letter from SACOG authorizing the payment has been sent.
  - SACOG TDA Analyst will follow up with claimants who have not filed a claim at the end of each quarter.

LTF Administration oversight: Quarterly Reports

- County auditor controller prepares and submits quarterly reports to SACOG within 30-45 days (about 1 and a half months) after close of quarter.
- The table below shows the quarterly report schedule and a list of items to include in the report.

Quarter	Period	Reports due date	Include
1st quarter	**July 1st -September 30th**	**October 31st-November 15th**	**-Balance sheet -statement of revenues and expenditures -statement of changes in fund balance -distribution table -detailed General Ledger (GL)**
2nd quarter	**October 1st – December 31st**	**January 30th -February 15th**	**Same as above**
3rd quarter	**January 1st -March 31st**	**April 30th -May15th**	**Same as above**
4th quarter	**April 1st -June 30th**	**July 30th-August 15th**	**Same as above**

End of year audit preparation Process:

- TDA financial audits begin in September soon after Labor Day.
- SACOG staff in coordination with the TDA Financial auditor will prepare a check list and send a copy to each county's auditor controller by August 15th. SACOG staff will arrange a check-in with County staff about audit preparation and progress.
- County staff will provide a summary of claims paid, receipts, disbursements, and interest revenue allocations to LTF funds. *A sample audit check list and instructions are provided as reference in the appendix.
  - The county's auditor controller or their designee will upload required documents to the auditor's secured portal and send a copy to SACOG.
  - County staff will be available to respond to auditors as needed.

Roles and Responsibilities of auditor controller-as outlined in the TDA manual.

*SACOG has replaced Regional Transportation Agency where applicable.

Estimate of Fund by County Auditor (CCR § 6620):

- Furnish apportionment prior to February 1 of each year. Each county auditor shall provide SACOG with an estimate of funds to be available for apportionment and allocation during the following fiscal year. The estimate shall include the money projected to be deposited in the fund during the upcoming fiscal year and the unrestricted fund balance anticipated at the end of the current fiscal year. The unrestricted balance is the balance that is neither allocated, reserved, nor retained in the fund as an unallocated apportionment pursuant to Section 6655.1. The county auditor shall make estimates from such data as may be available including data which may be furnished by the State Board of Equalization.
- The county auditor shall furnish a revised or updated estimate of funds available whenever requested to do so by SACOG.

Payment by County Auditor (CCR § 6621):

- The county auditor shall make payments from the local transportation fund balance only in available solely in accordance with allocation instructions received from SACOG.
- The county auditor, in the event of uncertainty, shall immediately refer the matter to the transportation planning agency, unless the designation of the transportation planning agency is in doubt, in which case the auditor shall refer the matter to the State Director for clarification.
- The county auditor shall make no payment for those allocation instructions which are found to be in conflict with the law but shall refer such matters to SACOG for resolution. If the auditor is unable to resolve the matter with the transportation planning agency, the auditor may refer the matter to the Secretary for an advisory opinion. SACOG will consult with Caltrans TDA coordinator as necessary. *Contact information is in the TDA statutes and California code of Regulations guide issued by Caltrans and included on its website*. The county

auditor shall make no payments while in receipt of a notice from the Director of rescission of designation as a transportation planning agency until the Director delivers a further designation to the auditor

Records by County Auditor (CCR § 6622)

- The county auditor shall maintain accounting records of the fund in accordance with the State Controller's Manual of Accounting Standards and Procedures for Counties.
- At quarterly intervals, the county auditor shall report the status of the fund to SACOG.
    - The report of the status of the fund shall include a statement that shows the following:
        - beginning fund balance,
        - the amount and source of revenues received,
        - the amount and recipient of payments made identified by allocation instruction,
        - the ending fund balance and any other information specified by SACOG.
        - Portions of the fund balance held in reserve shall be identified by amount and purpose.

Fund Interest, Income, and Investments (CCR § 6623)

The county auditor as fund trustee shall arrange with the county treasurer for investment of moneys in the local transportation fund of the county at the highest rate of return consistent with prudent fund management and the need to permit disbursement of funds in accordance with allocation instructions (instruction letter) issued by the transportation planning agency.

- Interest earned will be reported to SACOG and disbursed only in accordance with allocation instructions issued by SACOG. Such instructions shall be consistent with section 29530 of the **GOV § 29530** - **Establishment of the Local Transportation Fund-**Any interest or other income earned by investment or otherwise of the local transportation fund shall accrue to and be a part of the fund.
- **SACOG and the Counties shall adjust the (County) pooled investments to fair market value at year end for the audit.**

Audit of Local Transportation Fund (CCR § 6661)

Annually and within 180 days after the end of the fiscal year, the county auditor shall submit a report of a fiscal and compliance audit of the financial statements of the county local transportation fund to SACOG, to the State Controller.

The financial statements shall be prepared by the county auditor in accordance with generally accepted accounting principles. The statements shall include, but not be limited to,
(a) a balance sheet,
(b) a statement of revenues and expenditures during the fiscal year,
(c) a statement of changes in the fund balance, and
(d) supplementary schedules as necessary to list or identify

(1) the net amounts allocated, and the net amounts disbursed during the fiscal year for each of the allocation purposes specified in the Act,
(2) any portion of the fund balance that is allocated or reserved, and
(3) any interest or other income earned by investment of the fund during the fiscal year. In the financial statements, the local transportation fund shall not be comingled with state transit assistance fund, nor with planning subventions from the Transportation Planning and Development Account, nor with any other revenues or funds of the transportation planning agency or of any city, county, or other agency.

* ***Basis of Accounting***: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. A special revenue fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds' present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.
The modified accrual basis of accounting is used by special revenue funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is generally,** 90 days. LTF revenues are recognized when all eligibility requirements have been met. Expenditures are recorded when the related fund liability is incurred. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.
SACOG auditors use 60 days** collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is generally, ** 90 days. LTF revenues are recognized when all eligibility requirements have been met. ***and six months for STA and SGR.

Record Retention:

All fiscal and accounting records and other supporting papers related to the local transportation fund shall be maintained for a minimum of four fiscal years following the close of the fiscal year and shall be available for inspection and audit by the State Controller and SACOG.

Fund Balance: The County will report TDA fund balance according to County policy.