

**SACRAMENTO AREA COUNCIL OF GOVERNMENTS
STATE TRANSIT ASSISTANCE AND
STATE OF GOOD REPAIR FUNDS**

Audited Financial Statements
and Compliance Report

June 30, 2024

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
STATE TRANSIT ASSISTANCE AND STATE OF GOOD REPAIR FUNDS

Audited Financial Statements
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June 30, 2024 and 2023

Audited Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sacramento Area Council of Governments
Sacramento, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the State Transit Assistance and State of Good Repair Funds (the Funds) of the Sacramento Area Council of Governments (SACOG), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Transit Assistance and State of Good Repair Funds of SACOG as of June 30, 2024 and 2023, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SACOG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis-of-Matters

As discussed in Note B, the financial statements present only the State Transit Assistance and State of Good Repair Funds and do not purport to, and do not, present fairly the financial position of SACOG as of June 30, 2024 and 2023, the changes in its financial position, or where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note F, in the year ended June 30, 2024, SACOG changed the accounting method used to recognize expenditures in the State of Good Repair Fund. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SACOG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2024 on our consideration of SACOG's internal control over financial reporting related to the Funds and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the

To the Board of Directors
Sacramento Area Council of Governments

Transportation Development Act. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion the effectiveness of SACOG's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SACOG's internal control over financial reporting and compliance.

Richardson & Company, LLP

November 12, 2024

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
STATE TRANSIT ASSISTANCE AND STATE OF GOOD REPAIR FUND

BALANCE SHEETS

June 30, 2024 and 2023

	2024		2023	
	State Transit Assistance Fund	State of Good Repair Fund	State Transit Assistance Fund	(As Restated) State of Good Repair Fund
ASSETS				
Cash and investments	\$ 21,940,725	\$ 9,532,302	\$ 17,387,943	\$ 11,208,837
Due from other governments	8,357,791	1,157,183	9,069,239	815,419
Interest receivable	550,287	217,356	405,120	310,157
TOTAL ASSETS	\$ 30,848,803	\$ 10,906,841	\$ 26,862,302	\$ 12,334,413
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other governments	\$ 21,950,664	\$ 9,874,665	\$ 17,232,474	\$ 11,901,791
TOTAL LIABILITIES	21,950,664	9,874,665	17,232,474	11,901,791
FUND BALANCE				
Restricted for public transit	8,898,139		9,629,828	
Restricted for public transit capital		1,032,176		432,622
TOTAL FUND BALANCE	8,898,139	1,032,176	9,629,828	432,622
TOTAL LIABILITIES AND FUND BALANCE	\$ 30,848,803	\$ 10,906,841	\$ 26,862,302	\$ 12,334,413

The accompanying notes are an integral part of these financial statements.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
STATE TRANSIT ASSISTANCE AND STATE OF GOOD REPAIR FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Years Ended June 30, 2024 and 2023

	2024		2023	
	State Transit Assistance Fund	State of Good Repair Fund	State Transit Assistance Fund	(As Restated) State of Good Repair Fund
REVENUES				
Sales and use taxes	\$ 30,942,932	\$ 4,421,839	\$ 34,930,125	\$ 4,095,316
Investment earnings (loss)	1,105,448	451,804	643,285	427,166
TOTAL REVENUES	<u>32,048,380</u>	<u>4,873,643</u>	<u>35,573,410</u>	<u>4,522,482</u>
EXPENDITURES				
Current:				
Transportation Claimants				
Sacramento Regional Transit District	26,359,915	3,436,985	26,101,770	3,294,420
Yuba Sutter Transit Authority	2,353,084	306,811	2,326,076	293,586
City of Davis	1,050,864	137,019	1,065,316	134,458
City of Woodland	742,340		745,358	
City of West Sacramento	652,228		658,441	
Yolo County Transportation District	396,598	345,150	394,687	280,337
County of Sacramento	369,085	48,124	487,732	101,906
County of Yolo	443,155		335,736	
City of Galt	311,554		309,992	
City of Winters	91,618		86,892	
City of Isleton	9,628		9,697	
TOTAL EXPENDITURES	<u>32,780,069</u>	<u>4,274,089</u>	<u>32,521,697</u>	<u>4,104,707</u>
NET CHANGE IN FUND BALANCE	(731,689)	599,554	3,051,713	417,775
Fund Balance at beginning of year - as previously reported		432,622	6,578,115	7,912,566
Restatement				(7,897,719)
Fund Balance at beginning of year- as restated	<u>9,629,828</u>	<u>432,622</u>	<u>6,578,115</u>	<u>14,847</u>
FUND BALANCE AT END OF YEAR	<u>\$ 8,898,139</u>	<u>\$ 1,032,176</u>	<u>\$ 9,629,828</u>	<u>\$ 432,622</u>

The accompanying notes are an integral part of these financial statements.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
STATE TRANSIT ASSISTANCE AND STATE OF GOOD REPAIR FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE A – ORGANIZATION

In 1979, the State Transit Assistance (STA) Fund was created under the Transportation Development Act to provide funding for transportation planning, public transportation, and community transit purposes as specified by the Legislature. Funds for the program are provided by the State from the statewide sales tax on motor vehicle fuel (gasoline) and use tax on diesel fuel. The funds are appropriated to the State Controller's Office and is then allocated by formula to each designated regional planning and programming agency. The formula allocates 50% of the funds based upon population of the region compared to the population of the State, and the remaining 50% is based upon transit operator revenues for the prior fiscal year compared with statewide transit operator revenues.

On April 28, 2017, Senate Bill (SB) 1 (Chapter 5, Statutes of 2017), the Road Repair and Accountability Act of 2017, was signed into law. SB 1 is referred to as the State of Good Repair (SGR) Program. SB 1 created a new Transportation Improvement Fee (Fee) on vehicle registrations due on or after January 1, 2018, a portion of which is provided to the California State Controller's Office for the SGR program. The fee is provided by Regional Transportation Planning Agencies (RTPAs) to eligible agencies under the STA Program formula pursuant to Public Utilities Code Section 99312.1 described in the first paragraph above. SGR fees are available for capital assistance to rehabilitate and modernize existing local transportation systems, including the purchase of new vehicles and the maintenance and rehabilitation of transit facilities and vehicles.

The Sacramento Area Council of Governments (SACOG) is the RTPA designated by the Director of the Department of Transportation for the Sacramento Region, which includes the Counties of Sacramento, Sutter, Yolo and Yuba. The STA allocations for the Sacramento Region are deposited in this State Transit Assistance and State of Good Repair Funds. As an RTPA, SACOG is responsible for the allocation of the STA and SGR monies to the transit operators and claimants within its region.

The State Transit Assistance and State of Good Repair Funds, which are funds that SACOG administers, are held at the County of Sacramento for SACOG. The STA and SGR funds are to be used to provide transit operator or transit contract services within the four counties. Eligible claimants of the funds are the cities, counties, transit districts, consolidated transportation service agencies, and operators located or operating within the four counties.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the STA and SGR Funds of SACOG have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Reporting Entity: The financial statements are intended to present the financial position and results of operations of only those transactions attributable to the STA and SGR Funds of SACOG. The STA and SGR Funds are included in the financial statements of SACOG.

Fund Accounting: The accounts of SACOG are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. Each fund is considered to be a major fund for purposes of these financial statements.

SACOG utilizes the special revenue fund type of the governmental fund group to account for the activities of the Funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.

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 and current liabilities generally are included on the balance sheet.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
STATE TRANSIT ASSISTANCE AND STATE OF GOOD REPAIR FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2024 and 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 six months.

Sales taxes are recognized as revenue when the appropriation becomes effective, which is in the same fiscal year as the sales taxes are collected by the State of California. Expenditures are recorded when the related fund liability is incurred, which is when the amounts are allocated to jurisdictions.

When both restricted and unrestricted resources are available for use, it is SACOG's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance: Allocation is the division of available funds by population and/or operator revenue to jurisdictions within each county as required by the TDA. Once funds are allocated to a given jurisdiction, they are available only for allocation and payment to claimants for that jurisdiction upon the submission of a claim by a claimant for that jurisdiction and the approval of the claim by SACOG. Fund balance represents resources received that have not been allocated to a claimant and are restricted to future allocations and claims for public transportation projects under the TDA and SGR Program Guidelines. Negative fund balances are reported as unassigned fund balance.

Expenditure Recognition: STA revenues are allocated to eligible recipients and are available for claim based on recipient budgeted expenditures/expenses. As a result, all eligibility requirements are met and expenditures/due to other governments are recognized by SACOG for STA when the allocation is approved by SACOG. Prior to July 1, 2023, it was SACOG's policy to distribute SGR funds on a cost-reimbursement basis when eligible recipients incur the qualifying expenditures/expenses. Consequently, SACOG recognized expenditures/due to other governments for SGR when the recipients incur the qualifying expenditures/expenses. On July 1, 2024, SACOG removed the cost-reimbursement requirement for SGR and those funds are now recognized when claimant budgeted expenditures/expenses are approved by SACOG and Caltrans. This approach was allowed by the SGR program guidelines and reduced the administrative burden to account for SGR expenditures. See Note F for more information on this change in accounting principle.

NOTE C – CASH AND INVESTMENTS

Investment policy: SACOG's investment policy may be found in the notes to SACOG's basic financial statements.

Investment in the County of Sacramento Investment Pool: The STA and SGR Funds' cash is held in the County of Sacramento Treasury. The County maintains an investment pool and allocates interest to the various funds based upon the average daily cash balances. Investments held in the County's investment pool are available on demand to SACOG and are stated at fair value. Information regarding fair value measurements of the County pool may be found in the notes to the County of Sacramento financial statements at www.finance.saccounty.gov/AuditorController on the Accounting and Financial Reporting page.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2024 and 2023, the weighted average maturity of the investments contained in the County of Sacramento investment pool was approximately 274 and 267 days, respectively.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
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NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2024 and 2023

NOTE C – CASH AND INVESTMENTS (Continued)

organization. The County of Sacramento investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial credit risk: Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County of Sacramento investment pool).

NOTE D – DUE TO OTHER GOVERNMENTS

Due to other governments consisted of the following at June 30:

	2024		2023	
	State Transit Assistance Fund	State of Good Repair Fund	State Transit Assistance Fund	(As Restated) State of Good Repair Fund
Sacramento Regional Transit District	\$ 8,198,196	\$ 6,208,405	\$ 6,345,304	\$ 9,072,635
Yuba Sutter Transit Authority	6,172,916	1,432,088	3,929,832	1,125,277
City of Davis	2,116,180	405,085	1,826,294	268,066
County of Sacramento	1,402,963	251,815	1,402,777	203,691
County of Yolo	1,336,785		1,146,489	
City of Woodland	926,333		183,993	
City of West Sacramento	861,291		1,887,550	
Yolo County Transportation District	791,285	1,577,272	394,687	1,232,122
City of Galt	96,897		76,522	
City of Winters	28,493		29,329	
City of Isleton	19,325		9,697	
	<u>\$ 21,950,664</u>	<u>\$ 9,874,665</u>	<u>\$ 17,232,474</u>	<u>\$ 11,901,791</u>

NOTE E – STATE OF GOOD REPAIR DEADLINE FOR EXPENDITURE

SGR revenue is required to start being expended by recipient agencies within four years of the fiscal year of allocation and must be fully expended within eight years of the fiscal year of allocation under the SGR program Guidelines as follows:

<u>FY of SGR Funding</u>	<u>Begin Expending SGR Funding</u>	<u>Fully Expend SGR Funding By</u>
2017-18	July 1, 2021	June 30, 2025
2018-19	July 1, 2022	June 30, 2026
2019-20	July 1, 2023	June 30, 2027
2020-21	July 1, 2024	June 30, 2028
2021-22	July 1, 2025	June 30, 2029
2022-23	July 1, 2026	June 30, 2030
2023-24	July 1, 2027	June 30, 2031

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NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2024 and 2023

NOTE F – CHANGE IN ACCOUNTING PRINCIPLE

SACOG previously required eligible recipients of SGR to submit a claim supported by invoices for qualifying expenditures/expenses before distributing SGR funds to claimants. As a result, SACOG created a cost-reimbursement eligibility requirement that must be satisfied before SGR expenditures were incurred by SACOG and the asset recognition criteria for revenue was met by claimants under GASB Statement No. 33. SGR program guidelines allow SGR funds to be disbursed after budgeted project costs are submitted by claimants and approved by both SACOG and Caltrans. Consequently, SACOG removed the cost-reimbursement requirement during fiscal year 2024. As a result of this change, eligible recipients will no longer be required to submit claims supported by actual expenditures/expenses to receive reimbursement. SACOG now disburses the funds when budgeted project costs are approved by SACOG and Caltrans. SACOG will still require recipients to submit a claim for approved projects prior to disbursing the funds, but this is considered a routine requirement that does not affect the timing of the expenditure recognition under GASB Statement No. 33. This change in accounting principle resulted in a reduction in fund balance as of July 1, 2022, an increase in due to other governments at June 30, 2023 and a reduction of revenues and expenditures during the year ended June 30, 2023 as follows:

	State of Good Repair Fund			
	Due to Other Governments	Fund Balance	Revenues	Expenditures
As of and for the year ended June 30, 2023, as previously reported	\$ 5,186,974	\$ 7,912,566	\$ 4,628,760	\$ 5,393,887
Effect of change in accounting principle	<u>6,714,817</u>	<u>(7,897,719)</u>	<u>(106,278)</u>	<u>(1,289,170)</u>
As of and for the year ended June 30, 2023, as restated	<u>\$ 11,901,791</u>	<u>\$ 14,847</u>	<u>\$ 4,522,482</u>	<u>\$ 4,104,717</u>

The Schedule of Allocations and Expenditures for the State of Good Repair program previously reported in the Supplementary Information section has also been revised due to this change in accounting principle.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
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SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS – STATE TRANSIT ASSISTANCE

June 30, 2024 and 2023

California Code of Regulations, Subchapter 2.5, Article 5, Section 6751 related to the Transportation Development Act requires supplementary information for STA regarding fund balances maintained and expenditures made. No portion of the fund balance was apportioned to operators pursuant to Section 6721 of the Code as of June 30. The amounts allocated and expended for each of the allocation purposes specified in Sections 6730 and 6731 of the Code were as follows for the years ended June 30:

PUC Section	Purpose	2024			2023		
		Allocations	Disbursements	Undisbursed/ Unclaimed	Allocations	Disbursements	Undisbursed/ Unclaimed
6730(a)	Public transportation system operating costs:						
	City of Galt	\$ 301,155	\$ 214,657	\$ 86,498	\$ 309,992	\$ 233,470	\$ 76,522
	Yuba Sutter Transit Authority				21,906		21,906
		<u>301,155</u>	<u>214,657</u>	<u>86,498</u>	<u>331,898</u>	<u>233,470</u>	<u>98,428</u>
6730(b)	Public transportation system capital requirements:						
	Sacramento Regional Transit District	<u>26,359,915</u>	<u>18,161,719</u>	<u>8,198,196</u>	<u>26,101,770</u>	<u>19,756,466</u>	<u>6,345,304</u>
		26,359,915	18,161,719	8,198,196	26,101,770	19,756,466	6,345,304
6731(b)	Contracted transportation services:						
	City of West Sacramento	630,458	449,378	181,080			
	City of Winters	91,618	63,125	28,493	86,892	69,096	17,796
	City of Isleton	9,628		9,628			
	City of Woodland				<u>561,365</u>	<u>561,365</u>	
		<u>731,704</u>	<u>512,503</u>	<u>219,201</u>	<u>648,257</u>	<u>630,461</u>	<u>17,796</u>
	Unclaimed current year apportionment:						
	Yuba Sutter Transit Authority	2,353,084		2,353,084	2,304,170		2,304,170
	City of Davis	1,050,864		1,050,864	1,065,316		1,065,316
	City of Woodland	742,340		742,340	183,993		183,993
	County of Yolo	443,155		443,155	335,736		335,736
	Yolo County Transportation District	396,598		396,598	394,687		394,687
	County of Sacramento	369,085		369,085	487,732		487,732

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SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS – STATE TRANSIT ASSISTANCE (Continued)

June 30, 2024 and 2023

PUC Section	Purpose	2024			2023		
		Allocations	Disbursements	Undisbursed/ Unclaimed	Allocations	Disbursements	Undisbursed/ Unclaimed
	City of West Sacramento	\$ 21,770		\$ 21,770	\$ 658,441		\$ 658,441
	City of Galt	10,399		10,399			
	City of Isleton				9,697		9,697
		<u>5,387,295</u>		<u>5,387,295</u>	<u>5,439,772</u>		<u>5,439,772</u>
	Total apportionment	<u>\$ 32,780,069</u>	<u>\$ 18,888,879</u>	<u>13,891,190</u>	<u>\$ 32,521,697</u>	<u>\$ 20,620,397</u>	<u>11,901,300</u>
Unclaimed prior year apportionment:							
	Yuba Sutter Transit Authority			3,819,832			1,603,756
	City of Davis			1,065,316			760,978
	County of Sacramento			1,033,878			915,045
	County of Yolo			893,630			810,753
	City of West Sacramento			658,441			1,229,109
	Yolo County Transportation District			394,687			
	City of Woodland			183,993			
	City of Isleton			9,697			
	City of Winters						11,533
	Total unclaimed prior year apportionments			<u>8,059,474</u>			<u>5,331,174</u>
	Total due to other governments			<u>\$ 21,950,664</u>			<u>\$ 17,232,474</u>

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
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SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS – STATE OF GOOD REPAIR

June 30, 2024 and 2023

The SGR amounts allocated and expended were as follows for the years ended June 30:

	2024			2023		
	Allocations	Disbursements	Undisbursed	Allocations	Disbursements	Undisbursed
Current year:						
Sacramento Regional Transit District						
Blue and gold lines light rail station conversion	\$ 3,436,985		\$ 3,436,985			
Replacement of CNG buses				\$ 3,294,420		\$ 3,294,420
Yolo County Transportation District						
Replacement of CNG buses	345,150		345,150			
Vehicle overhauls, re-tanking, rebuilds				280,337		280,337
Yuba Sutter Transit Authority						
Next generation transit facility	306,811		306,811	293,586		293,586
City of Davis - Unitrans						
Bus stop improvements	137,019		137,019	134,458		134,458
County of Sacramento						
Replacement of bus fleet	48,124		48,124	101,906		101,906
Total apportionment	<u>\$ 4,274,089</u>	<u>\$ -</u>	<u>4,274,089</u>	<u>\$ 4,104,707</u>	<u>\$ -</u>	<u>4,104,707</u>
Undisbursed prior year apportionment:						
Sacramento Regional Transit District						
Blue and gold lines light rail station conversion*			2,364,349			
Replacement of bus fleet			281,036			281,036
Trapeze ops update			126,035			126,035
Replacement of CNG buses						2,645,372
Intelligence vehicle network upgrade						652,630
Drive cams						454,590
Light rail crossing enhancement						374,314
CNG equipment replacement						373,186
Instrument house replacement						274,900
Bus maintenance facility improvements						172,420
Operations control center equipment replacement						149,795
Fare vending machine upgrade						123,393
Facility roof replacement						87,436
CNG tank replacement						54,343
Facility elevator replacement						8,765

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
STATE TRANSIT ASSISTANCE AND STATE OF GOOD REPAIR FUNDS

SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS – STATE OF GOOD REPAIR (Continued)

June 30, 2024 and 2023

	2024			2023		
	Allocations	Disbursements	Undisbursed	Allocations	Disbursements	Undisbursed
Yuba Sutter Transit Authority						
Next generation transit facility**			\$ 1,125,277			\$ 680,010
Replacement of bus fleet						151,681
Yolo County Transportation District						
Replacement of bus fleet			596,292			596,292
Vehicle overhauls, re-tanking, rebuilds			360,155			79,818
Bus washer/washer recycler replacement			275,675			275,675
City of Davis - Unitrans						
Bus stop improvements			268,066			133,608
County of Sacramento						
Replacement of bus fleet*			203,691			101,785
Total undisbursed prior year apportionments			<u>5,600,576</u>			<u>7,797,084</u>
Total due to other governments			<u>\$ 9,874,665</u>			<u>\$ 11,901,791</u>

* In October 2023, April 2024, and September 2024, the Board approved the transfer of Sacramento Regional Transit District's fiscal year 2019/20 through 2022/23 allocations from various project purposes to the blue line and gold line light rail station conversion and modifications project.

** In September 2023, the Board approved the transfer of Yuba Sutter Transit Authority's fiscal year 2017/18 allocation from the replacement of bus fleet to the next generation transit facility project.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
THE TRANSPORTATION DEVELOPMENT ACT AND STATE OF GOOD REPAIR PROGRAM GUIDELINES

To the Board of Directors
Sacramento Area Council of Governments
Sacramento, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the State Transit Assistance and State of Good Repair Funds (the Funds) of the Sacramento Area Council of Governments (SACOG), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Funds' basic financial statements, and have issued our report thereon dated November 12, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SACOG's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SACOG's internal control. Accordingly, we do not express an opinion on the effectiveness of SACOG's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SACOG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Our audit was further made to determine that Transportation Development Act (TDA) funds allocated and received by SACOG were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6751 of the California Code of Regulations. We also tested the receipt and appropriate expenditures of State of Good Repair (SGR) program funds, as presented in the supplementary information, in accordance with SGR Program Guidelines. However, providing an opinion on compliance with those provisions was not an

To the Board of Directors
Sacramento Area Council of Governments

objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, the TDA and SGR program requirements that is included as Finding 2024-001 in the accompanying schedule of findings and responses.

SACOG's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on SACOG's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. SACOG's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the TDA in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

November 12, 2024

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
STATE TRANSIT ASSISTANCE AND STATE OF GOOD REPAIR FUNDS

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2024

Internal Control Over Financial Reporting

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

Compliance and Other Matters

CURRENT YEAR FINDINGS

Finding 2024-001

Criteria: California Code of Regulations section 6664 indicates that “no allocation shall be made to any claimant that is delinquent in its submission of a fiscal and compliance audit report.”

Condition: SACOG paid a State Transit Assistance allocation to the City of Davis in August 2023 even though its June 30, 2022 fiscal and compliance audit was delinquent on March 31, 2023.

Effect: SACOG is not in compliance with section 6664 of the California Code of Regulations.

Cause: It appears this was simple oversight by staff.

Recommendation: We recommend SACOG add additional review procedures to ensure claims are not paid to claimants with delinquent fiscal and compliance audits.

Management’s Response: Management will add additional review procedures to ensure claims are not paid if the financial and compliance audit is delinquent.

PRIOR YEAR FINDINGS

None