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August 1, 2024

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

We are engaged to audit the financial statements of the Sacramento Local Transportation Fund, Yolo County Local Transportation Fund, Yuba County Local Transportation Fund, Sutter County Local Transportation, State Transit Assistance Fund and State of Good Repair Fund (the Funds) of the Sacramento Area Council of Governments (SACOG) and claimant funds of the Funds for the year ended June 30, 2024. Professional standards require that we provide you with the following information related to our audits.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider SACOG's internal control over financial reporting over the Funds and certain claimants' internal control over financial reporting over claimant funds in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of SACOG's and claimants' compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also, in accordance with the Uniform Guidance, we will examine, on a test basis, evidence about certain claimants' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the entity's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the entity's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to RSI listed in the table of contents of each claimant fund, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, RSI will not be audited and, because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the Schedule of Allocations and Disbursements and certain schedules in claimant fund financial statements listed as supplementary information in the table of contents, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope, Timing of the Audit, Significant Risks, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including the system of internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risks of material misstatement as part of our auditing planning: proper recognition of revenue and management override of controls.

SACOG:

- Management override of controls

Claimant funds:

- Management override of controls
- Improper revenue recognition
- Cut-off of revenues and expenditures

We expect to begin our SACOG audit in September 2024 and issue our report on approximately October 15, 2024 and we expect to begin our claimant audits in September 2024 and issue our reports by December 28, 2024. Brian Nash is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Board of Directors and management of SACOG and its claimants is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Richardson & Company, LLP*

August 1, 2024