

**SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO
LOCAL TRANSPORTATION FUND**

Audited Financial Statements
and Compliance Report

June 30, 2022

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO LOCAL TRANSPORTATION FUND

Audited Financial Statements
and Compliance Report

June 30, 2022 and 2021

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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

Opinion

We have audited the accompanying financial statements of the County of Sacramento Local Transportation Fund (the Fund) of the Sacramento Area Council of Governments (SACOG), as of and for the years ended June 30, 2022 and 2021, 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 County of Sacramento Local Transportation Fund of SACOG as of June 30, 2022 and 2021, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 opinion.

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the County of Sacramento Local Transportation Fund and do not purport to, and do not, present fairly the financial position of SACOG as of June 30, 2022 and 2021, the changes in financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. 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 these 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that

To the Board of Directors
Sacramento Area Council of Governments

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 audits.

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 an opinion 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 16, 2022 on our consideration of SACOG's internal control over financial reporting related to the Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. The purpose of that report is 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 on

To the Board of Directors
Sacramento Area Council of Governments

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 16, 2022

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO LOCAL TRANSPORTATION FUND

BALANCE SHEETS

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and investments	\$ 19,678,695	\$ 14,984,289
Due from other governments	15,708,573	15,676,709
Interest receivable	<u>77,254</u>	<u>36,972</u>
TOTAL ASSETS	<u>\$ 35,464,522</u>	<u>\$ 30,697,970</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Due to other governments	<u>\$ 5,817,342</u>	<u>\$ 5,884,331</u>
TOTAL LIABILITIES	<u>5,817,342</u>	<u>5,884,331</u>
FUND BALANCE		
Restricted for public transportation projects	<u>29,647,180</u>	<u>24,813,639</u>
TOTAL FUND BALANCE	<u>29,647,180</u>	<u>24,813,639</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 35,464,522</u>	<u>\$ 30,697,970</u>

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

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO LOCAL TRANSPORTATION FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Years Ended June 30, 2022 and 2021

	2022	2021
REVENUES		
Sales and use taxes	\$ 89,970,147	\$ 76,916,433
Investment earnings (loss)	(136,606)	(15,646)
TOTAL REVENUES	<u>89,833,541</u>	<u>76,900,787</u>
EXPENDITURES		
Current:		
Allocations:		
Sacramento Regional Transit District	75,683,913	51,158,504
Sacramento Area Council of Governments	3,470,068	2,661,741
County of Sacramento	2,248,364	1,811,699
City of Galt	1,354,601	1,071,112
Paratransit, Inc.	1,189,515	804,052
City of Sacramento	552,062	423,680
City of Elk Grove	190,335	7,036,894
City of Citrus Heights	94,880	73,448
City of Folsom	88,180	66,561
City of Rancho Cordova	84,691	62,089
City of Isleton	43,391	35,220
TOTAL EXPENDITURES	<u>85,000,000</u>	<u>65,205,000</u>
NET CHANGE IN FUND BALANCE	4,833,541	11,695,787
Fund balance at beginning of year	<u>24,813,639</u>	<u>13,117,852</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 29,647,180</u></u>	<u><u>\$ 24,813,639</u></u>

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

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO LOCAL TRANSPORTATION FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE A – ORGANIZATION

In 1972, the Local Transportation Fund was created under the Transportation Development Act to provide funding for public transportation. Funds for the program are derived from 1/4 cent of the retail sales tax collected statewide by the California Department of Tax and Fee Administration. The money is returned to each county, through a designated regional planning and programming agency, based upon the sales tax collected in that county.

The Sacramento Area Council of Governments (SACOG) is the Regional Transportation Planning Agency (RTPA) designated by the Director of the Department of Transportation for the Sacramento Region, which includes the Counties of Sacramento, Sutter, Yolo and Yuba. As a RTPA, SACOG is responsible for the administration of the Local Transportation Funds for these counties.

This County of Sacramento Local Transportation Fund, which is one of the funds that SACOG administers, is held at the County of Sacramento (the County) but can only be disbursed in accordance with written allocation instructions issued by SACOG in compliance with the Act. The funds are to be used to administer the Transportation Development Act and to provide transit services, pedestrian and bicycle facilities, and streets and roads funding within the County. Eligible claimants of the funds are the cities, consolidated transportation service agencies and special districts located within or operating within the County. Funds are initially apportioned on an annual basis to areas within the County based upon population. The funds are then allocated by SACOG to each claimant for a specific purpose.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Sacramento Local Transportation Fund (Fund) 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 County of Sacramento Local Transportation Fund of SACOG. The Fund is 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.

SACOG utilizes the special revenue fund type of the governmental fund group to account for the activities of the Fund. 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. 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 60 days.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO LOCAL TRANSPORTATION FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022 and 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 apportioned 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: Apportionment is the division of available funds by population to jurisdictions within each county as required by the Transportation Development Act. Once funds are apportioned 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 apportioned to a jurisdiction that are restricted to future claims for public transportation projects under the Transportation Development Act.

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 Fund's 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, 2022 and 2021, the weighted average maturity of the investments contained in the County of Sacramento investment pool was approximately 278 and 300 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 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).

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO LOCAL TRANSPORTATION FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022 and 2021

NOTE D – DUE TO OTHER GOVERNMENTS

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

	<u>2022</u>	<u>2021</u>
County of Sacramento	\$ 4,541,394	\$ 3,470,260
City of Elk Grove	490,325	299,990
City of Galt	296,440	1,094,298
City of Rancho Cordova	264,929	450,238
City of Citrus Heights	107,343	12,463
Paratransit, Inc	85,372	85,372
City of Folsom	17,789	7,067
City of Isleton	13,750	40,963
City of Sacramento		423,680
	<u>\$ 5,817,342</u>	<u>\$ 5,884,331</u>

NOTE E – CONTINGENCIES

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Fund's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and impact on sales tax, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO LOCAL TRANSPORTATION FUND

SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS

June 30, 2022 and 2021

California Code of Regulations Article 5, Subchapter 2, Section 6661 related to the Transportation Development Act requires supplementary information for the County of Sacramento Local Transportation Fund regarding expenditures made by the Fund. The net amount allocated and expended for each of the allocation purposes specified in Public Utilities Code (PUC) Chapter 4 of the Act were as follows for the years ended June 30:

PUC Section	Purpose	2022			2021		
		Allocations	Disbursements	Undisbursed/ Unclaimed	Allocations	Disbursements	Undisbursed/ Unclaimed
99233.1	Administration:						
	SACOG	\$ 949,204	\$ 949,204		\$ 728,094	\$ 728,094	
	County of Sacramento	22,000	22,000		22,000	22,000	
		<u>971,204</u>	<u>971,204</u>		<u>750,094</u>	<u>750,094</u>	
99234	Pedestrian and bicycle facilities:						
	City of Sacramento	552,062	552,062		423,680		\$ 423,680
	County of Sacramento	512,177	512,177		442,816	442,816	
	City of Folsom	88,180	70,392	\$ 17,788	59,494	59,494	
	City of Galt	27,930	22,296	5,634	22,085		22,085
	City of Isleton	714	714		649		649
	City of Citrus Heights				65,649	65,649	
		<u>1,181,063</u>	<u>1,157,641</u>	<u>23,422</u>	<u>1,014,373</u>	<u>567,959</u>	<u>446,414</u>
99260(a)	Public transportation:						
	Sacramento Regional Transit District	75,683,913	75,683,913		51,158,504	51,158,504	
99262	Public transportation system planning:						
	SACOG	2,520,864	2,520,864		1,933,647	1,933,647	
99275	Community transit services:						
	Paratransit, Inc.	1,189,515	1,189,515		718,680	718,680	
99400(a)	Streets, roads, pedestrian and bicycle projects:						
	City of Galt				667,940		667,940
	City of Isleton	33,924	33,924		30,831		30,831
		<u>33,924</u>	<u>33,924</u>		<u>698,771</u>		<u>698,771</u>
99400(c)	Contracted public transportation:						
	City of Galt	1,326,671	1,059,051	267,620	381,087		381,087
	City of Elk Grove				6,891,803	6,891,803	
		<u>1,326,671</u>	<u>1,059,051</u>	<u>267,620</u>	<u>7,272,890</u>	<u>6,891,803</u>	<u>381,087</u>

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO LOCAL TRANSPORTATION FUND

SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS (CONTINUED)

June 30, 2022 and 2021

PUC Section	Purpose	2022			2021		
		Allocations	Disbursements	Undisbursed/ Unclaimed	Allocations	Disbursements	Undisbursed/ Unclaimed
	Unclaimed current year apportionment:						
	County of Sacramento	\$ 1,714,187		\$ 1,714,187	\$ 1,346,883		\$ 1,346,883
	City of Elk Grove	190,335		190,335	145,091		145,091
	City of Citrus Heights	94,880		94,880	7,799		7,799
	City of Rancho Cordova	84,691		84,691	62,089		62,089
	City of Isleton	8,753		8,753	3,740		3,740
	City of Folsom				7,067		7,067
	Paratransit, Inc.				85,372		85,372
		<u>2,092,846</u>		<u>2,092,846</u>	<u>1,658,041</u>		<u>1,658,041</u>
	Total apportionment	<u>\$85,000,000</u>	<u>\$82,616,112</u>	<u>2,383,888</u>	<u>\$65,205,000</u>	<u>\$62,020,687</u>	<u>3,184,313</u>
	Unclaimed prior year apportionment:						
	County of Sacramento			2,827,208			2,123,377
	City of Elk Grove			299,990			154,899
	City of Rancho Cordova			180,238			388,149
	Paratransit, Inc.			85,372			
	City of Galt			23,186			23,186
	City of Citrus Heights			12,463			4,664
	City of Isleton			4,997			5,743
				<u>3,433,454</u>			<u>2,700,018</u>
	Total due to other governments			<u>\$ 5,817,342</u>			<u>\$ 5,884,331</u>

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*
AND THE TRANSPORTATION DEVELOPMENT ACT

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 County of Sacramento Local Transportation Fund (the Fund) of the Sacramento Area Council of Governments (SACOG), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated November 16, 2022.

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 or 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 of 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 6661 of the California Code of Regulations. However, providing an opinion on compliance with those

To the Board of Directors
Sacramento Area Council of Governments

provisions was not an 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 are required to be reported under *Government Auditing Standards* and the TDA, which is described in the accompanying schedule of findings and responses as Finding 2022-001.

SACOG's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on SACOG's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. 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 16, 2022

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO LOCAL TRANSPORTATION FUND

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2022

Internal Control Over Financial Reporting

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

Compliance and Other Matters

CURRENT YEAR FINDINGS

Finding 2022-001

Criteria: California Code of Regulations section 6620 requires an estimate of the Local Transportation Fund (LTF) revenues available to allocate to be provided to SACOG by February 1 of each year.

Condition: The County of Sacramento Auditor-Controller's Office provided the estimate of LTF revenues available to allocate to SACOG on February 10, 2021, which is after the required due date.

Effect: The delay in estimate could slow the allocation process.

Cause: It appears the COVID-19 pandemic resulted in this delay.

Recommendation: We recommend SACOG request the County Auditor-Controller's Office provide the estimate by the due date specified in the California Government Code.

Management's Response: Management will request the estimate be provided by the County Auditor-Controller's Office by the required due date in the future.

PRIOR YEAR FINDINGS

None

**SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SUTTER
LOCAL TRANSPORTATION FUND**

Audited Financial Statements
and Compliance Report

June 30, 2022

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SUTTER LOCAL TRANSPORTATION FUND

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Compliance Report

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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

Opinion

We have audited the accompanying financial statements of the County of Sutter Local Transportation Fund (the Fund) of the Sacramento Area Council of Governments (SACOG), as of and for the years ended June 30, 2022 and 2021, 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 County of Sutter Local Transportation Fund of SACOG as of June 30, 2022 and 2021, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 opinion.

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the County of Sutter Local Transportation Fund and do not purport to, and do not, present fairly the financial position of SACOG as of June 30, 2022 and 2021, the changes in financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. 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 these 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that

To the Board of Directors
Sacramento Area Council of Governments

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 audits.

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 an opinion 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 16, 2022 on our consideration of SACOG's internal control over financial reporting related to the Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. The purpose of that report is 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 on

To the Board of Directors
Sacramento Area Council of Governments

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 16, 2022

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SUTTER LOCAL TRANSPORTATION FUND

BALANCE SHEETS

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and investments	\$ 1,667,533	\$ 395,237
Due from other governments	<u>1,062,722</u>	<u>1,056,621</u>
TOTAL ASSETS	<u>\$ 2,730,255</u>	<u>\$ 1,451,858</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Due to other governments	<u>\$ 444,006</u>	<u></u>
TOTAL LIABILITIES	<u>444,006</u>	<u></u>
FUND BALANCE		
Restricted for public transportation projects	<u>2,286,249</u>	<u>\$ 1,451,858</u>
TOTAL FUND BALANCE	<u>2,286,249</u>	<u>1,451,858</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,730,255</u>	<u>\$ 1,451,858</u>

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

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SUTTER LOCAL TRANSPORTATION FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
REVENUES:		
Sales and use taxes	\$ 5,974,626	\$ 5,421,543
Investment earnings (loss)	(68,370)	6,906
TOTAL REVENUES	<u>5,906,256</u>	<u>5,428,449</u>
EXPENDITURES:		
Current:		
Allocations:		
Yuba-Sutter Transit Authority	1,837,224	1,737,779
City of Yuba City	1,732,795	1,278,076
County of Sutter	850,833	708,551
City of Live Oak	444,006	371,141
Sacramento Area Council of Governments	207,007	174,255
TOTAL EXPENDITURES	<u>5,071,865</u>	<u>4,269,802</u>
NET CHANGE IN FUND BALANCE	834,391	1,158,647
Fund balance at beginning of year	<u>1,451,858</u>	<u>293,211</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 2,286,249</u></u>	<u><u>\$ 1,451,858</u></u>

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

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SUTTER LOCAL TRANSPORTATION FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE A – ORGANIZATION

In 1972, the Local Transportation Fund was created under the Transportation Development Act to provide funding for public transportation. Funds for the program are derived from 1/4 cent of the retail sales tax collected statewide by the Board of Equalization. The money is returned to each county, through a designated regional planning and programming agency, based upon the sales tax collected in that county.

The Sacramento Area Council of Governments (SACOG) is the Regional Transportation Planning Agency (RTPA) designated by the Director of the Department of Transportation for the Sacramento Region, which includes the Counties of Sacramento, Sutter, Yolo and Yuba. As an RTPA, SACOG is responsible for the administration of the Local Transportation Funds for these counties.

This County of Sutter Local Transportation Fund, which is one of the funds that SACOG administers, is held at the County of Sutter (the County) but can only be disbursed in accordance with written allocation instructions issued by SACOG in compliance with the Act. The funds are to be used to administer the Transportation Development Act and to provide transit services, pedestrian and bicycle facilities, and streets and roads funding within the County. Eligible claimants of the funds are the cities, consolidated transportation service agencies and special districts located within or operating within the County. Funds are initially apportioned on an annual basis to areas within the County based upon population. The funds are then allocated by SACOG to each claimant for a specific purpose.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Sutter Local Transportation Fund (Fund) 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 County of Sutter Local Transportation Fund of SACOG. The Fund is 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.

SACOG utilizes the special revenue fund type of the governmental fund group to account for the activities of the Fund. 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. 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 60 days.

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 apportioned to jurisdictions.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SUTTER LOCAL TRANSPORTATION FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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: Apportionment is the division of available funds by population to jurisdictions within each county as required by the Transportation Development Act. Once funds are apportioned 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 apportioned to a jurisdiction that are restricted to future claims for public transportation projects under the Transportation Development Act.

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 Sutter Investment Pool: The Fund's cash is held in the County of Sutter 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 cost, which approximates fair value.

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, 2022 and 2021, the weighted average maturity of the investments contained in the County of Sutter investment pool was approximately 1,148 and 1,283 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 organization. The County of Sutter 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 on 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 Sutter investment pool).

NOTE D – DUE TO OTHER GOVERNMENTS

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

	2022	2021
City of Live Oak	\$ 444,006	\$ -
	<u>\$ 444,006</u>	<u>\$ -</u>

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SUTTER LOCAL TRANSPORTATION FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE E – CONTINGENCIES

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Fund's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and impact on sales tax, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SUTTER LOCAL TRANSPORTATION FUND

SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS

June 30, 2022 and 2021

California Code of Regulations Article 5, Subchapter 2, Section 6661 related to the Transportation Development Act requires supplementary information for the County of Sutter Local Transportation Fund regarding expenditures made by the Fund. The net amount allocated and expended for each of the allocation purposes specified in Public Utilities Code (PUC) Chapter 4 of the Act were as follows for the years ended June 30:

PUC Section	Purpose	2022			2021		
		Allocations	Disbursements	Undisbursed /Unclaimed	Allocations	Disbursements	Undisbursed /Unclaimed
99233.1	Administration: SACOG County of Sutter	\$ 56,625 2,500 <u>59,125</u>	\$ 56,625 2,500 <u>59,125</u>		\$ 47,666 2,500 <u>50,166</u>	\$ 47,666 2,500 <u>50,166</u>	
99260(a)	Public transportation: Yuba-Sutter Transit Authority	1,837,224	1,837,224		1,737,779	1,737,779	
99262	Public transportation system planning: SACOG	<u>150,382</u>	<u>150,382</u>		<u>126,589</u>	<u>126,589</u>	*
99400(a)	Streets, roads, pedestrian and bicycle projects:						
	City of Yuba City	1,732,795	1,732,795		1,278,076	1,278,076	
	County of Sutter	848,333	848,333		706,051	706,051	
	City of Live Oak	<u>371,141</u>	<u>371,141</u>		<u>371,141</u>	<u>371,141</u>	
		2,581,128	2,581,128		2,355,268	2,355,268	
	Unclaimed current year apportionment:						
	City of Live Oak	444,006		\$ 444,006			
		<u>444,006</u>		<u>444,006</u>			
	Total apportionment	<u>\$ 5,071,865</u>	<u>\$ 4,627,859</u>	<u>\$ 444,006</u>	<u>\$ 4,269,802</u>	<u>\$ 4,269,802</u>	<u>\$ -</u>

* Revised to report all planning allocations under PUC 99262 for general public transportation system planning

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 AND THE TRANSPORTATION DEVELOPMENT ACT

To the Board of Directors
Sacramento Area Council of Governments

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 County of Sutter Local Transportation Fund (the Fund) of the Sacramento Area Council of Governments (SACOG), as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2022.

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 or 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 statement. 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 6661 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an 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* or the TDA which is described in the accompanying schedule of findings and responses as finding 2022-001.

To the Board of Directors
Sacramento Area Council of Governments

SACOG's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on SACOG's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. SACOG's response was not subjected to the 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 16, 2022

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SUTTER LOCAL TRANSPORTATION FUND

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2022

Internal Control Over Financial Reporting

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

Compliance and Other Matters

CURRENT YEAR FINDINGS

Finding 2022-001

Criteria: California Code of Regulations section 6620 requires an estimate of the Local Transportation Fund (LTF) revenue available to allocate to be provided to SACOG by February 1 of each year.

Condition: The County of Sutter Auditor-Controller's Office provided the estimate of LTF monies available to allocate to SACOG on February 10, 2021.

Effect: The delay in estimate could slow the allocation process.

Cause: It appears the COVID-19 pandemic resulted in this delay.

Recommendation: We recommend SACOG request the County Auditor-Controller's Office provide the estimate by the due date specified in the California Government Code.

Management's Response: Management will request the estimate be provided by the County Auditor-Controller's Office by the required due date in the future.

PRIOR YEAR FINDINGS

Current Status: Finding 2022-001 is a continuation of finding 2021-001.

**SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YOLO LOCAL TRANSPORTATION FUND**

Audited Financial Statements
and Compliance Report

June 30, 2022

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YOLO LOCAL TRANSPORTATION FUND

Audited Financial Statements
and Compliance Report

June 30, 2022 and 2021

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Compliance Report

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 <i>Government Auditing</i> <i>Standards</i> and the Transportation Development Act.....	11
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the County of Yolo Local Transportation Fund (the Fund) of the Sacramento Area Council of Governments (SACOG), as of and for the years ended June 30, 2022 and 2021, 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 County of Yolo Local Transportation Fund of SACOG as of June 30, 2022 and 2021, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 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 opinion.

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the County of Yolo Local Transportation Fund and do not purport to, and do not, present fairly the financial position of SACOG as of June 30, 2022 and 2021, the changes in financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that

To the Board of Directors
Sacramento Area Council of Governments

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 the County of Yolo Local Transportation Fund 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 audits.

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 an opinion 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. The supplementary 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 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 16, 2022 on our consideration of SACOG's internal control over financial reporting related to the Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. The purpose of that report is 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 on

To the Board of Directors
Sacramento Area Council of Governments

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 16, 2022

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YOLO LOCAL TRANSPORTATION FUND

BALANCE SHEETS

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and investments	\$ 23,553,389	\$ 17,022,049
Due from other governments	<u>2,686,467</u>	<u>2,492,161</u>
TOTAL ASSETS	<u>\$ 26,239,856</u>	<u>\$ 19,514,210</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Due to other governments	\$ 21,918,637	\$ 15,452,323
TOTAL LIABILITIES	<u>21,918,637</u>	<u>15,452,323</u>
FUND BALANCE		
Restricted for public transportation projects	<u>4,321,219</u>	<u>4,061,887</u>
TOTAL FUND BALANCE	<u>4,321,219</u>	<u>4,061,887</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 26,239,856</u>	<u>\$ 19,514,210</u>

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

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YOLO LOCAL TRANSPORTATION FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Sales and use taxes	\$ 14,624,901	\$ 12,909,771
Investment earnings (loss)	(595,910)	(156)
TOTAL REVENUES	<u>14,028,991</u>	<u>12,909,615</u>
EXPENDITURES		
Current:		
Allocations:		
City of Davis	4,118,366	3,730,334
City of Woodland	3,615,885	3,223,998
City of West Sacramento	3,234,069	2,882,786
County of Yolo	1,806,156	1,678,359
Sacramento Area Council of Governments	561,874	506,712
City of Winters	433,309	396,610
TOTAL EXPENDITURES	<u>13,769,659</u>	<u>12,418,799</u>
NET CHANGE IN FUND BALANCE	259,332	490,816
Fund balance at beginning of year	<u>4,061,887</u>	<u>3,571,071</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 4,321,219</u></u>	<u><u>\$ 4,061,887</u></u>

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

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YOLO LOCAL TRANSPORTATION FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE A – ORGANIZATION

In 1972, the Local Transportation Fund was created under the Transportation Development Act to provide funding for public transportation. Funds for the program are derived from 1/4 cents of the retail sales tax collected statewide by the State Board of Equalization. The money is returned to each county, through a designated regional planning and programming agency, based upon the sales tax collected in that county.

The Sacramento Area Council of Governments (SACOG) is the Regional Transportation Planning Agency (RTPA) designated by the Director of the Department of Transportation for the Sacramento Region, which includes the Counties of Sacramento, Sutter, Yolo and Yuba. As an RTPA, SACOG is responsible for the administration of the Local Transportation Funds for these counties.

This County of Yolo Local Transportation Fund, which is one of the funds that SACOG administers, is held at the County of Yolo (the County) but can only be disbursed in accordance with written allocation instructions issued by SACOG in compliance with the Act. The funds are to be used to administer the Transportation Development Act and to provide transit services, pedestrian and bicycle facilities, and streets and roads funding within the County. Eligible claimants of the funds are the cities, consolidated transportation service agencies and special districts located within or operating within the County. Funds are initially apportioned on an annual basis to areas within the County based upon population. The funds are then allocated by SACOG to each claimant for a specific purpose.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Yolo Local Transportation Fund (Fund) of the 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 County of Yolo Local Transportation Fund of SACOG. The Fund is 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.

SACOG utilizes the special revenue fund type of the governmental fund group to account for the activities of the Fund. 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. 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 60 days.

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 apportioned to jurisdictions.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YOLO LOCAL TRANSPORTATION FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022 and 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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: Apportionment is the division of available funds by population to jurisdictions within each county as required by the Transportation Development Act. Once funds are apportioned 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 apportioned to a jurisdiction that are restricted to future claims for public transportation projects under the Transportation Development Act.

NOTE C – CASH AND INVESTMENTS

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

Investment in the County of Yolo Investment Pool: The Fund's cash is held in the County of Yolo 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 Yolo financial statements at <http://www.yolocounty.org/government/general-government-departments/financial-services> under Publications.

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, 2022 and 2021, the weighted average maturity of the investments contained in the County of Yolo investment pool was approximately 513 and 408, 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 organization. The County of Yolo 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 Yolo investment pool).

NOTE D – DUE TO OTHER GOVERNMENTS

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

	2022	2021
City of Woodland	\$ 15,007,965	\$ 11,392,080
City of Davis	4,118,366	540,973
City of West Sacramento	2,743,610	3,219,808
City of Winters	48,696	57,516
County of Yolo	241,946	241,946
	<u>\$ 21,918,637</u>	<u>\$ 15,452,323</u>

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YOLO LOCAL TRANSPORTATION FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022 and 2021

NOTE E – CONTINGENCIES

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Fund's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and impact on sales tax, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YOLO LOCAL TRANSPORTATION FUND

SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS

June 30, 2022 and 2021

California Code of Regulations Article 5, Subchapter 2, Section 6661 related to the Transportation Development Act requires supplementary information for the County of Yolo Local Transportation Fund regarding expenditures made by the Fund. The net amount allocated and expended for each of the allocation purposes specified in Public Utilities Code (PUC) Chapter 4 of the Act were as follows for the years ended June 30:

PUC Section	Purpose	2022			2021		
		Allocations	Disbursements	Undisbursed /Unclaimed	Allocations	Disbursements	Undisbursed /Unclaimed
99233	Administration: SACOG County of Yolo	\$ 153,695 10,000	\$ 153,695 10,000		\$ 138,606 10,000	\$ 138,606 10,000	
		163,695	163,695		148,606	148,606	
99260(a)	Public transportation: City of Davis				830,377	830,377	
99262	Public transportation system planning: SACOG	408,179	408,179		368,106	368,106	*
99275.5	Community Transit Services City of Davis				725,207	725,207	
99400(a)	Streets, roads, pedestrian and bicycle projects: County of Yolo City of Woodland City of Winters City of Davis	1,796,156 509,582 342,353	1,796,156 307,058	\$ 509,582 35,295	1,668,359 347,026 526,474	1,426,413 327,093 339,603	\$ 241,946 19,933 186,871
		2,648,091	2,103,214	544,877	2,541,859	2,093,109	448,750
99400(c)	Contracted pubic transportation: City of West Sacramento City of Winters City of Davis	1,029,187 77,555	490,459 77,555	538,728	49,584 1,607,619	49,584 1,607,619	
		1,106,742	568,014	538,728	1,657,203	1,657,203	

* Revised to report all planning allocations under PUC 99262 for general public transportation system planning

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YOLO LOCAL TRANSPORTATION FUND

SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS (CONTINUED)

June 30, 2022 and 2021

PUC Section	Purpose	2022			2021		
		Allocations	Disbursements	Undisbursed /Unclaimed	Allocations	Disbursements	Undisbursed /Unclaimed
99400(d)	Administration of contracted public transportation:						
	City of Davis				\$ 40,657	\$ 40,657	
	Unclaimed current year apportionment:						
	City of Davis	\$ 4,118,366		\$ 4,118,366			
	City of Woodland	3,106,303		3,106,303	3,223,998		\$ 3,223,998
	City of West Sacramento	2,204,882		2,204,882	2,882,786		2,882,786 **
	City of Winters	13,401		13,401			
		<u>9,442,952</u>		<u>9,442,952</u>	<u>6,106,784</u>		<u>6,106,784</u>
	Total apportionment	<u>\$ 13,769,659</u>	<u>\$ 3,243,102</u>	<u>10,526,557</u>	<u>\$ 12,418,799</u>	<u>\$ 5,863,265</u>	<u>6,555,534</u>
	Unclaimed prior year apportionment:						
	City of Woodland			11,392,080			8,168,082
	City of West Sacramento						337,022 **
	City of Davis						354,102
	City of Winters						<u>37,583</u>
	Total due to other governments			<u>\$ 21,918,637</u>			<u>\$ 15,452,323</u>

** Revised to report amount claimed by West Sacramento as a claim of prior year unclaimed apportionment rather than as a claim of a 2021 apportionment.



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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*
AND THE TRANSPORTATION DEVELOPMENT ACT

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 County of Yolo Local Transportation Fund (the Fund) of the Sacramento Area Council of Governments (SACOG), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated November 16, 2022.

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 or 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 of 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 6661 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of performing our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the TDA.

To the Board of Directors
Sacramento Area Council of Governments

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 16, 2022

**SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YUBA LOCAL TRANSPORTATION FUND**

Audited Financial Statements
and Compliance Report

June 30, 2022

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YUBA LOCAL TRANSPORTATION FUND

Audited Financial Statements
and Compliance Report

June 30, 2022 and 2021

Audited Financial Statements

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the County of Yuba Local Transportation Fund (the Fund) of the Sacramento Area Council (SACOG), as of and for the year ended June 30, 2022, and 2021, 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 County of Yuba Local Transportation Fund of SACOG as of June 30, 2022, and 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 opinion.

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the County of Yuba Local Transportation Fund and do not purport to, and do not, present fairly the financial position of SACOG as of June 30, 2022 and 2021, the changes in financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. 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 these 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that

To the Board of Directors
Sacramento Area Council of Governments

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 audits.

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 an opinion 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 16, 2022 on our consideration of SACOG's internal control over financial reporting related to the Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. The purpose of that report is 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 on

To Board of Directors
Sacramento Area Council of Governments

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 16, 2022

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YUBA LOCAL TRANSPORTATION FUND

BALANCE SHEETS

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and investments	\$ 1,364,984	\$ 1,022,488
Due from other governments	482,091	602,898
Interest receivable	<u>3,284</u>	<u>1,749</u>
TOTAL ASSETS	<u>\$ 1,850,359</u>	<u>\$ 1,627,135</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Due to other governments	<u>\$ 214,147</u>	<u>\$ 75,616</u>
TOTAL LIABILITIES	<u>214,147</u>	<u>75,616</u>
FUND BALANCE		
Restricted for public transportation projects	<u>1,636,212</u>	<u>1,551,519</u>
TOTAL FUND BALANCE	<u>1,636,212</u>	<u>1,551,519</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,850,359</u>	<u>\$ 1,627,135</u>

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

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YUBA LOCAL TRANSPORTATION FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Sales and use taxes	\$ 2,537,313	\$ 2,322,920
Investment earnings (loss)	(33,151)	8,124
TOTAL REVENUES	<u>2,504,162</u>	<u>2,331,044</u>
EXPENDITURES		
Current:		
Allocations:		
Yuba-Sutter Transit Authority	1,262,776	1,062,221
County of Yuba	919,394	453,972
City of Wheatland	107,076	75,616
Sacramento Area Council of Governments	98,768	67,738
City of Marysville	31,455	
TOTAL EXPENDITURES	<u>2,419,469</u>	<u>1,659,547</u>
NET CHANGE IN FUND BALANCE	84,693	671,497
Fund balance at beginning of year	<u>1,551,519</u>	<u>880,022</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 1,636,212</u></u>	<u><u>\$ 1,551,519</u></u>

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

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YUBA LOCAL TRANSPORTATION FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE A – ORGANIZATION

In 1972, the Local Transportation Fund was created under the Transportation Development Act to provide funding for public transportation. Funds for the program are derived from 1/4 cent of the retail sales tax collected statewide by the State Board of Equalization. The money is returned to each county, through a designated regional planning and programming agency, based upon the sales tax collected in that county.

The Sacramento Area Council of Governments (SACOG) is the Regional Transportation Planning Agency (RTPA) designated by the Director of the Department of Transportation for the Sacramento Region, which includes the Counties of Sacramento, Sutter, Yolo and Yuba. As a RTPA, SACOG is responsible for the administration of the Local Transportation Funds for these counties.

This County of Yuba Local Transportation Fund, which is one of the funds that SACOG administers, is held at the County of Yuba (the County) but can only be disbursed in accordance with written allocation instructions issued by SACOG in compliance with the Act. The funds are to be used to administer the Transportation Development Act and to provide transit services, pedestrian and bicycle facilities, and streets and roads funding within the County. Eligible claimants of the funds are the cities, consolidated transportation service agencies and special districts located within or operating within the County. Funds are initially apportioned on an annual basis to areas within the County based upon population. The funds are then allocated by SACOG to each claimant for a specific purpose.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Yuba Local Transportation Fund (Fund) 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 County of Yuba Local Transportation Fund of SACOG. The Fund is 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.

SACOG utilizes the special revenue fund type of the governmental fund group to account for the activities of the Fund. 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. 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 60 days.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YUBA LOCAL TRANSPORTATION FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 apportioned 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: Apportionment is the division of available funds by population to jurisdictions within each county as required by the Transportation Development Act. Once funds are apportioned 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 apportioned to a jurisdiction that are restricted to future claims for public transportation projects under the Transportation Development Act.

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 Yuba Investment Pool: The Fund's cash is held in the County of Yuba 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 Yuba financial statements at www.yuba.org/Departments/Auditor-Controller on the Accounting and 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, 2022 and 2021, the weighted average maturity of investments contained in the County of Yuba investment pool was approximately 357 and 342 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 organization. The County of Yuba 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 on 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 Yuba investment pool).

NOTE D – DUE TO OTHER GOVERNMENTS

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

	<u>2022</u>	<u>2021</u>
City of Wheatland	\$ 182,692	\$ 75,616
City of Marysville	<u>31,455</u>	<u> </u>
	<u>\$ 214,147</u>	<u>\$ 75,616</u>

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YUBA LOCAL TRANSPORTATION FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE E – CONTINGENCIES

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Fund's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and impact on sales tax, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YUBA LOCAL TRANSPORTATION FUND

SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS

June 30, 2022 and 2021

California Code of Regulations Article 5, Subchapter 2, Section 6661 related to the Transportation Development Act requires supplementary information for the County of Yuba Local Transportation Fund regarding expenditures made by the Fund. The net amount allocated and expended for each of the allocation purposes specified in Public Utilities Code (PUC) Chapter 4 of the Act were as follows for the years ended June 30:

PUC Section	Purpose	2022			2021		
		Allocations	Disbursements	Undisbursed/ Unclaimed	Allocations	Disbursements	Undisbursed/ Unclaimed
99233.1	Administration: SACOG County of Yuba	\$ 27,017 750 <u>27,767</u>	\$ 27,017 750 <u>27,767</u>		\$ 18,529 750 <u>19,279</u>	\$ 18,529 750 <u>19,279</u>	
99260(a)	Public transportation: Yuba-Sutter Transit Authority	<u>1,262,776</u>	<u>\$ 1,262,776</u>		<u>1,062,221</u>	<u>1,062,221</u>	
99262	Public transportation system planning: SACOG	<u>71,751</u>	<u>71,751</u>		<u>49,209</u>	<u>49,209</u>	
99400(a)	Streets, roads, pedestrian and bicycle projects: County of Yuba	<u>918,644</u> <u>918,644</u>	<u>918,644</u> <u>918,644</u>		<u>453,222</u> <u>453,222</u>	<u>453,222</u> <u>453,222</u>	
	Unclaimed current year apportionment:						
	City of Wheatland	107,076		\$ 107,076			
	City of Marysville	<u>31,455</u>		<u>31,455</u>			
		<u>138,531</u>		<u>138,531</u>			
	Total apportionment	<u>\$ 2,419,469</u>	<u>\$ 2,280,938</u>	138,531	<u>\$ 1,583,931</u>	<u>\$ 1,583,931</u>	-
	Unclaimed prior year apportionment:						
	City of Wheatland			<u>75,616</u>			\$ 75,616
	Total due to other governments			<u>\$ 214,147</u>			<u>\$ 75,616</u>

* Revised to report all planning allocations under PUC 99262 for general public transportation system planning



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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*
AND THE TRANSPORTATION DEVELOPMENT ACT

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 County of Yuba Local Transportation Fund (the Fund) of the Sacramento Area Council of Governments (SACOG), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated November 16, 2022.

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 or 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 of 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 6661 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* or the TDA.

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 16, 2022

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YUBA LOCAL TRANSPORTATION FUND

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2022 and 2021

Internal Control Over Financial Reporting

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

Compliance and Other Matters

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

Finding 2021-001

Criteria: California Code of Regulations section 6620 requires an estimate of the Local Transportation Fund (LTF) monies available to allocate to be provided to SACOG by February 1 of each year.

Condition: The County of Yuba Auditor-Controller's Office provided the estimate of LTF monies available to allocate to SACOG on February 19, 2021.

Current Status: The County provided the estimate of LTF revenue available to allocate to SACOG on January 29, 2021. The finding is considered to be addressed during the year ended June 30, 2022.