COUNTY OF SACRAMENTO

TRANSIT FUNDS

Audited Financial Statements
And Compliance Report
For the Fiscal Year Ended
June 30, 2024

COUNTY OF SACRAMENTO
TRANSIT FUNDS
JUNE 30, 2024
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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of Sacramento, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transit Funds (the Funds) of the County of Sacramento (the County), as of and for the year ended June 30, 2024, 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 respective financial position of the Transit Funds of the County of Sacramento as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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 the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

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

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.

To the Board of Supervisors
County of Sacramento, California

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Sacramento's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

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

Prior Year Comparative Information

We have previously audited the June 30, 2023 Transit Funds of the County of Sacramento financial statements, and we expressed unmodified audit opinions on those audited financial statements dated March 7, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

To the Board of Supervisors
County of Sacramento, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2025 on our consideration of the County's internal control over financial reporting related to the Funds and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters and the Transportation Development Act. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 the County's internal control over financial reporting and compliance.

Richardson & Company, LLP

January 20, 2025

COUNTY OF SACRAMENTO
TRANSIT FUNDS
STATEMENTS OF NET POSITION
JUNE 30, 2024
(With Prior Year Data for Comparative Purposes Only)

	2024			2023
	South County	East County	Total	(Comparative Purposes Only, As Restated)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 1,905,860	$ 229,073	$ 2,134,933	$ 1,820,788
Interest receivable	48,489	5,651	54,140	32,271
Accounts receivable	24,000	-	24,000	15,376
Due from other governments	2,083,718	-	2,083,718	2,347,491
TOTAL CURRENT ASSETS	4,062,067	234,724	4,296,790	4,215,926
CAPITAL ASSETS, NET	590,407	-	590,407	461,674
TOTAL ASSETS	4,652,474	234,724	4,887,197	4,677,600
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	448,950	-	448,950	296,023
Due to other governments	25,234	18,823	44,057	39,583
TOTAL CURRENT LIABILITIES	474,184	18,823	493,007	335,606
NET POSITION				
Investment in capital assets	590,407	-	590,407	461,674
Restricted for capital projects				
Claimed	1,428,101	41,983	1,470,084	1,442,542
Unclaimed State Transit Assistance and State of Good Repair	1,122,312	-	1,122,312	1,121,982
Restricted for County transit operations	1,037,470	173,918	1,211,388	1,315,796
TOTAL NET POSITION	$ 4,178,290	$ 215,901	$ 4,394,191	$ 4,341,994

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

COUNTY OF SACRAMENTO
TRANSIT FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024
(With Prior Year Data for Comparative Purposes Only)

	2024			2023
	South County	East County	Total	(Comparative Purposes Only, As Restated)
OPERATING REVENUES				
Fares	$ 101,814	$ 3,018	$ 104,832	$ 101,415
OPERATING EXPENSES				
Purchased transportation	1,922,254	106,301	2,028,555	2,047,668
Administration	297,926	26,679	324,605	360,586
Depreciation	289,940	-	289,940	479,160
TOTAL OPERATING EXPENSES	2,510,120	132,980	2,643,100	2,887,414
NET (LOSS) FROM OPERATIONS	(2,408,306)	(129,962)	(2,538,268)	(2,785,999)
NONOPERATING REVENUES				
Local Transportation Fund	676,161	153,646	829,807	960,201
City of Galt Local Transportation Funds	782,732	-	782,732	637,688
Federal Transit Administration Grant	429,278	-	429,278	741,359
Interest income	90,806	10,507	101,313	49,436
Miscellaneous	790	-	790	-
TOTAL NONOPERATING REVENUES	1,979,767	164,153	2,143,920	2,388,684
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(428,539)	34,191	(394,348)	(397,315)
CAPITAL CONTRIBUTIONS				
Local Transportation Fund	29,336	-	29,336	-
State Transit Assistance Fund	369,085	-	369,085	487,732
State of Good Repair	48,124	-	48,124	203,691
TOTAL CAPITAL CONTRIBUTIONS	446,545	-	446,545	691,423
CHANGE IN NET POSITION	18,006	34,191	52,197	294,108
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	4,160,284	181,710	4,341,994	4,047,886
NET POSITION AT END OF YEAR	$ 4,178,290	$ 215,901	$ 4,394,191	$ 4,341,994

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

COUNTY OF SACRAMENTO
TRANSIT FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
(With Prior Year Data for Comparative Purposes Only)

	2024			2023
	South County	East County	Total	(Comparative Purposes Only)
CASH FLOWS FOR OPERATING ACTIVITIES				
Cash received from customers	$ 93,190	$ 3,018	$ 96,208	$ 112,494
Cash paid to suppliers	(2,070,680)	(125,079)	(2,195,759)	(2,531,778)
NET CASH USED FOR OPERATING ACTIVITIES	(1,977,490)	(122,061)	(2,099,551)	(2,419,284)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants and subsidies	2,201,043	153,648	2,354,691	2,777,508
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	2,201,043	153,648	2,354,691	2,777,508
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Grants for capital acquisitions	403,051	-	403,051	280,436
Acquisition of capital assets	(423,490)	-	(423,490)	-
NET CASH PROVIDED BY (USED) FOR CAPITAL FINANCING ACTIVITIES	(20,439)	-	(20,439)	280,436
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	72,537	6,908	79,445	22,910
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	72,537	6,908	79,445	22,910
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	275,651	38,494	314,145	661,571
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,630,209	190,579	1,820,788	1,159,217
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,905,860	$ 229,073	$ 2,134,933	$ 1,820,788
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES				
Net loss from operations	$ (2,408,306)	$ (129,962)	$ (2,538,268)	$ (2,785,999)
Adjustments to reconcile net loss from operations to net cash used for operating activities:				
Depreciation	289,940	-	289,940	479,160
Changes in operating assets and liabilities:				
Accounts receivable	(8,624)	-	(8,624)	11,079
Accounts payable	152,927	-	152,927	136,850
Due to other governments	(3,427)	7,901	4,474	(260,374)
NET CASH USED FOR OPERATING ACTIVITIES	$ (1,977,490)	$ (122,061)	$ (2,099,551)	$ (2,419,284)

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

NOTE A – ORGANIZATION

The County of Sacramento Transit Funds (Funds) receive funding under the provisions of the Transportation Development Act (TDA) from the Sacramento County Local Transportation Fund (LTF) under Article 8, Sections 99400(c) and (d) and State Transit Assistance (STA) under Article 4, Section 6731(b). The STA funds are to be used for public transportation purposes only. The County's Article 8, LTF funds are for the support of public transportation systems as defined in the TDA. The County also receives a Federal Transit Administration (FTA) Section 5311 apportionment to fund its transportation services. State of Good Repair funds are available for the purchase of new vehicles and the maintenance and rehabilitation of transit facilities and vehicles.

The County provides transportation services under the South Sacramento County Transit program and the East County Transit Service. Transportation services in South Sacramento County, including Galt, Isleton and Delta areas are unified under the name South County Transit Link (SCT/Link) and are provided under a contract with Storer Transit Systems (STS), and includes an express route was added between Galt and downtown Sacramento. The County's contract with STS is through May 31, 2026. The East County Transit Service provides transportation service between Rancho Murieta and downtown Sacramento and is operated under a contract with Amador Transit (AT). The County’s contract with AT is through June 30, 2029.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements the Funds have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and the Funds apply all GASB pronouncements.

Reporting Entity: The financial statements are intended to present the financial position, results of operations and cash flows of only those transactions recorded in the Funds. The Funds are included in the financial statements of the County.

Fund Accounting: The accounts of the Funds 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. The Funds utilize the enterprise fund type of the proprietary fund group to account for the activities of the Funds.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the statement of net position. Net position is segregated into the net investment in capital assets, amounts restricted for transit operations and capital acquisitions and amounts unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. TDA revenues, Federal Transit Administration grants and State of Good Repair revenues are recorded when all eligibility requirements have been met. State of Good Repair revenues are recognized on a cost reimbursement basis.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Funds are charges to customers for transportation services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Funds consider all short term highly liquid investments (including restricted assets) to be cash equivalents. Investments held in the County Treasurer's Pool are available on demand to individual entities, thus they are considered highly liquid and cash equivalents for purposes of the statement of cash flows.

Capital Assets: Capital assets are defined as assets with an initial individual cost of more than $5,000 and an estimated useful life of three years. Capital assets are stated at cost or at estimated fair value if donated. Provision is made for depreciation by the straight-line method over the estimated useful lives of the individual assets, which is five years for the transit vehicles recorded. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Net Position: Net position is categorized as the net investment in capital assets, restricted and unrestricted. Restrictions of net position result from the allocation of TDA revenues and are indicated by the title on the face of the Statement of net position.

Comparative Financial Statements: The financial statements include certain prior-year summarized comparative information in total but not by individual fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Funds' financial statements for the year ended June 30, 2023, from which the summarized information was derived.

NOTE C – CASH AND INVESTMENTS

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

Investment in the County of Sacramento Investment Pool: The Funds' cash is held in the County 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 the County of Sacramento's Transportation Development Act Funds allocated for transit purposes and are stated at cost, which approximates fair value.

NOTE C – CASH AND INVESTMENTS (Continued)

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

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's 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's investment pool).

NOTE D – DUE FROM OTHER GOVERNMENTS

Due from other governments consists of the following at June 30:

	2024			2023
	South County	East County	Total	(Comparative Purposes Only)
State Transit Assistance Fund				
Fiscal Year 2023/24	$ 369,085	$ -	$ 369,085	$ -
Fiscal Year 2022/23	487,732	-	487,732	487,732
Fiscal Year 2021/22	331,946	-	331,946	331,946
Fiscal Year 2020/21	213,862	-	213,862	214,200
Fiscal Year 2019/20	-	-	-	349,481
Fiscal Year 2018/19	-	-	-	19,080
State of Good Repair				
Fiscal Year 2023/24	48,124	-	48,124	-
Fiscal Year 2022/23	101,906	-	101,906	101,906
Fiscal Year 2021/22	98,040	-	98,040	98,040
Fiscal Year 2020/21	3,745	-	3,745	3,745
Federal Transit Administration- 5311				
Fiscal Year 2023/24	429,278	-	429,278	420,861
Federal Transit Administration- ARPA				
Fiscal Year 2022/23	-	-	-	320,500
Total Due from other governments	$ 2,083,718	$ -	$ 2,083,718	$ 2,347,491

The table above does not include the unclaimed LTF apportionments described in Note G that may not be claimed by the Funds.

NOTE E – CAPITAL ASSETS

Capital asset activity consisted of the following for the year ended June 30:

	Balance at July 1, 2023	Additions	Disposals	Balance at June 30, 2024
South County				
Transit vehicles	$ 3,031,830	$ 418,673	$ -	$ 3,450,503
Less accumulated depreciation	(2,570,156)	(289,940)	-	(2,860,096)
Capital assets, net	$ 461,674	$ 128,733	$ -	$ 590,407
East County				
Transit vehicles	$ 167,498	$ -	$ -	$ 167,498
Less accumulated depreciation	(167,498)	-	-	(167,498)
Capital assets, net	$ -	$ -	$ -	$ -

NOTE F – COMMITMENTS

The County's contract with Storer Transit Systems (STS) for the operation of SCT/Link extends to May 31, 2026. Operating costs payable to STS for the period of June 1, 2024, through May 31, 2026, will not exceed $4,074,100. The County may extend the contract term for an additional two-year period at its option with maximum obligation of $4,406,305. The County has a contract with the City of Galt whereby the City reimburses the County 50% of these operating costs.

The County executed a new contract with Amador Transit (AT) for the East County Transit Service to extend service through June 30, 2029. Operating costs payable to Amador Transit for the period of July 1, 2021, through June 30, 2029, will not exceed $388,005. The County may extend the contract term for two additional two-year periods at its option with fee increases equal to the consumer price index stated in the agreement, with a minimum increase of 2% and maximum increase of 4% per year.

NOTE G – UNCLAIMED LOCAL TRANSPORTATION FUND APPORTIONMENTS

The Funds have unclaimed LTF apportionments from prior years. If additional operating expenses are not incurred, SACOG could make the Funds' unclaimed apportionments available to the Sacramento Regional Transit District to claim for its existing transit services. Because it is uncertain whether the Funds will claim the apportionments, the Funds have not recognized these apportionments on June 30, 2024. As of June 30, 2024, the County had the following unrecognized Local Transportation Fund apportionments:

NOTE G – UNCLAIMED LOCAL TRANSPORTATION FUND APPORTIONMENTS

Fiscal Year 2023/24	$ 1,282,899
Fiscal Year 2022/23	1,880,845
Fiscal Year 2021/22	1,584,760
Fiscal Year 2020/21	1,006,861
Fiscal Year 2019/20	1
Fiscal Year 2014/15	2
	$ 5,755,368

NOTE H – CONCENTRATIONS

The Funds receive a substantial amount of its support from a statewide retail sales tax from the Local Transportation Fund created by the TDA. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Transit Funds' activities.

NOTE I – CONTINGENCIES

The Funds receive grants and funds for specific purposes that are subject to review and audit by the funding source. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

NOTE J – CHANGE IN ACCOUNTING PRINCIPLE

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

	Transit Funds		
	Due from Other Governments	Net Position, Restricted for Capital Projects - Claimed	Capital Contributions, State of Good Repair
06/30/2023, as previously reported	$ 2,143,800	$ 1,238,851	$ -
Effect of change in accounting principle	203,691	203,691	203,691
06/30/2023, as restated	$ 2,347,491	$ 1,442,542	$ 203,691

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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 Supervisors
County of 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 Transit Funds (the Funds) of the County of Sacramento (the County), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated January 20, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 a material weakness. However, material weaknesses and significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 the County were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6667 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 an instance of noncompliance or other matters described as Finding 2024-001 in the accompanying schedule of findings and responses that is required to be reported under *Government Auditing Standards* or the TDA.

County's Response to Finding

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

January 20, 2025

COUNTY OF SACRAMENTO

TRANSIT FUNDS

SCHEDULE OF FINDINGS AND RESPONSES

For the Fiscal Year Ended June 30, 2024

CURRENT YEAR FINDINGS

COMPLIANCE

Finding 2023-001

Criteria: According to Section 6634 of the California Code of Regulations, no operator shall be eligible to receive moneys during the fiscal year from the LTF and the STA Fund for operating or capital costs in an amount that exceeds its actual costs incurred in the fiscal year less the actual amount of fare revenues and federal grants received during the fiscal year. In addition, once an amount has been claimed for a particular purpose and has been approved by SACOG, the amount is required to be spent for the approved purpose unless an amended allocation is made under Section 6659 of the California Code of Regulations.

Condition: The County overclaimed East County operating funds by $23,683 during the year ended June 30, 2024 and claimed $369,085 of South County capital funds even though it had significant unspent capital funds from overclaiming STA capital revenues in prior years..

Effect: The amounts over-claimed resulted in excess net position that will need to be used for future expenditures before additional TDA revenues are claimed.

Cause: The County overclaimed capital funds in 2024 due to a delay in buses being ordered from the bus manufacturer.

Recommendation: We recommend the County work with SACOG during the claim process to reduce subsequent claims and/or reallocate the over-claimed amounts to other purposes as allowed under the TDA.

Management's Response: The County will work with SACOG to ensure any excess funds are considered in future claims prior to claiming additional TDA allocations.

PRIOR YEAR FINDINGS

Finding 2023-001

Criteria: According to Section 6634 of the California Code of Regulations, no operator shall be eligible to receive moneys during the fiscal year from the LTF and the STA Fund for operating or capital costs in an amount that exceeds its actual costs incurred in the fiscal year less the actual amount of fare revenues and federal grants received during the fiscal year. In addition, once an amount has been claimed for a particular purpose and has been approved by SACOG, the amount is required to be spent for the approved purpose unless an amended allocation is made under Section 6659 of the California Code of Regulations.

Condition: The County overclaimed East County operating funds and South County capital funds by $34,886 and $280,436, respectively, during the year ended June 20, 2023. The County overclaimed South County capital funds by $7,974 during the year ended June 20, 2022. The County overclaimed South County transit operating funds by $553,974, South County and East County transit operating funds by $14,307 and $39,476, respectively, and South County capital funds by $529,181 during the year ended June 30, 2020. This has resulted in the County accumulating significant net position.

Current Status: The County overclaimed TDA funds during the year ended June 30, 2024. Finding 2023-001 was incorporated into Finding 2024-001.