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**Fiscal Year (FY) 2024/25 Transportation Development Act (TDA) Fund Audited Financial Statements and Compliance Report**

File ID: 2026-00953

**Location:** Citywide

**Recommendation:** Receive and file.

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**Presenter:** None

**Attachments:**

1-Description/Analysis

2-TDA Audited Financials and Independent Auditor's Report

**Description/Analysis**

**Issue Detail:** The FY2024/25 Transportation Development Act (TDA) Fund Audited Financial Statements and Compliance Report has been prepared to present the financial results of the TDA Fund for the fiscal year that ended June 30, 2025. There were no audit findings and the independent auditor's opinion is that the financial statements present fairly, in all material respects, the financial position of the Fund.

**Policy Considerations:** This report is consistent with the City's fiscal transparency and accountability principles and is required by the Sacramento Area Council of Governments (SACOG) for the receipt of funds.

**Economic Impacts:** None.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** This action is not a project subject to CEQA because it involves only organizational or administrative activities that will not result in direct or indirect physical changes in the environment (14 Cal. Code Regs. § 15378(b)(5)).

**Sustainability:** Not applicable.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** It is in the best interest of the City Council to receive and file the FY2024/25 TDA Fund Audited Financial Statements and Compliance Report for the following reasons:

- This report is required by the Sacramento Area Council of Governments (SACOG), the transportation planning agency administering TDA funds.
- The public accounting firm of Richardson & Company LLP has audited the City's TDA Fund FY2024/25 financial statements and has rendered its unmodified opinion that the financial statements are fairly presented in accordance with generally accepted accounting principles.

**Financial Considerations:** There are no financial considerations associated with this report.

**Local Business Enterprise (LBE):** Not applicable.

**CITY OF SACRAMENTO  
TRANSPORTATION DEVELOPMENT ACT FUND**

Audited Financial Statements  
and Compliance Report

June 30, 2025

CITY OF SACRAMENTO  
TRANSPORTATION DEVELOPMENT ACT FUND

Audited Financial Statements  
and Compliance Report

June 30, 2025 and 2024

Audited Financial Statements

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Sacramento, California

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Transportation Development Act Fund (the Fund) of the City of Sacramento (the City) as of and for years ended June 30, 2025 and 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 financial position of the Transportation Development Act Fund of the City of Sacramento as of June 30, 2025 and 2024, and the changes in financial position thereof 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 the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. 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 Transportation Development Act Fund of the City of Sacramento and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025 and 2024, 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 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

To the City Council  
City of Sacramento, California

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 likelihood that, individually or in aggregate, they would influence the judgement 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

#### **Required Supplementary Information**

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2026 on our consideration of the County'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 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 City's internal control over financial reporting and compliance.

*Richardson & Company, LLP*

March 6, 2026

CITY OF SACRAMENTO  
TRANSPORTATION DEVELOPMENT ACT FUND

BALANCE SHEETS

June 30, 2025 and 2024

	2025	2024
<b>ASSETS</b>		
Cash and investments	\$ 285,359	\$ 232,646
Due from other governments	586,374	643,168
Interest receivable	2,000	1,000
<b>TOTAL ASSETS</b>	<b>\$ 873,733</b>	<b>\$ 876,814</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 51,246	\$ 90
<b>TOTAL LIABILITIES</b>	<b>51,246</b>	<b>90</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	586,374	643,168
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>586,374</b>	<b>643,168</b>
 <b>FUND BALANCE</b>		
Restricted for pedestrian and bicycle facilities	236,113	233,556
<b>TOTAL FUND BALANCE</b>	<b>236,113</b>	<b>233,556</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 873,733</b>	<b>\$ 876,814</b>

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

CITY OF SACRAMENTO  
TRANSPORTATION DEVELOPMENT ACT FUND

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
REVENUES		
Local Transportation Fund	\$ 643,168	\$ 53,587
Interest	18,119	22,932
	<u>661,287</u>	<u>76,519</u>
 EXPENDITURES		
Pedestrian and bicycle facilities	658,730	718,402
	<u>658,730</u>	<u>718,402</u>
NET CHANGE IN FUND BALANCE	2,557	(641,883)
 Fund balance at beginning of year	<u>233,556</u>	<u>875,439</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 236,113</u></u>	<u><u>\$ 233,556</u></u>

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

CITY OF SACRAMENTO  
TRANSPORTATION DEVELOPMENT ACT FUND  
NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE A – ORGANIZATION

The City of Sacramento (the City) receives funds under the provisions of the Transportation Development Act (TDA) from the Sacramento County Local Transportation Fund (LTF) under Article 3, Section 99234 for pedestrian and bicycle facilities. These funds represent amounts set aside by the Sacramento Area Council of Governments, the transportation planning agency administering TDA funds, to be allocated for pedestrian and bicycle facilities within the jurisdictions of Sacramento County and represent up to 2% of the available funds countywide. The City of Sacramento’s Transportation Development Act Fund is used to account for these TDA funds received by the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements of the Transportation Development Act Fund (the Fund) of the City of Sacramento have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity: The financial statements are intended to present the financial position and results of operations of only those transactions recorded in the Fund. The Fund is included in the financial statements of the City.

Fund Accounting: The accounts of the City are organized on the basis of funds or account groups. A fund or account group 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 City utilizes the capital projects fund type of the governmental fund group to account for the activities of the Fund. Capital projects funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. A capital projects fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by special revenue funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is generally 60 days. LTF revenues are recognized when all eligibility requirements have been met. The amount reported as deferred inflows of resources represents amounts that do not meet both the “measurable” and “available” criteria for recognition in the current period. Expenditures are recorded when the related fund liability is incurred.

When both restricted and non-restricted type resources are available for use, it is the City’s policy to use restricted resources first, then non-restricted resources as they are needed.

Deferred Inflows of Resources: Deferred inflows of resources in governmental funds arises when a potential revenue source does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows of resources consisted of LTF revenues for which all eligibility requirements had been met at year end, but the amounts were not received from SACOG within the 60-day availability period.

Fund Balance: Restrictions of fund balance represent amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation. The restrictions of fund balance are according to the provisions of the Transportation Development Act, and the purpose of each restriction is indicated by the account title on the face of the balance sheets.

CITY OF SACRAMENTO  
TRANSPORTATION DEVELOPMENT ACT FUND  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE C – CASH AND INVESTMENTS

Investment Policy: The City’s investment policy may be found in the notes to the City’s basic financial statements.

Investment in the City’s Investment Pool: The Fund’s cash is held in the City of Sacramento Treasury. The City maintains an investment pool and allocates interest to the various funds based upon the average daily cash balances. Investments held in the City’s investment pool are available on demand to the Fund 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, 2025 and 2024, the weighted average maturity of the investments contained in the City’s investment pool was approximately 1.86 years and 1.19 years, 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 City’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 City’s investment pool).

NOTE D – DUE FROM OTHER GOVERNMENTS

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

	2025	2024
Transportation Development Act:		
Local Transportation Fund		
Fiscal year 2024/25	\$ 586,374	
Fiscal year 2023/24		\$ 643,168
	\$ 586,374	\$ 643,168
Total due from other governments		

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 City Council  
City of Sacramento, California

We have audited, in accordance with the 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 Transportation Development Act Fund (the Fund) of the City of Sacramento (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated March 6, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 City were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6666 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 are required to be reported under *Government Auditing Standards* or the TDA.

To the City Council  
City of Sacramento, California

**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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Richardson & Company, LLP*

March 6, 2026