NOVEMBER 12, 2026 **AGENDA ITEM # 12**

RECEIVE A PRESENTATION FROM THE INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE AND APPROVE THE ANNUAL COMPREHENSIVE FINANCIAL REPORT, AGREED UPON PROCEDURES REPORTS, AND GOVERNANCE LETTER

Action Requested: Receive and Approve

Presenters: Dustin Purinton, Chief Financial Officer
Robert Holderness, ITOC Chair

Recommendation

1. Receive a presentation from the Independent Taxpayer Oversight Committee (ITOC).

2. Approve the Annual Comprehensive Financial Report, Agreed Upon Procedures Report and Governance Letter.

Background Information

Under the 2004 Measure A Ordinance, the Independent Taxpayer Oversight Committee (ITOC) is tasked with overseeing fiscal audits for all sales tax revenue expenditures. The Sacramento Transportation Authority's (STA) Fiscal Year 2025/26 Annual Comprehensive Financial Report (ACFR) provides an overview of STA's financial status and activities for the fiscal year ending June 30, 2026. As required by the 2004 Measure A Ordinance, an independent accounting firm, Lance, Soll & Lunghard, LLP (LSL), audited the ACFR financial statements. Additionally, LSL conducted the Agreed Upon Procedures (AUP) review of the Appropriations Limit Worksheets in compliance with Section 1.5 of Article XIII-B of the California Constitution.

Discussion

The ACFR has been prepared by STA in accordance with the standardized format recommended by the Government Finance Officers Association. This ensures consistency, transparency, and comparability with other public agencies, supporting best practices in governmental financial reporting. The audit results showed no materially significant issues or disagreements with management regarding the FY 2025/26 financial statements.

The independent audit resulted in an unmodified opinion. The auditors identified no material weaknesses in internal control and no instances of noncompliance required to be reported under Government Auditing Standards. The auditors also provided two management recommendations concerning the classification of County-reported interest and the year-end review of accounts-payable accruals. The related financial statement adjustments were recorded, and the matters did not constitute reportable audit findings.

In addition to the financial audit, LSL performed an Agreed Upon Procedures (AUP) review of the Appropriations Limit Worksheets. This review is required by Section 1.5 of Article XIII-B of the California Constitution and is designed to ensure that STA's appropriations limits are calculated and applied correctly. The AUP review also resulted in no reportable findings, indicating full compliance with constitutional requirements.

The Independent Taxpayer Oversight Committee (ITOC) reviewed all reports and recommended their approval at the November 5th meeting. The ITOC's role is to provide independent oversight of STA's fiscal practices, ensuring accountability for the use of sales tax revenues as mandated by the 2004 Measure A Ordinance.

Recommendation

1. Staff recommend the STA Governing Board receive a presentation from the Independent Taxpayer Oversight Committee and STA staff and approve the Annual Comprehensive Financial Report, Agreed Upon Procedures Report and Governance Letter.

Attachments

1. *Annual Comprehensive Financial Report for the Year Ended June 30, 2026*

2. *Independent Accountants' Report on Agreed-Upon Procedures Applied to the Appropriations Limit Worksheets*

3. *Governance Letter*