

May 1, 2026

FY 2025 Annual Comprehensive Financial Report and Other Financial and Compliance Audits

Overview

The independent certified public accounting firm of Davis Farr LLP has concluded the annual financial audit of SANDAG for the fiscal year ended June 30, 2025. The Annual Comprehensive Financial Report (ACFR) can be downloaded at [sandag.org/FY25 ACFR](https://sandag.org/FY25ACFR).

In addition to the ACFR, Davis Farr LLP issued the reports of other annual financial audits of SANDAG for the fiscal year ended June 30, 2025. The SANDAG Single Audit Report, Transportation Development Act audits, the SANDAG Agreed-Upon Procedures Performed with Respect to the National Transit Database Report, and the Agreed-Upon Procedures Performed with Respect to the Coronado Toll Bridge Fund are provided as attachments to this report.

Key Considerations

Annual Comprehensive Financial Report

The ACFR presents the financial position and activity of SANDAG and the three component units, which include the San Diego County Regional Transportation Commission, SourcePoint, and the Automated Regional Justice Information System (ARJIS). The independent auditor expressed an unqualified (clean) opinion on these basic financial statements, which is a significant improvement from the prior year. The auditors qualified the opinion in the previous two fiscal years because they could not verify the accuracy of toll road revenues. Additional testing completed during the audit over toll revenues resulted in the unqualified opinion. The auditors performed extra testing around the reconciliations between the back office system and the financial system and improvements in the system of internal controls that would allow SANDAG management to detect errors generated by the tolling equipment and the back office system in a timely manner.

In compliance with Generally Accepted Government Auditing Standards, the independent auditor assessed SANDAG's internal control over financial reporting and performed tests of the agency's compliance with certain provisions of laws and regulations during the fiscal year 2025 audit. The 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 is included as Attachment 1.

SANDAG had three findings in FY 2025 and corrective action plans are in place to ensure the improvement of the controls in the future as detailed in Attachment 1.

Action: Information

Davis Farr LLP will present an overview of the FY 2025 Annual Comprehensive Financial Report and other matters in compliance with the Statement of Auditing Standards 114.

Fiscal Impact:

In FY 2025, approximately \$651.9 million was the balance of construction in progress for various regional transportation infrastructure improvement projects.

Schedule/Scope Impact:

The Annual Comprehensive Financial Report presents the financial position and activity of SANDAG and the three component units, which include the San Diego County Regional Transportation Commission, SourcePoint, and the Automated Regional Justice Information System. All other audit reports were issued, resulting in no delays of funding.

On page 18 of the Single Audit Report (Attachment 2), an update on the FY 2024 audit findings is provided. The FY 2024 audit had two findings, one of which have been resolved.

SANDAG Single Audit

In accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, a Single Audit must be performed for any organization that expends \$750,000 or more of federal funds. The independent auditor expressed an unmodified opinion on compliance over major programs. Please reference the Schedule of Findings and Questioned Costs starting on page 11 of the report for the three findings mentioned above, one material weakness and two significant deficiencies identified for internal control over financial reporting.

Transportation Development Act

The TDA audit includes recipients of TDA funds, State Transit Assistance (STA) funds, and the County of San Diego Local Transportation Fund (LTF), all of which are required to be submitted to the State Controller's Office within 180 days after fiscal year-end.

TDA fund audits are required under California Public Utilities Code Section 9924. An additional 90 days (or more given extenuating circumstances) may be approved by SANDAG for those TDA recipients that require more time to complete the audit.

A total of 12 audits were performed including a portion of claimants that requested an extension. At the December 12, 2025 Board meeting, extension requests were approved for SANDAG, FACT, NCTD and the City of La Mesa until March 27, 2026. All claimants were issued an unmodified (clean) opinion.

The STA audits are required under California Code of Regulations Section 6751. There were no exceptions to the County STAF or Metropolitan Transit System STAF reports.

The County LTF audit is required under California Code of Regulations Section 6661. There were no exceptions to this report.

Next Steps

The audit results will be presented to the Board of Directors at the May 8, 2026, meeting and SANDAG staff will focus efforts on addressing the three audit findings identified. SANDAG will also continue to administer TDA allocations to all claimants who participated in the audit since no modified opinions were issued for TDA.

Dawn Vettese, Chief Financial Officer

- Attachments:
1. FY 2025 SANDAG Report on Internal Controls Over Financial Reporting
 2. FY 2025 SANDAG Single Audit Report on Expenditures of Federal Awards
 3. FY 2025 Transportation Development Act Reports
 4. FY 2025 SANDAG National Transit Database AUP Report
 5. FY 2025 Coronado Toll Bridge Report
 6. FY 2025 Statement of Auditing Standards 114 Letter