



**Item #06-3-20
Receive & File**

SACOG Board of Directors

March 9, 2006

Audited Financial Statements for Fiscal Year 2004-05

Issue: To accept the audited financial statements for fiscal year 2004-05 for SACOG, SACOG Financing Corporation, Capitol Valley Regional SAFE, and the SACOG Post Retirement Medical Trust Fund.

Recommendation: Receive and file the audited financial statements for fiscal year 2004-05.

Discussion: The annual audited financial statements for fiscal year ending 2004-05 are attached. There has been a series of delays in issuing them, but are now before you for acceptance. There are no surprises in the statements and SACOG remains in stable financial condition. The auditors, Macias Gini & Company issued an unqualified, or clean, opinion.

At June 30, 2005, SACOG's Planning and Administration Fund, the fund that accounts for SACOG's on-going activities, had a fund balance of \$2,971,546, including the reserves for operations, insurance, litigation and Blueprint. The budget for fiscal year 2004-05 had contemplated spending down the reserves by \$1,137,870; however, the actual expenditures were \$384,555 less than this estimate. The SECAT fund spent \$2.3 million of the original TCRP funding during fiscal year 2004-05 and has a remaining balance of \$1.1 million. However, during fiscal year 2005-06 new funding of \$10.9 million was received. It is expected that both sums of funding will be either obligated or spent by June 30, 2006.

The State Transit Assistance and Local Transportation Funds have substantial fund balances; however, these were included in the allocations for fiscal year 2005-06 and disbursed to the claimants. Both the Capitol Valley Regional SAFE and Glenn County SAFE have adequate fund balances with which to support their activities and continue services. Capitol Valley Regional SAFE has an unreserved fund balance of \$3.3 million and Glenn County SAFE \$87,741.

The Single Audit for compliance with OMB Circular A-133 has no findings or reportable conditions, which means that SACOG met all the requirements for grant compliance and the grant conditions.

The auditor's Report to Management is attached and identifies an area they recommend SACOG improve, that of contract file management. SACOG has responded that we will hold training classes for staff with the assistance of Miller Owen & Trost to include topics such as the content of a contract, contract amendments, and the requirements for a centralized contract management system. The Report to Management comment from last fiscal year has been satisfactorily resolved through the documentation of approximately 90% of the finance functions.

Approved by:

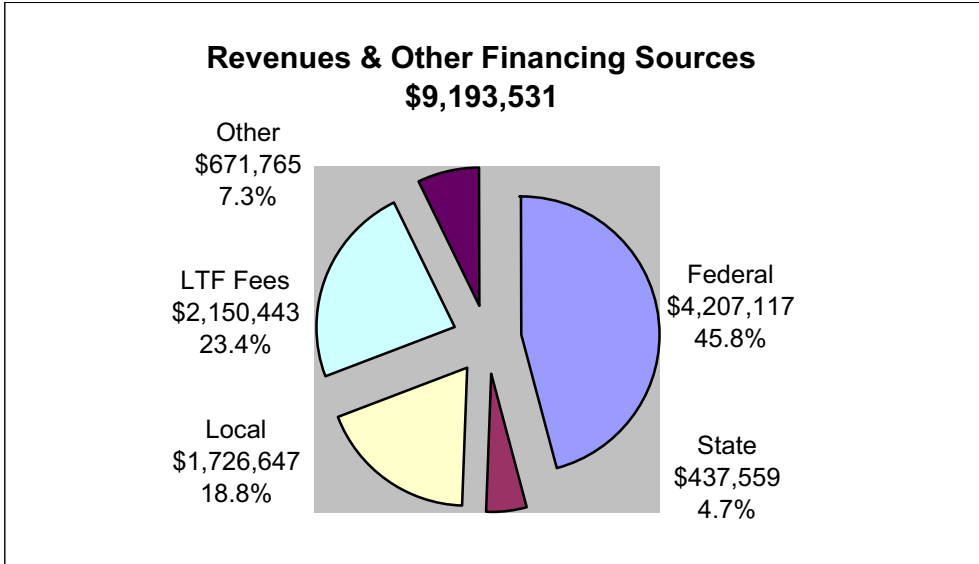
Mike McKeever
Executive Director

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Attachments

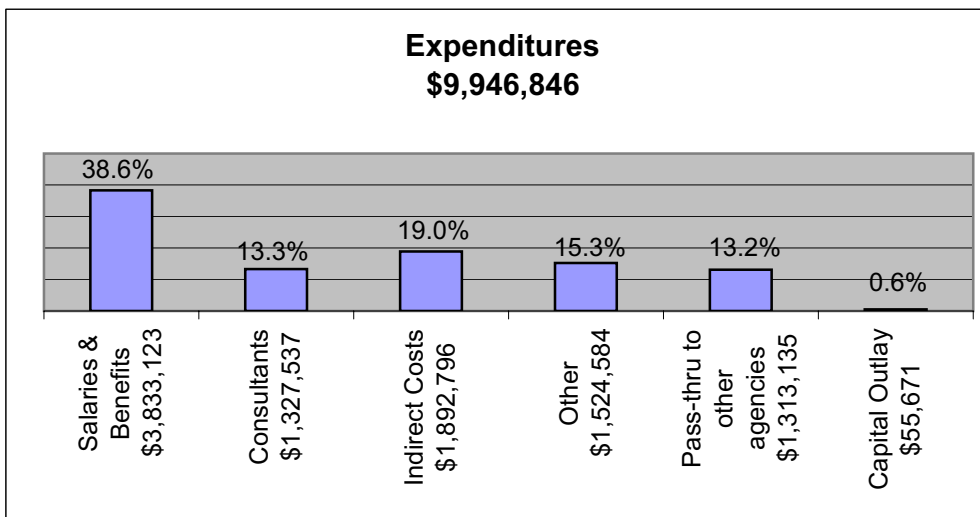
Key Staff: Karen Wilcox, Director of Finance, (916) 340-6210

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
Planning & Administration Fund
Fiscal Year Ended June 30, 2005

The greatest percentage of funding (45.8%) is received from Federal funding resources, i.e. PL, 5303 funds and grants. The second largest percentage (23.4%) is from the planning and administration fees received from the Local Transportation Funds. Local funds (18.8%) include contributions from local partners, investment earnings, and membership assessments.

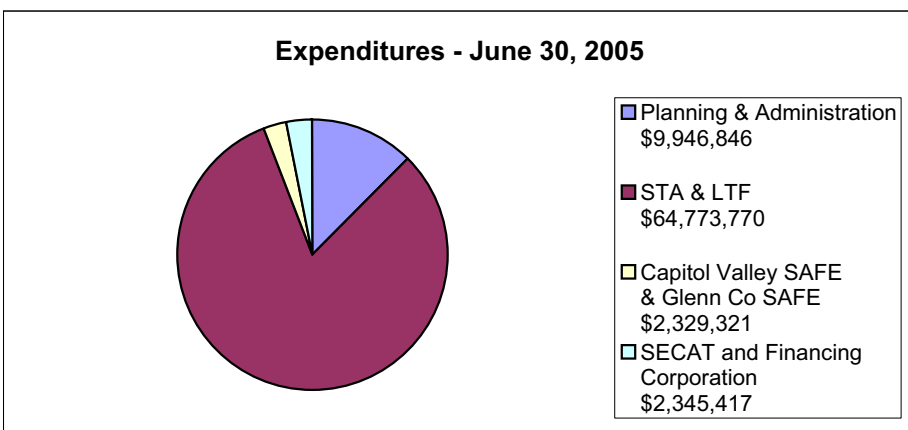
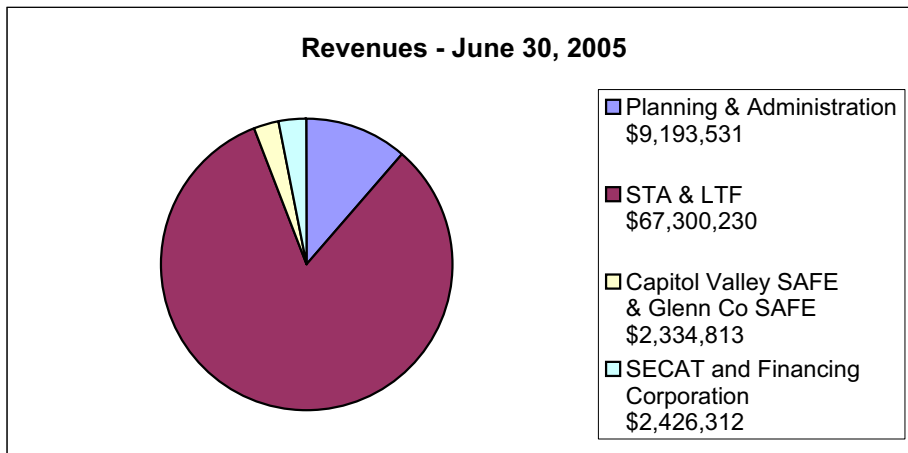
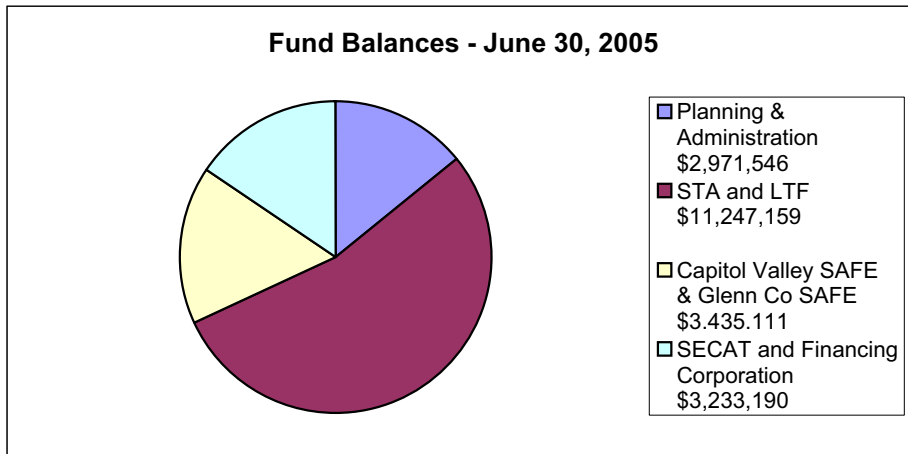


The greatest costs (38.6%) are those of salaries and benefits for staff. Indirect costs (e.g. building rent, office supplies, insurance, equipment maintenance, meetings and training) account for 19%. Consultants (13.3%) and funds passed through to other partners and agencies (13.2%) are the next greatest costs. The \$753,315 difference between expenditures and revenues is the amount by which reserves were spent down.

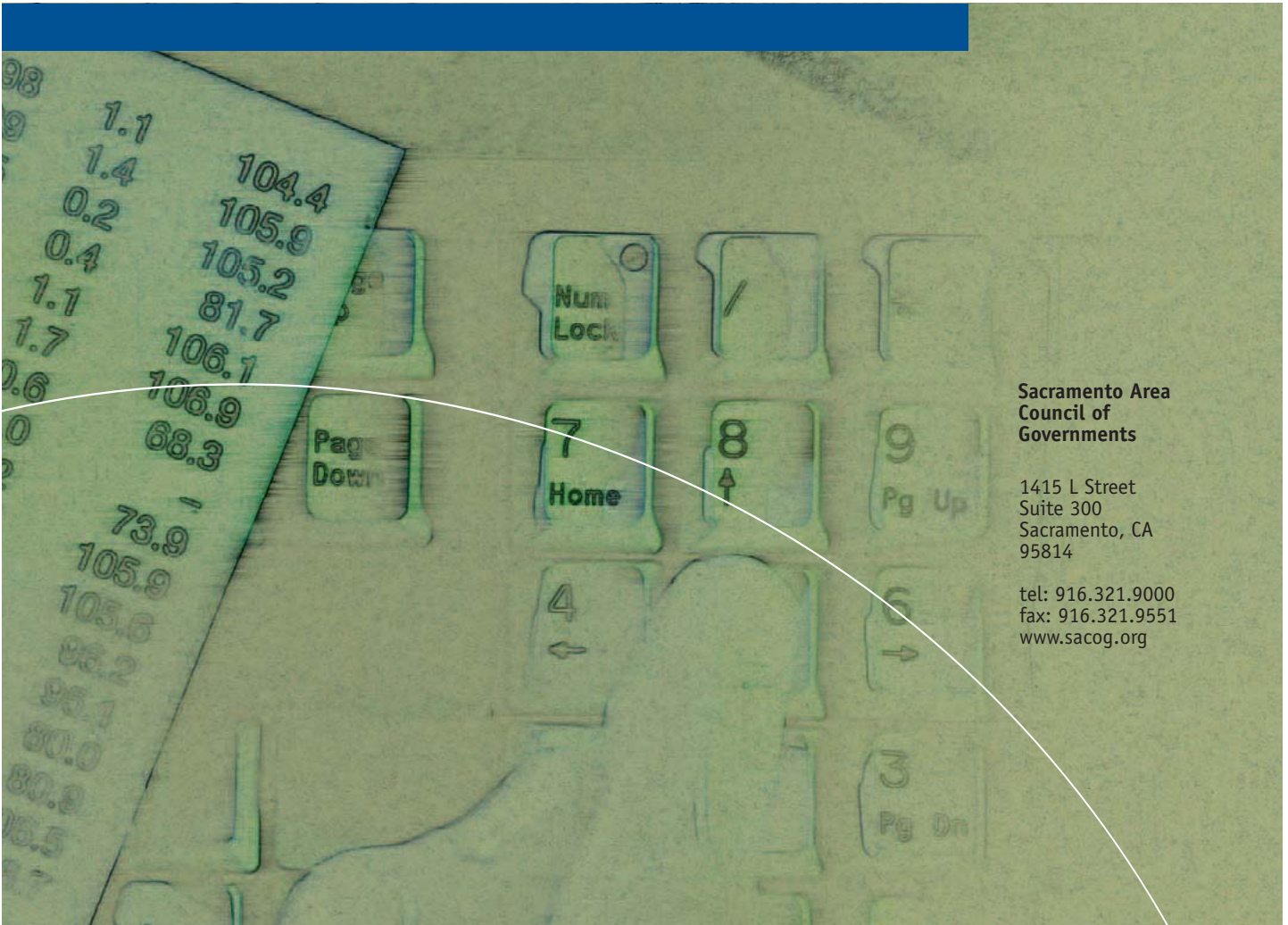


SACRAMENTO AREA COUNCIL OF GOVERNMENTS
Agency-wide Revenues and Expenditures
Fiscal Year Ended June 30, 2005

These charts reflect the various funds over which SACOG has authority. The Planning & Administration, two SAFE's, SECAT and Financing Corporation are within SACOG's direct control. The STA and LTF funds are held at the Counties of Sacramento, Sutter, Yolo, and Yuba and are disbursed to the claimants within those counties upon authorization by SACOG.



C O M P R E H E N S I V E
Annual Financial Report
For the Fiscal Year Ended June 30, 2005



**Sacramento Area
Council of
Governments**

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Suite 300
Sacramento, CA
95814

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SACOG MISSION

Delivering
transportation
projects;
providing public
information
and serving
as a dynamic forum
for regional
planning and
collaboration in the
greater Sacramento
Metropolitan Area.



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Sutter County

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Jody Jones
(Ex-Officio Member)
Caltrans District 3

MEMBER COUNTIES & CITIES

El Dorado County
Placer County
Sacramento County
Sutter County
Yolo County
Yuba County
City of Auburn
City of Citrus Heights
City of Colfax
City of Davis
City of Elk Grove
City of Folsom
City of Galt
City of Isleton
City of Lincoln
City of Live Oak
Town of Loomis
City of Marysville
City of Placerville
City of Rancho Cordova
City of Rocklin
City of Roseville
City of Sacramento
City of West Sacramento
City of Wheatland
City of Winters
City of Woodland
City of Yuba City

Sacramento Area Council of Governments

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February 10, 2006

Sacramento Area Council of Governments
Board of Directors
Capitol Valley Regional Service Authority for Freeways and Expressways
Board of Directors
Sacramento Area Council of Governments Financing Corporation
Board of Directors

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Sacramento Area Council of Governments (SACOG) for the fiscal year ended June 30, 2005. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of SACOG. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and changes in the financial position of the various funds of SACOG, and all disclosures necessary to enable the reader to gain an understanding of SACOG's financial activities have been included.

Accordingly, the audit firm of Macias Gini & Company, LLP, has audited the basic financial statements and issued their unqualified (clean) opinion that the basic financial statements of SACOG for the fiscal year ended June 30, 2005, are fairly presented in accordance with accounting principles generally accepted in the United States of America (GAAP).

A comprehensive annual financial report is presented in three sections: introductory, financial and statistical.

The *introductory section* provides general information on SACOG's structure as well as information useful in assessing SACOG's financial condition.

The *financial section* includes the independent auditor's report on the basic financial statements, the narrative introduction, overview and analysis found in Management's Discussion and Analysis (MD&A) as required by the Governmental Accounting Standards Board (GASB) Statement No. 34 as supplementary information, the audited basic financial statements including note disclosures, required supplementary information and supporting statements and schedules.

The *statistical section* provides a broad range of trend data covering key financial indicators from past years (for instance, general government revenues and expenditures, local transportation fund revenues, and staffing level history, and indirect services cost comparison). It also contains demographic and miscellaneous data useful in assessing SACOG's financial and operating position.

Profile of SACOG

This comprehensive annual financial report includes all of the funds of the following entities:

Sacramento Area Council of Governments (SACOG)
Sacramento Area Council of Governments Financing Authority
Sacramento Emergency Clean Air and Transportation Program (SECAT)
Capitol Valley Regional Service Authority for Freeways and Expressways (SAFE)
Glenn County SAFE

SACOG is a joint powers authority of local governments formed by 6 counties and 22 cities. Member governments are the counties of El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba, and the cities of Auburn, Citrus Heights, Colfax, Davis, Elk Grove, Folsom, Galt, Isleton, Lincoln, Live Oak, Loomis, Marysville, Placerville, Rocklin, Rancho Cordova, Roseville, Sacramento, West Sacramento, Wheatland, Winters, Woodland, and Yuba City. SACOG's primary responsibility is the transportation planning for the region, however, some land use planning, as evidenced by the Blueprint project, provides the framework for designing transportation needs.

SACOG has a 31-member Board of Directors, elected officials from each of the member agencies, plus one ex-officio member from Caltrans. These members sit on four committees, Administration, Housing and Land Use, Legislative and Public Affairs, and Transportation and Air Quality. The SACOG Board of Directors also meets as the Board of Directors for SAFE; the Administration committee as the Board of Directors for the Financing Authority.

Factors Affecting Financial Condition

SACOG is located in Sacramento, California. Unlike its member agencies, SACOG is primarily dependant upon formula revenues and planning grants from the Federal Highway Administration, Federal Transit Administration, and the State of California. Funds are passed through the California Department of Transportation (Caltrans). The primary source of local revenue is Local Transportation Fund revenues received from the ¼ cent sales tax on gasoline upon which SACOG receives an administrative fee and a planning fee.

Funds from the Federal transportation agencies are determined by formula and are subject to Congressional appropriation. As Federal funds are needed for emergency relief such as that created with Hurricanes Katrina, Rita and Wilma, they may be reapportioned to meet these emergency needs, thus reducing the amount available for distribution to agencies such as SACOG. As the fiscal year closed, Congress had yet to pass the Federal Transportation bill that would determine the formulas and funding for the next seven years.

The SACOG six-county region maintains a robust economic climate. Affordable employment pools, hearty retail activities, and stable, reasonably priced housing provide the basis upon which strong economic growth continues in the region. The population in the area continues to grow while other regions in California have either stabilized or are growing at a more modest rate than the Sacramento region. A good indicator of local growth is in the State Transit Assistance and Local Transportation Fund revenues which are based on transit operator revenues and sales tax on gasoline. These revenues have increased at rates in the neighborhood of 50% over the past two to three years. SAFE receives revenue from vehicle registration fees and this year's revenue was \$187,532

greater than had been expected; another indication of the increasing population in the region.

The outlook for the foreseeable future remains optimistic. The Preferred Blueprint Scenario identifies a growth of 3.8 million people over the next 25 years and the economic indicators predict that there will be ample opportunities for both employers and job seekers to fulfill their economic, social, health and housing needs.

Major Initiatives

In December 2004, the SACOG Board of Directors adopted the Preferred Blueprint Scenario for 2050. The Blueprint depicts a way for the region to grow through the year 2050. The scenario is the result of numerous public workshops and meetings with local government staff and elected officials and is a vision for growth that promotes compact, mixed-use development and more transit choices as an alternative to low density development. It is an innovative regional plan that sets the stage for the Metropolitan Transportation Plan.

The Metropolitan Transportation Plan (MTP) is a 23-year plan for transportation improvements in the six-county region. Based on projections for growth in population, housing and jobs identified in the Blueprint, the MTP is key to the quality of life and economic health of the region. The plan will ensure convenient access to jobs, school, entertainment, recreation and critical services such as banking, medical care and shopping by developing a plan for a transportation system of roads, transit, bikeways and sidewalks to manage the diverse needs.

The MTP is a required project every three years and must be completed by June 2007.

Financial Information

The Planning and Administration Fund is where the majority of SACOG's activities are recorded. The budget for the Planning and Administration Fund had predicted a deficit of \$1.1 million, however, through a series of cost savings measures and leaving vacant employee positions unfilled, the projected deficit was reduced by \$384,555. The budget for fiscal year 2005-06 is a balanced budget. Expenditures in the fund were used for the myriad of projects and programs for which SACOG is responsible.

The State Transit Assistance (STA) Fund and three of the Local Transportation Funds (LTF) show strong fund balances ranging from \$516,755 - \$8,451,859, again attesting to the strong local economy. These fund balances will be included in the apportionments for fiscal year 2006-07 for local agencies and transit operators.

The Sacramento Emergency Clean Air and Transportation (SECAT) program, continues to spend down the initial advance of \$50 million by continuing to fund inefficient engine replacements in order to reduce the NOx emissions in the area.

The Capitol Valley Regional Service Authority for Freeways and Expressways (SAFE) remains a fiscally strong fund with increasing revenues from vehicle registrations.

Other Information

INDEPENDENT AUDIT

SACOG is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. SACOG's MD&A can be found immediately following the report of the independent auditors.

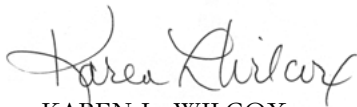
ACKNOWLEDGEMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance and Communications departments. Their dedication to professional excellence is reflected in an improved comprehensive annual financial report. We would also like to commend SACOG's Board of Directors for their interest, support of this substantial effort, and shared commitment to assuring the financial viability of SACOG which remains progressively committed to meeting the transportation planning needs of the region.

Respectfully submitted,



MIKE McKEEVER
Executive Director



KAREN L. WILCOX
Director of Finance



MACIAS GINI & COMPANY^{LLP}

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Sacramento Area Council of Governments (SACOG), as of and for the fiscal year ended June 30, 2005, which collectively comprise SACOG's basic financial statements as listed in the table of contents. These financial statements are the responsibility of SACOG's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the State Transit Assistance, Sacramento County Local Transportation, Yuba County Local Transportation, Sutter County Local Transportation and Yolo County Local Transportation Special Revenue Funds, each of which are major funds. Those funds represent 58% of assets, 49% of net assets, and 84% of revenues of the governmental activities as of and for the fiscal year ended June 30, 2005. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar, as it relates to the amounts included for the State Transit Assistance, Sacramento County Local Transportation, Yuba County Local Transportation, Sutter County Local Transportation and Yolo County Local Transportation Special Revenue Funds, is based solely on the reports of the other auditors.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of SACOG as of June 30, 2005, and the respective changes in financial position thereof and the respective budgetary comparisons for the Planning and Administration, Capitol Valley Regional SAFE and Glenn County SAFE Special Revenue Funds for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note A to the financial statements, effective July 1, 2004, SACOG implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment to GASB Statement No. 3)*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2005 on our consideration of SACOG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Accounting Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 10 and schedule of funding progress on page 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

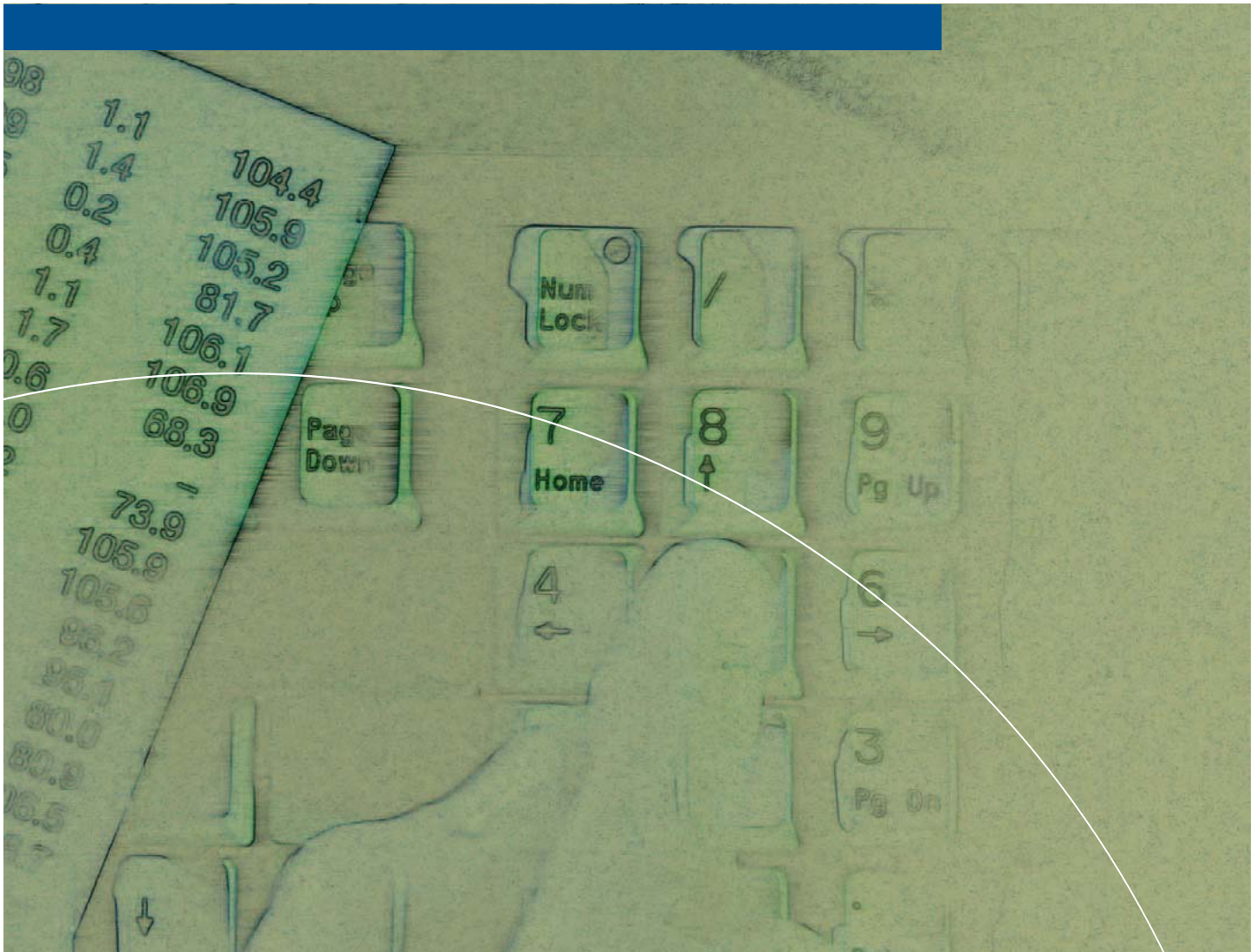
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SACOG's basic financial statements. The transmittal letter, supplemental information, and statistical section as listed in the table of contents and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The transmittal letter and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macias Gini & Company LLP

Certified Public Accountants

Sacramento, California
September 9, 2005

Management's Discussion and Analysis



Sacramento Area Council of Governments
Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2005

This section of the annual financial report presents a discussion of the financial position and changes in financial position for the Sacramento Area Council of Governments (SACOG) and its related component units for the fiscal year ended June 30, 2005. This discussion and analysis is intended to be used in conjunction with the financial statements and the notes to the financial statements which follow this section.

The fiscal year 2004-2005 was a year focused on finalizing the Land Use Blueprint, a plan for identifying how the region should grow through the year 2050 and on the development of growth principles to assist with that plan. Staff held numerous public workshops and meetings with local agency staff and elected officials and in December 2004 a preferred scenario was adopted by the Board of Directors. This was a reflection of the public input to their elected officials and the subsequent adoption of the Blueprint principles in the local jurisdictions. Numerous awards, both local and national, continued to be given to the Blueprint project for the innovative techniques and processes used in development of the growth scenarios. Member jurisdictions have given presentations to the Board of Directors at their monthly meeting showcasing their progress in implementing the Blueprint. Many innovative plans and developments have been adopted in the region that will further the Blueprint principles. The next step in the implementation of the Blueprint is the preparation of the Metropolitan Transportation Plan (MTP) for 2030 which has begun with an eye toward final adoption in 18 months.

Other transportation related activities were not neglected, however. Transit Planning and Coordination, Multi-modal Transportation Planning and Coordination, Air Quality Planning, Analysis and Coordination, and other elements of the Overall Work Program continued at their anticipated work levels. Throughout development of the MTP each of these activities will play significant roles in determining what the transportation goals and plans for the next twenty-five years will be.

Financial Highlights

The overall net assets of SACOG and its component units increased \$2.6 million from the previous year, primarily related to the proceeds from the sale of the Meridian Plaza. While SACOG's Planning and Administration fund balance decreased by \$753,315, the combined other funds had an increase in fund balance of roughly \$5.7 million, which offset the decrease in the Planning and Administration Fund. The Planning and Administration's Fund reduction in fund balance during this fiscal year was almost \$1.3 million less than in the previous fiscal year. While the original budget and final amended budget had identified a deficit of \$967 thousand and \$1.13 million, respectively, through a series of cost saving measures, the projected deficit was reduced by \$384,555 from the final amended budget projection.

The State Transportation Assistance Fund and three of the Local Transportation Funds showed significant increases in available fund balances, largely due to the improved economy and rising gasoline prices, resulting in greater sales tax receipts which will be apportioned in fiscal year 2005-2006 to the claimants. However, Sutter County's Local Transportation fund balance shows a deficit. Fiscal year 2003-2004 revenue estimates, upon

which the apportionments to claimants was determined, did not materialize as had been projected. This resulted in a very small fund balance and no cash at the end of the 2004 fiscal year. Fiscal year 2004-2005 had increased revenues from projections and subsequent apportionments. It is anticipated that by the end of fiscal year 2005-2006 the fund will be in a positive position.

The Capital Valley Regional Service Authority of Freeways and Expressways (SAFE) fund showed a slight decrease in fund balance primarily related to some one-time costs. Glenn County SAFE fund showed an increase in fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to SACOG's basic financial statements. The basic financial statements are comprised of the government-wide financial statements, the fund financial statements, and the notes to the basic financial statements. This report also contains required supplementary information and other information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of SACOG's financial performance in a manner similar to the financial reports provided to stockholders of private sector companies.

The statement of net assets presents information on all of SACOG's assets and liabilities, including its component units, the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of SACOG as a whole is improving or deteriorating. SACOG's net assets increased by \$2,660,684 in fiscal year 2004-2005.

The statement of activities presents information showing how SACOG's net assets have changed during the fiscal year. Revenues and expenses are reported when the underlying event giving rise to the transaction occurs, regardless of when the cash is received or paid.

FUND FINANCIAL STATEMENTS

SACOG has ten governmental funds used to account for its activities supported by grants, sales taxes, intergovernmental revenues, member assessments, charges for services and other similar types of revenue sources. These funds focus on the near term annual inflows and outflows of resources, rather than the longer-term focus of governmental activities as seen in the government-wide financial statements. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison of the governmental funds to the government-wide statements.

The Board of Directors adopts an annual budget for the Planning and Administration Fund. Much of the budget is formulated through an Overall Work Program (OWP) in order to comply with State and Federal grant budgeting requirements. The OWP identifies the revenue sources and planned program expenditures for each of the project elements. The Board of Directors also adopts a separate budget for expenditures not related to the OWP, i.e. capital equipment acquisitions and expenditures not eligible for grant funding.

The Sacramento Emergency Clean Air and Transportation Program (SECAT) does not have an annual budget since it is grant funded and used only for the on-going program. The

State Transit Assistance Fund and Local Transportation Funds do not have annual budgets but are instead funded and governed by California State Statutes and Code of Regulation requirements for each program. Capitol Valley Regional SAFE has an annual budget separately adopted by its Board of Directors, which is also the SACOG Board of Directors. Glenn County SAFE fund is used to account for the activities of SACOG and Capitol Valley SAFE on its behalf as identified in the agreement between the agencies.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the basic financial statements provide additional information that is essential for a full understanding of the data provided in the Government-wide Financial Statements and the Fund Financial Statements. The notes can be found on pages B-15 through B-32 of this report.

Government-wide Financial Analysis

STATEMENT OF NET ASSETS

For Years Ended June 30, 2004 and 2005

Overall, SACOG's net assets increased \$2,660,684 as shown in the table below.

	Governmental Activities		Increase (decrease)
	2005	2004	
ASSETS:			
Current and other assets	\$ 32,527,518	\$ 24,884,453	\$ 7,643,065
Capital assets	2,484,597	2,988,957	(504,360)
Total assets	35,012,115	27,873,410	7,138,705
LIABILITIES:			
	12,005,405	7,527,384	4,478,021
NET ASSETS:			
Invested in capital assets	2,484,597	2,988,957	(504,360)
Restricted for transportation claimants	11,247,159	8,720,699	2,526,460
Unrestricted	9,274,954	8,636,370	638,584
Total net assets	\$ 23,006,710	\$ 20,346,026	\$ 2,660,684

The cash in the Planning and Administration Fund declined by nearly \$2 million dollars from fiscal year 2004 to fiscal year 2005, yet the due from other governments increased by more than \$1.5 million. This is related to the grant reimbursement process whereby expenditures must be made before reimbursement can occur. The difference is related to the match required for the grants. The SACOG Financing Corporation (Financing Corporation) Fund had an increase in cash of \$3.1 million from the sale of Meridian Plaza in September 2004, which reflected the return of the original investment of \$2 million and the gain on the asset sale. The SECAT fund recorded a \$2.3 million decrease in cash. SECAT received all the cash for the program in advance so as expenditures are made, the cash

account is reduced as well as a like amount in deferred revenue. The Sacramento County and Yolo County Local Transportation funds have in excess of \$3 million dollars each in cash. This is the result of greater than expected sales tax revenues received. These excess funds will be allocated to claimant agencies in fiscal year 2005-2006.

Capital assets declined \$504,360 due to the depreciation on existing assets.

Restricted net assets for transportation claimants increased due to higher than expected sales tax revenue, which will be held for apportionment to Transportation Development Act claimants in the following year. Unrestricted net assets increased in fiscal year 2005 because of the sale of the Meridian Plaza.

STATEMENT OF ACTIVITIES
For Years Ended June 30, 2004 and 2005

	Governmental Activities		Increase
	2005	2004	(decrease)
REVENUES:			
Program revenues:			
Charges for services	\$ 2,675,289	\$ 2,605,097	\$ 70,192
Operating grants and contributions	8,716,740	13,952,654	(5,235,914)
General revenues:			
State shared revenue - sales and use taxes	67,078,282	62,316,677	4,761,605
Investment earnings	441,575	259,479	182,096
Other	192,557	241,407	(48,850)
Sale of Meridian Plaza	1,112,296	-	1,112,296
Total Revenues	80,216,739	79,375,314	841,425
EXPENSES:			
Planning and administration	10,257,990	9,201,031	1,056,959
Transportation claimants	62,623,327	58,475,601	4,147,726
Sacramento Emergency Clean Air and Transportation Program	2,345,417	8,973,934	(6,628,517)
Capitol Valley Regional SAFE	2,308,773	2,141,184	167,589
Glenn County SAFE	20,548	39,494	(18,946)
Total Expenses	77,556,055	78,831,244	(1,275,189)
Change in net assets	2,660,684	544,070	2,116,614
Net Assets—Beginning	20,346,026	19,801,956	544,070
Net Assets—Ending	\$ 23,006,710	\$ 20,346,026	\$ 2,660,684

Overall revenues reflect a modest growth. The operating grants and contributions significantly declined as a result of reduced activity on the SECAT grant (reduction of \$6.6 million), however, the funding for work within the Planning and Administration Fund increased \$1.4 million. This revenue was the result of increased federal highway funding and grants related to transit and the Blueprint project. The state shared revenue increased \$4.7 million because of the improved economy and increased price of gasoline upon which the sales taxes are calculated. This additional revenue will be allocated to the Local Transportation Fund recipients in fiscal year 2005-2006.

Expenses for planning and administration increased related to several factors. The Blueprint project was in full swing with numerous activities related to finalizing the plan. Also contributing was work related to the numerous grants received for Blueprint and transit, as well as the increased labor costs related to rising pension and health care benefits. Expenses for transportation claimants rose because of the apportionment and disbursement of the prior year incremental increase in sales tax revenue.

Fund Financial Statement Analysis

PLANNING AND ADMINISTRATION

SACOG's overall fund balance declined by \$753,315, a significant difference from the previous fiscal year's deficit of \$2 million. While the final budget had predicted a deficit of \$1,137,870, a series of cost savings measures were implemented that reduced the anticipated deficit by \$384,555. Because SACOG is largely funded with grants and similar funding, the full amount of the budgeted revenue and expenditures are estimated yet the balances unspent at the end of the fiscal year are added to the next fiscal year budget. Also, a \$3.2 million grant awarded to SACOG which had been intended to be passed through to other agencies did not occur in this fiscal year and will instead be deferred until next fiscal year.

SACOG FINANCING CORPORATION

The SACOG Financing Corporation was created to purchase the Meridian Plaza complex in conjunction with a local developer. During fiscal year 2004-2005, the Meridian Plaza complex was sold resulting in a net gain to the Financing Corporation of \$1.2 million. The \$3.2 million increase in fund balance is a result of this \$1.2 million gain plus the return of the original investment of \$2 million. These proceeds will be held pending the decision for future use by the Board of Directors.

SACRAMENTO EMERGENCY CLEAN AIR AND TRANSPORTATION PROGRAM (SECAT)

SECAT is in the fifth year of operation. Originally advance funded by a \$50 million grant from the California Governor's Traffic Congestion Relief Program and \$20 million in Congestion Mitigation and Air Quality funds, the goal of the program is to reduce NOx emissions. SECAT's fund balance is always equal to \$-0- due to revenue being recorded only to the extent of qualifying expenditures. SECAT activity is declining as the funds are expended and is expected to be completed by June 30, 2006.

Local Transportation Funds (LTF) and State Transit Assistance Funds (STA)

The four LTF funds and one STA fund are administered by SACOG on behalf of various jurisdictions throughout the Sacramento region to fund various transportation-related activities as authorized by California law. Revenue for these funds is impacted by actual sales tax receipts for each of the counties compared to expenditure projections (apportionments) during the year. Despite a portion of fund balance from the previous fiscal year being apportioned to the participating jurisdictions in the current year, a continued increase in the sales tax revenue resulted in an increase in fund balance.

CAPITOL VALLEY REGIONAL SERVICE AUTHORITY FOR FREEWAYS AND EXPRESSWAYS (SAFE)

The Capitol Valley Regional SAFE program reflects a slight decrease in fund balance. While revenues increased a small amount from vehicle registration fees, there were budgeted expenditures for improvement to the call boxes in order to accommodate the hearing impaired and convert them from analog to digital. As the budget had been prepared, it was anticipated that \$1.1 million of fund balance would be necessary to complete the necessary call box upgrade, however, costs were not as great as estimated and the deficit was held to \$6,241.

GLENN COUNTY SAFE

The Glenn County SAFE realized an increase in fund balance because even though revenues met the target, expenditures were considerably less than expected thereby resulting in an overall increase to fund balance of \$11,733.

Budget

Annually, the SACOG Board of Directors approves the budget in two phases. One phase is the Overall Work Program (OWP) budget which is the plan for the transportation related projects. The OWP is funded largely by Federal and State grants with matching funds from local sources. The projects are comprised of functions related to the responsibilities of a Metropolitan Planning Organization and Regional Transportation Planning Agency and centered on transportation planning and project delivery to fulfill those plans. The OWP is available for public comment for a 30 day period during which the grantor agencies, both Federal and State, various public organizations including member agencies, regional transit authorities, and the general public review the projects planned for the budget year and make comments. During that public comment period, the Intermodal Planning Group, a group formed of Federal Highway Administration, Federal Transit Administration, California Department of Transportation and other parties impacted by the OWP, will meet and discuss the OWP within the broader goals and guidelines of the region. At the close of the public comment period, the SACOG Board of Directors adopts the OWP as it has been amended from the review period. Final adoption of the OWP usually occurs in May of each year.

The second phase of the budget process is the adoption of the operating budget for SACOG. This includes the administrative budget related to the OWP, capital equipment expenditures, and other related functions not associated with the OWP. This second phase is adopted no later than June for the following fiscal year.

Throughout the year, amendments to the OWP budget occur for grants that are received, a realignment of priorities for projects or other occurrences that require a budget adjustment, and increases or decreases in Federal or State funding allocations.

Below is a synopsis of the Planning and Administration Fund adopted original and final budgets and the actual revenues and expenditures for the fiscal year ended June 30, 2005. This is the fund that contains most of the work SACOG performs related to the OWP.

	Original Budget	Final Budget	Actual	Difference between Final Budget and Actual
REVENUES:				
Intergovernmental:				
Federal	\$ 6,277,188	\$ 9,994,615	\$ 4,207,117	\$ (5,787,498)
State	684,000	619,525	437,559	(181,966)
Local	1,796,400	2,981,979	1,726,647	(1,255,332)
Charges for services	251,000	251,000	227,724	(23,276)
Member assessments	250,000	250,000	251,750	1,750
Investment earnings	-	-	64,346	64,346
Other	100,000	100,000	127,945	27,945
Total revenues	<u>9,358,588</u>	<u>14,197,119</u>	<u>7,043,088</u>	<u>(7,154,031)</u>
EXPENDITURES:				
Planning and administration	11,073,306	12,207,695	8,578,040	3,629,655
Planning grants (pass-through to other agencies)	1,302,000	5,172,737	1,313,135	3,859,602
Capital outlay	105,000	105,000	55,671	49,329
Total expenditures	<u>12,480,306</u>	<u>17,485,432</u>	<u>9,946,846</u>	<u>7,538,586</u>
Deficiency of revenue under expenditures	<u>(3,121,718)</u>	<u>(3,288,313)</u>	<u>(2,903,758)</u>	<u>384,555</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>2,153,946</u>	<u>2,150,443</u>	<u>2,150,443</u>	<u>-</u>
Change in fund balance	<u>\$ (967,772)</u>	<u>\$ (1,137,870)</u>	<u>\$ (753,315)</u>	<u>\$ 384,555</u>

SACOG's fund balance was estimated to decrease by \$1.13 million, however, it ultimately decreased by \$753,315, a difference of \$384,555. Intergovernmental grants were budgeted to be \$13,596,119, however, at the end of the fiscal year actual revenues recognized was only \$6,371,323, a difference of \$7,224,796 from the final budget estimates. Expenditures on the other hand, were \$7,538,586 less than budgeted. Because of the nature of SACOG's activities and that they are primarily grant funded, the budget reflects the anticipated full grant funding, but revenues are recognized only to the extent that expenditures are recorded. These grant balances will be rolled forward into the next fiscal year budget.

Budget to actual comparisons for the Capitol Valley Regional SAFE and Glenn County SAFE may be found on pages B-10 and B-11. The Capitol Valley Regional SAFE expenditure budget reflects the anticipated expenditures for the call box improvements for the hearing impaired and an expected increase in the consultant services related to those improvements. Ultimately, neither was as great as had been expected thus resulting in nearly \$1 million less than budgeted. The Glenn County SAFE budget had no adjustments throughout the year, yet revenue estimates met their target while expenditures were nearly \$7,400 less than anticipated.

Capital Assets

Total investment in capital assets at June 30, 2005 was \$2,484,597, net of depreciation. There were no significant purchases of equipment during the fiscal year.

	Planning and Administration	Capitol Valley Regional SAFE	Glenn County SAFE	Total
Equipment and furniture	\$ 1,378,262	\$ -	\$ -	\$ 1,378,262
Equipment and call boxes	-	4,513,387	129,937	4,643,324
Less accumulated depreciation	(798,720)	(2,656,285)	(81,984)	(3,536,989)
Capital Assets, Net	\$ 579,542	\$ 1,857,102	\$ 47,953	\$ 2,484,597

Additional information regarding capital assets can be found in the Note E to the Basic Financial Statements.

Economic Factors and Next Year's Budget

The Sacramento region remains a strong economic area with an increasing number of jobs, retail and industry, and is one of the most vibrant metropolitan areas in California. Recent studies estimate that the SACOG region will capture 8.35% of California's job growth between 2000 and 2030. While United States jobs captured by California in general dropped during the 1990's, they have risen in recent years and remain stable. Projections are that California will rebound from this and job growth will continue to rise during the next ten years.

Population projections for the region estimate the region's population to be 3.23 million people by 2030, an average annual growth rate of 1.7%. The racial/ethnic distribution indicates a diverse base of households with the percentage distribution changing only minimally. Median household income throughout the SACOG region is projected to rise from \$45,267 in 1999 to \$58,516 (adjusted for inflation) in 2020. Average household income is expected to increase from \$58,376 in 1999 to \$73,565 in 2020. Median household income is expected to grow faster than average household income, reversing thirty years of growing inequality of income distribution. The SACOG region has a slightly higher than national average for incomes between \$30,000 and \$100,000 as well as a slightly larger percentage of households with incomes greater than \$100,000.

While SACOG has in the past attracted jobs and population largely on the basis of a high quality of life with significantly lower housing prices than other major California urban regions, that trend is reversing. The regions' housing price advantage has narrowed in

recent years as all California housing markets have in comparison to national averages. However, the regional housing resale price is converging with the statewide averages, which means that affordability has dropped in the region, yet the statewide affordability dropped by at a much greater percentage.

SACOG's Board of Directors adopted an OWP budget of \$14,112,107 to fund fiscal year 2005-2006 transportation planning projects. Much of that budget relies on Federal and State funding, including the roll over of unused grant balances from this fiscal year, but it is expected that the passage of the next Federal transportation funding bill will result in greater Federal revenues for more projects. The emphasis for next fiscal year will be on development of the Metropolitan Transportation Plan for years through 2030. This plan will implement the concepts of the Blueprint land use plan and determine the best uses of transportation funding throughout the region.

SECAT has been awarded State funding for continuation of the program, however, the State has held up disbursing the funds pending resolution of their own fiscal crisis. It is expected those funds will be released during the upcoming fiscal year and the programs initiated by SECAT will be further continued.

SACOG and its component units remain fiscally strong. As the economy grows and the population increases, sales tax revenues will also increase ensuring a continuing funding of transportation projects. The Blueprint project, nationally noted as a revolutionary project, will move to the next phase that of implementation through the Metropolitan Transportation Plan and regional agency planning processes. Passage of the Federal Transportation Funding bill will provide estimates of Federal funding for the next six years and, in conjunction with the six member counties and twenty-two cities, a strong transportation plan throughout the region will be SACOG's priority next year.

Requests for Information

This financial report is designed to provide the reader with a general overview of SACOG's finances and to demonstrate SACOG's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Director of Finance, Sacramento Area Council of Governments, 1415 L Street, Suite 300, Sacramento, CA 95814.

Basic Financial Statements



Sacramento Area Council of Governments

Statement of Net Assets

For Fiscal Year Ended June 30, 2005

	Governmental Activities
ASSETS	
Cash and investments	\$ 23,496,767
Receivables	8,925,676
Other assets	105,075
Capital assets, net	2,484,597
Total assets	<u>35,012,115</u>
LIABILITIES	
Payables	10,166,526
Due to others	81,595
Unearned revenue	1,159,391
Long-term liabilities:	
Due in more than a year	597,893
Total liabilities	<u>12,005,405</u>
NET ASSETS	
Investment in capital assets, net of related debt	2,484,597
Restricted for transportation claimants	11,247,159
Unrestricted	9,274,954
Total net assets	<u>\$ 23,006,710</u>

The notes to the basic financial statements are an integral part of this statement.

Sacramento Area Council of Governments
Statement of Activities

For Fiscal Year Ended June 30, 2005

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
PRIMARY GOVERNMENT:				
Governmental Activities:				
Planning and administration	\$ 9,882,280	\$ 479,474	\$ 6,371,323	\$ (3,031,483)
Transportation claimants	62,623,327	-	-	(62,623,327)
Sacramento Emergency Clean Air and Transportation Program	2,345,417	-	2,345,417	-
Capitol Valley Regional SAFE	2,665,920	2,166,838	-	(499,082)
Glenn County SAFE	39,111	28,977	-	(10,134)
Total Governmental Activities	<u>\$ 77,556,055</u>	<u>\$ 2,675,289</u>	<u>\$ 8,716,740</u>	<u>(66,164,026)</u>

General revenues:

State shared revenue - sales and use tax	67,078,282
Investment earnings	441,575
Other	192,557
Special item - sale of Meridian Plaza	<u>1,112,296</u>
Total general revenue and special item	<u>68,824,710</u>
Change in net assets	2,660,684
Net assets - beginning	<u>20,346,026</u>
Net assets - ending	<u>\$ 23,006,710</u>

The notes to the basic financial statements are an integral part of this statement.

Sacramento Area Council of Governments
Balance Sheet

GOVERNMENTAL FUNDS
For Fiscal Year Ended June 30, 2005

	Planning and Administration	SACOG Financing Corporation	Clean Air and Transportation Program	State Transit Assistance
ASSETS:				
Cash and investments	\$ 1,144,155	\$3,214,490	\$1,115,700	\$ 804,774
Accounts receivable	46,377	-	-	-
Due from other governments	2,585,194	-	-	1,116,195
Interest receivable	29,073	18,700	20,980	20,556
Prepaid items	65,492	-	-	-
Deposits with others	25,412	-	-	-
Total assets	<u>\$ 3,895,703</u>	<u>\$3,233,190</u>	<u>\$1,136,680</u>	<u>\$ 1,941,525</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 581,582	\$ -	\$ 5,120	\$ -
Accrued liabilities	149	-	-	-
Due to other fund	81,595	-	-	-
Compensated absences	-	-	-	-
Due to other governments	-	-	-	1,424,770
Deferred revenue	260,831	-	1,131,560	-
Total liabilities	<u>924,157</u>	<u>-</u>	<u>1,136,680</u>	<u>1,424,770</u>
Fund Balances:				
Reserved for prepaid items	65,492	-	-	-
Unreserved, designated for contingencies	700,000	-	-	-
Unreserved, undesignated	2,206,054	3,233,190	-	516,755
Total fund balances	<u>2,971,546</u>	<u>3,233,190</u>	<u>-</u>	<u>516,755</u>
Total liabilities and fund balances	<u>\$ 3,895,703</u>	<u>\$3,233,190</u>	<u>\$1,136,680</u>	<u>\$ 1,941,525</u>

The notes to the basic financial statements are an integral part of this statement.

Sacramento Area Council of Governments
Balance Sheet

GOVERNMENTAL FUNDS
For Fiscal Year Ended June 30, 2005

Local Transportation Funds				Capitol Regional SAFE	Glenn County SAFE	Total Governmental Funds
Sacramento County	Yuba County	Sutter County	Yolo County			
\$ 8,941,533	\$ 774,889	\$ 748,319	\$3,439,503	\$ 3,227,394	\$ 86,010	\$ 23,496,767
-	-	-	-	-	-	46,377
3,467,500	126,100	446,620	510,600	426,300	5,029	8,683,538
56,215	5,249	5,530	-	36,997	2,461	195,761
-	-	-	-	14,171	-	79,663
-	-	-	-	-	-	25,412
\$12,465,248	\$ 906,238	\$1,200,469	\$3,950,103	\$ 3,704,862	\$ 93,500	\$ 32,527,518
\$ -	\$ -	\$ -	\$ -	\$ 357,492	\$ 5,759	\$ 949,953
-	-	-	-	-	-	149
-	-	-	-	-	-	81,595
-	-	-	-	-	-	-
4,013,389	148,940	1,493,760	2,135,565	-	-	9,216,424
-	-	-	-	-	-	1,392,391
4,013,389	148,940	1,493,760	2,135,565	357,492	5,759	11,640,512
-	-	-	-	14,171	-	79,663
-	-	-	-	-	-	700,000
8,451,859	757,298	(293,291)	1,814,538	3,333,199	87,741	20,107,343
8,451,859	757,298	(293,291)	1,814,538	3,347,370	87,741	20,887,006
\$12,465,248	\$ 906,238	\$1,200,469	\$3,950,103	\$ 3,704,862	\$ 93,500	\$ 32,527,518

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS:

Fund balances - total governmental funds \$ 20,887,006

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds. 2,484,597

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 233,000

Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. (597,893)

Net assets of governmental activities (page B-4) \$ 23,006,710

The notes to the basic financial statements are an integral part of this statement.

Sacramento Area Council of Governments
Statement of Revenues Expenditures and Changes in Fund Balances
GOVERNMENTAL FUNDS
For Fiscal Year Ended June 30, 2005

	Planning and Administration	SACOG Financing Corporation	Sacramento Emergency Clean Air and Transportation Program	State Transit Assistance
REVENUES:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ 4,232,416
Vehicle registration fees and traffic fines	-	-	-	-
Intergovernmental:				
Federal	4,207,117	-	-	-
State	437,559	-	2,345,417	-
Local	1,726,647	-	-	-
Charges for services	227,724	-	-	-
Member assessments	251,750	-	-	-
Investment earnings	64,346	80,895	-	35,735
Other	127,945	-	-	-
Total revenues	7,043,088	80,895	2,345,417	4,268,151
EXPENDITURES:				
Current:				
Allocations:				
City of Elk Grove	-	-	-	172,366
City of Citrus Heights	-	-	-	151,706
City of Davis	-	-	-	157,344
City of Folsom	-	-	-	117,532
City of Galt	-	-	-	38,274
City of Isleton	-	-	-	1,461
City of Live Oak	-	-	-	11,221
City of Sacramento	-	-	-	-
City of West Sacramento	-	-	-	63,588
City of Rancho Cordova	-	-	-	-
City of Wheatland	-	-	-	4,680
City of Winters	-	-	-	11,482
City of Woodland	-	-	-	88,727
City of Yuba City	-	-	-	-
County of Sacramento	-	-	-	50,448
County of Sutter	-	-	-	-
County of Yolo	-	-	-	39,753
County of Yuba	-	-	-	-
Sacramento Regional Transit District	-	-	-	2,913,588
Yolo County Transportation District	-	-	-	28,997
Yuba-Sutter Transit Authority	-	-	-	258,513
Paratransit, Inc	-	-	-	-
SAFE services	-	-	-	-
Freeway service patrol	-	-	-	-
Equipment and maintenance	-	-	-	-
Insurance and DMV fees	-	-	-	-
Planning and administration	8,578,040	-	-	-
Planning grants	1,313,135	-	-	-
Payments to fund special pay plan	-	-	-	-
Capital outlay	55,671	-	-	-
Total expenditures	9,946,846	-	2,345,417	4,109,680
Excess (deficiency) of revenues over (under) expenditures	(2,903,758)	80,895	-	158,471
Other Financing Sources (Uses):				
Transfers in	2,150,443	-	-	-
Transfers out	-	-	-	-
Contributions	-	-	-	-
Total other financing sources (uses)	2,150,443	-	-	-
Special item - sale of Meridian Plaza	-	3,112,296	-	-
Net change in fund balances	(753,315)	3,193,191	-	158,471
Fund balances - beginning	3,724,861	39,999	-	358,284
Fund balances - ending	\$ 2,971,546	\$ 3,233,190	\$ -	\$ 516,755

The notes to the basic financial statements are an integral part of this statement.

Sacramento Area Council of Governments
Statement of Revenues Expenditures and Changes in Fund Balances
GOVERNMENTAL FUNDS
For Fiscal Year Ended June 30, 2005

Local Transportation Funds						
Sacramento County	Yuba County	Sutter County	Yolo County	Capitol Valley Regional SAFE	Glenn County SAFE	Total Governmental Funds
\$ 51,020,970	\$ 1,388,441	\$ 3,180,557	\$ 7,255,898	\$ -	\$ -	\$ 67,078,282
-	-	-	-	2,166,838	28,977	2,195,815
-	-	-	-	-	-	4,207,117
-	-	-	-	-	-	2,782,976
-	-	-	-	-	-	1,726,647
-	-	-	-	-	-	227,724
109,178	13,640	17,759	45,636	71,082	3,304	251,750
-	-	-	-	64,612	-	441,575
<u>51,130,148</u>	<u>1,402,081</u>	<u>3,198,316</u>	<u>7,301,534</u>	<u>2,302,532</u>	<u>32,281</u>	<u>79,104,443</u>
3,658,775	-	-	-	-	-	3,831,141
3,208,410	-	-	-	-	-	3,360,116
-	-	-	2,135,565	-	-	2,292,909
2,348,717	-	-	-	-	-	2,466,249
809,463	-	-	-	-	-	847,737
30,887	-	-	-	-	-	32,348
-	-	262,245	-	-	-	273,466
327,543	-	-	-	-	-	327,543
-	-	-	1,213,920	-	-	1,277,508
54,242	-	-	-	-	-	54,242
-	37,706	-	-	-	-	42,386
-	-	-	219,204	-	-	230,686
-	-	-	1,693,832	-	-	1,782,559
-	-	1,372,310	-	-	-	1,372,310
1,449,885	-	-	-	-	-	1,500,333
-	-	885,085	-	-	-	885,085
-	-	-	763,905	-	-	803,658
-	299,254	-	-	-	-	299,254
34,462,411	-	-	-	-	-	37,375,999
-	-	-	-	-	-	28,997
-	541,223	869,576	-	-	-	1,669,312
1,866,539	-	-	-	-	-	1,866,539
-	-	-	-	944,064	20,190	964,254
-	-	-	-	645,000	-	645,000
-	-	-	-	657,208	-	657,208
-	-	-	-	62,501	140	62,641
-	750	2,200	-	-	218	8,581,208
-	-	-	-	-	-	1,313,135
-	-	-	-	-	-	-
-	-	-	-	-	-	55,671
<u>48,216,872</u>	<u>878,933</u>	<u>3,391,416</u>	<u>6,026,426</u>	<u>2,308,773</u>	<u>20,548</u>	<u>77,244,911</u>
2,913,276	523,148	(193,100)	1,275,108	(6,241)	11,733	1,859,532
-	-	-	-	-	-	2,150,443
(1,783,128)	(34,067)	(108,584)	(224,664)	-	-	(2,150,443)
-	-	-	-	-	-	-
(1,783,128)	(34,067)	(108,584)	(224,664)	-	-	-
-	-	-	-	-	-	3,112,296
1,130,148	489,081	(301,684)	1,050,444	(6,241)	11,733	4,971,828
7,321,711	268,217	8,393	764,094	3,353,611	76,008	15,915,178
<u>\$ 8,451,859</u>	<u>\$ 757,298</u>	<u>\$ (293,291)</u>	<u>\$ 1,814,538</u>	<u>\$ 3,347,370</u>	<u>\$ 87,741</u>	<u>\$ 20,887,006</u>

The notes to the basic financial statements are an integral part of this statement.

Sacramento Area Council of Governments
Reconciliation of the Statement of Revenues Expenditures
and Changes in Fund Balances

OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For Fiscal Year Ended June 30, 2005

Net change in fund balances - total governmental funds (page B-7) \$ 4,971,828

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	55,671
Depreciation expense	(560,031)

SACOG had an investment in a joint venture. This investment is not a current financial resource and, therefore, is not reported in the funds. However, the joint venture was dissolved and the funds were returned to SACOG. The return of the cost of the investment was recorded as revenue in the fund statements, but has no effect on net assets.

(2,000,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	<u>193,216</u>
--------------------------------	----------------

Change in net assets of governmental activities (page B-3) \$ 2,660,684

The notes to the basic financial statements are an integral part of this statement.

Sacramento Area Council of Governments
Statement of Revenues, Expenditures and Changes in Fund Balances

BUDGET AND ACTUAL
PLANNING AND ADMINISTRATION SPECIAL REVENUE FUND
For Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental:				
Federal	\$ 6,277,188	\$ 9,994,615	\$ 4,207,117	\$ (5,787,498)
State	684,000	619,525	437,559	(181,966)
Local	1,796,400	2,981,979	1,726,647	(1,255,332)
Charges for services	251,000	251,000	227,724	(23,276)
Member assessments	250,000	250,000	251,750	1,750
Investment earnings	-	-	64,346	64,346
Other	100,000	100,000	127,945	27,945
Total revenues	<u>9,358,588</u>	<u>14,197,119</u>	<u>7,043,088</u>	<u>(7,154,031)</u>
EXPENDITURES:				
Current:				
Planning and administration	11,073,306	12,207,695	8,578,040	3,629,655
Planning grants	1,302,000	5,172,737	1,313,135	3,859,602
Capital outlay	105,000	105,000	55,671	49,329
Total expenditures	<u>12,480,306</u>	<u>17,485,432</u>	<u>9,946,846</u>	<u>7,538,586</u>
Deficiency of revenues under expenditures	<u>(3,121,718)</u>	<u>(3,288,313)</u>	<u>(2,903,758)</u>	<u>384,555</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>2,153,946</u>	<u>2,150,443</u>	<u>2,150,443</u>	<u>-</u>
Change in fund balance	<u>\$ (967,772)</u>	<u>\$ (1,137,870)</u>	<u>(753,315)</u>	<u>\$ 384,555</u>
Fund balance—beginning			<u>3,724,861</u>	
Fund balance—ending			<u>\$ 2,971,546</u>	

The notes to the basic financial statements are an integral part of this statement.

Sacramento Area Council of Governments
Statement of Revenues, Expenditures and Changes in Fund Balances

BUDGET AND ACTUAL
CAPITOL VALLEY REGIONAL SAFE SOCIAL REVENUE FUND
For Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Vehicle registration fees	\$ 2,000,000	\$ 2,000,000	\$ 2,166,838	\$ 166,838
Investment earnings	50,000	50,000	71,082	21,082
Other	35,000	65,000	64,612	(388)
Total revenues	<u>2,085,000</u>	<u>2,115,000</u>	<u>2,302,532</u>	<u>187,532</u>
EXPENDITURES:				
Current:				
SAFE services	1,560,500	1,560,500	944,064	616,436
Freeway service patrol	645,000	645,000	645,000	-
Equipment and maintenance	980,500	1,010,500	657,208	353,292
Insurance and DMV fees	33,000	33,000	62,501	(29,501)
Total expenditures	<u>3,219,000</u>	<u>3,249,000</u>	<u>2,308,773</u>	<u>940,227</u>
Deficiency of revenues under expenditures	<u>\$ (1,134,000)</u>	<u>\$ (1,134,000)</u>	(6,241)	<u>\$ 1,127,759</u>
Fund balance—beginning			<u>3,353,611</u>	
Fund balance—ending			<u>\$ 3,347,370</u>	

The notes to the basic financial statements are an integral part of this statement.

Sacramento Area Council of Governments
Statement of Revenues, Expenditures and Changes in Fund Balances

BUDGET AND ACTUAL
GLENN COUNTY SAFE SPECIAL REVENUE FUND
For Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Vehicle registration fees	\$ 30,000	\$ 30,000	\$ 28,977	\$ (1,023)
Investment earnings	<u>1,300</u>	<u>1,300</u>	<u>3,304</u>	<u>2,004</u>
Total revenues	<u>31,300</u>	<u>31,300</u>	<u>32,281</u>	<u>981</u>
EXPENDITURES:				
Current:				
SAFE services	10,000	10,000	20,190	(10,190)
Insurance and DMV fees	150	150	140	10
Planning and administration	<u>3,000</u>	<u>3,000</u>	<u>218</u>	<u>2,782</u>
Total expenditures	<u>13,150</u>	<u>13,150</u>	<u>20,548</u>	<u>(7,398)</u>
Excess of revenues over expenditures	<u>\$ 18,150</u>	<u>\$ 18,150</u>	11,733	<u>\$ (6,417)</u>
Fund balance—beginning			<u>76,008</u>	
Fund balance—ending			<u>\$ 87,741</u>	

The notes to the basic financial statements are an integral part of this statement.

Sacramento Area Council of Governments
Statement of Fiduciary Net Assets

FIDUCIARY FUNDS
For Fiscal Year Ended June 30, 2005

	Postretirement Medical Trust
ASSETS	
Cash and investments	\$ 1,367,152
Due from other fund	<u>81,595</u>
Total assets	<u>\$ 1,448,747</u>
NET ASSETS	
Net assets held in trust for postretirement benefits	<u>\$ 1,448,747</u>

The notes to the basic financial statements are an integral part of this statement.

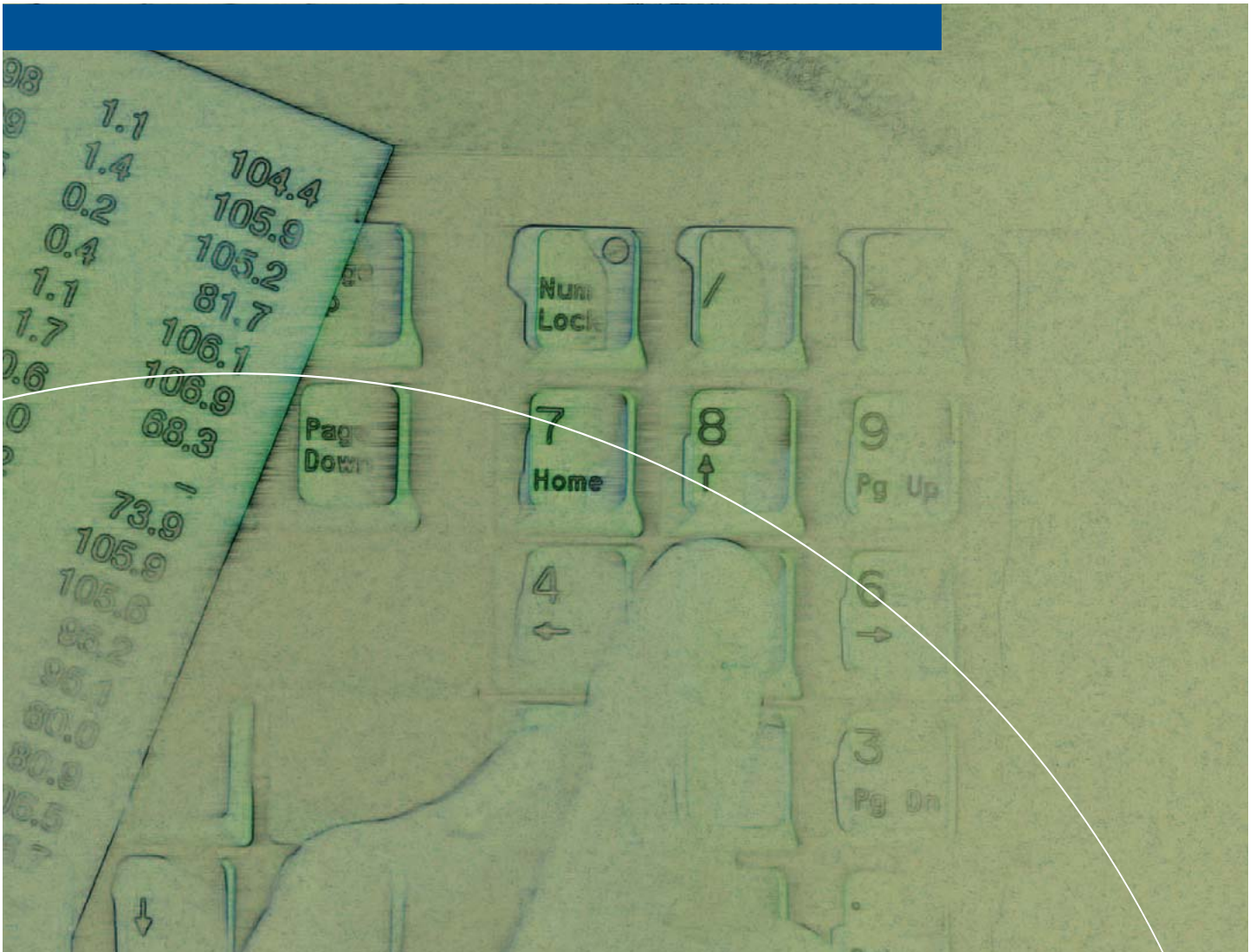
Sacramento Area Council of Governments
Statement of Changes in Fiduciary Net Assets

For Fiscal Year Ended June 30, 2005

	Postretirement Medical Trust
ADDITIONS	
Contributions	\$ 214,941
Interest and investment income	20,470
Total additions	235,411
DEDUCTIONS	
Medical benefit payments	133,316
Trustee fees	2,500
Total deductions	135,816
Change in net assets	99,595
Net assets held in trust for postretirement benefits:	
Beginning	1,349,152
Ending	\$ 1,448,747

The notes to the basic financial statements are an integral part of this statement.

Notes to the Financial Statements



Sacramento Area Council of Governments
Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE A – Summary of Significant Accounting Policies

I. REPORTING ENTITY

In January 1965, the Sacramento Regional Area Planning Commission (SRAPC) was organized under the State Planning Law to provide a forum for elected officials to address multi-county problems, issues, and needs. In January 1981, the Sacramento Area Council of Governments (SACOG) succeeded SRAPC under a new Joint Powers Agreement pursuant to Section 6500 of the California Government Code.

SACOG is an association of local governments formed by 6 counties and 22 cities. SACOG's member governments are the counties of El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba, and the cities of Auburn, Citrus Heights, Colfax, Davis, Elk Grove, Folsom, Galt, Isleton, Lincoln, Live Oak, Loomis, Marysville, Placerville, Rocklin, Rancho Cordova, Roseville, Sacramento, West Sacramento, Wheatland, Winters, Woodland, and Yuba City.

SACOG is governed by a 31-member Board of Directors composed of elected officials representing the member governments. The Board of Directors maintains budgetary controls over SACOG's accounts.

SACOG's various designations and certifications include:

Designations as:

Regional Transportation Planning Agency for Sacramento, Sutter, Yolo, and Yuba counties by the California State Secretary of Business, Transportation and Housing Agency.

Metropolitan Planning Organization (MPO) by the Governor and the U.S. Department of Transportation for the Sacramento, Yuba City, and Davis Urbanized Areas.

Metropolitan Planning Organization in the Sacramento Metropolitan Planning Area (MPA) by the California State Secretary of Business, Transportation and Housing Agency.

Airport Land Use Commission for Sacramento, Sutter, Yolo and Yuba counties.

Service Authority for Freeway and Expressways for Sacramento, San Joaquin, Yolo, Yuba, Sutter, and El Dorado counties.

Area Wide Clearinghouse for the counties of Sacramento, Sutter, Yolo, and Yuba and the cities of Lincoln, Rocklin, and Roseville by the State of California Procedures of Intergovernmental Review of Federal Financial Assistance and Direct Development Activities.

Joint Certification as:

Sacramento Area Metropolitan Planning Process by the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA).

The governmental reporting entity consists of SACOG and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with SACOG are such that exclusion would cause SACOG's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either SACOG's ability to impose its will on the organization or (ii) the potential for the organization to provide a financial benefit to or impose a financial burden on SACOG.

Blended Component Units:

The Sacramento Area Council of Governments Financing Corporation (Corporation) was established on April 9, 2002 and is governed by SACOG's Board of Directors Administration Committee. Although it is legally separate from SACOG, the Corporation is reported as if it were part of the primary government because its sole purpose is to purchase, own, lease, encumber and dispose of all or any interest in certain real property located at 14th and L Streets and 15th and K Streets in Sacramento, California. After the building was sold, it was legally determined that the Corporation should continue to exist in order to manage the proceeds from the sale of the building, until another use is determined.

The Sacramento Area Council of Governments Service Authority for Freeway Emergencies (SAFE), also known as the Capitol Valley Regional Service Authority for Freeways and Expressways, is a legally constituted public entity created and established pursuant to the provisions of Chapter 14 of Division 3 of the Street and Highways Code of the State of California (the "Freeway Act") to serve as the service authority for freeway emergencies in the counties of El Dorado, Sacramento, San Joaquin, Sutter, Yolo, and Yuba. Under the Freeway Act, SAFE is authorized to impose a fee on vehicles registered in the five counties for the implementation, maintenance and operation of the motorist aid system of call boxes. SAFE is administered by a governing board consisting of members of SACOG's board of directors plus one member representing San Joaquin County and one member representing the cities of San Joaquin County. SACOG provides administrative services for SAFE. SAFE is included in SACOG's reporting entity because of the significance of its financial or operational relationship and its mutual governing board.

The financial statements of SACOG have been prepared in conformity with accounting principles generally accepted in the United States of America 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. The following is a summary of significant policies:

II. IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT

Effective July 1, 2004 SACOG implemented GASB Statement No. 40, Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3). This statement establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) interest rate risk and foreign currency risk. This statement also establishes and modifies disclosure requirements for deposit risks: custodial credit risk and foreign currency risk.

III. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and statement of activities report information on all of the nonfiduciary activities of SACOG. SACOG is only engaged in governmental activities, which are normally supported by taxes and intergovernmental revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of SACOG's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a specific function. Program revenues include (1) charges paid by the recipients of the goods or services offered by the programs and (2) grants and contributions that are restricted for meeting the operational requirements of SACOG's activities. Sales and use taxes, investment earnings and other items not properly included among program revenues are reported instead as general revenues.

IV. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements and the fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, SACOG considers revenues to be available if they are collected within six months from the end of the current fiscal period. Revenues considered susceptible to accrual primarily include sales tax revenues, federal, state and local funds, as well as investment earnings. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, are recorded only when payment is due.

Major sources of revenue are federal, state and local planning grants and sales tax revenues. Grant revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. When such funds are received in advance, they are recorded as deferred revenue until earned. Such funding is subject to review by the funding agency and may result in disallowance in subsequent periods. Sales taxes collected and held by the state at year-end on behalf of SACOG are recognized as revenue.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

SACOG reports the following major special revenue funds:

Planning and Administration Fund –

used to account for SACOG's transportation planning and administration activities funded from various federal, state and local sources.

SACOG Financing Corporation Fund –

used to account for the activities and proceeds received from the sale of the Meridian Plaza building.

Sacramento Emergency Clean Air and Transportation Program Fund –

accounts for the revenues and expenditures associated with SACOG's administration of the program.

State Transit Assistance Fund –

created pursuant to the Transportation Development Act (TDA) to account for the allocations received from the State for transportation planning and mass transportation purposes. Funds are derived from the statewide sales tax on gasoline and diesel fuel.

Local Transportation Funds –

created pursuant to the TDA to account for the proceeds received from the State Board of Equalization of the ¼ cent of the State's 7¼ percent retail sales tax collected within the following counties.

- ∞ Sacramento County
- ∞ Yuba County
- ∞ Sutter County
- ∞ Yolo County

Capitol Valley Regional SAFE Fund –

used to account for SACOG's administrative activities for implementing, operating and maintaining the motorist aid system of call boxes within the counties of El Dorado, Sacramento, San Joaquin, Sutter, Yolo and Yuba. Funds are derived from the vehicle registration fee imposed pursuant to the provisions of Chapter 14 of Division 3 of the Street and Highways Code.

Glenn County SAFE Fund –

used to account for the activities in accordance with the contract with the County of Glenn, for implementing, operating and maintaining the motorist aid system of call boxes within the County of Glenn pursuant to Street and Highways Code section 2553.

SACOG reports the following additional fund type:

Postretirement Medical Trust Fund –

used to account for the activities associated with the administration of the post retirement health insurance coverage plan for retirees.

V. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Due from/to Other Governments

These amounts represent receivables/payables with other federal, state and local governments.

Prepaid Items

Payments for services that will benefit periods beyond June 30, 2005, are recorded as prepaid items. There is a reservation of fund balance equal to the amount of prepaid items, since these amounts are not available for appropriation.

Deposits with Others

Cash maintained by the State Workers Compensation Insurance Fund for insurance premiums in accordance with State of California mandates.

Capital Assets

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date of donation. Capital assets are defined by SACOG, as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives in the government-wide statement statements. The estimated useful lives for furniture and equipment is 3 to 15 years.

Deferred Revenue

Deferred revenue in the Planning and Administration and Sacramento Emergency Clean Air and Transportation Program Special Revenue Funds represent amounts that have been received, but not yet earned or are unavailable for spending.

Compensated Absences

It is SACOG's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Employees are entitled to paid vacation and sick leave depending on the length of service and other factors. SACOG has recognized a liability in the government-wide financial statements for unused vacation and sick leave in which employees have a vested right and which is attributable to employee services already performed. A liability for this amount is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The Planning and Administration Special Revenue Fund has been used to liquidate the compensated absences liability.

Net Assets/Fund Balances

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets – net of related debt, restricted and unrestricted.

Invested in capital assets, net of related debt – This category groups all capital assets, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the net asset balances.

Restricted – This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This category represents net assets not restricted for any project or other purpose.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted for specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

As of June 30, 2005, reservations and designations of fund balance are described below:

Reserved for prepaid items – represents portion of fund balance segregated for prepaid items for which resources have already been expended and are not considered available for appropriation.

Designated for contingencies – represents portion of fund balance set-aside for unprogrammed or unanticipated legal expenses and property losses not recovered from insurance coverage.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America required management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B – Budgetary Information

The Board adopts an annual budget for the Planning and Administration, Capitol Valley Regional SAFE and Glenn County SAFE Special Revenue Funds based on anticipated projects at the beginning of the year. The overall work program is approved by the Department of Transportation. Annual budgets are adopted on a basis consistent with generally accepted accounting principles and are presented on the modified accrual basis of accounting.

Because of SACOG's dependency on federal, state, and local budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. SACOG's annual budget differs from that of a local government in two respects: 1) the uncertain nature of grant awards from other entities and 2) conversion of grant budgets to a fiscal year basis.

NOTE C – Cash and Investments

AUTHORIZED INVESTMENTS

The table below identifies the investment types that are authorized by the California Government Code Section 53601, which constitutes SACOG's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating
U.S. Treasury Securities	3 years	100%	--	None
U.S. Agency Securities	3 years	100%	50%	None
Local Agency Obligations	5 years	100%	--	None
Negotiable Certificates of Deposit	5 years	30%	--	None
Collateralized Time Deposits	2 years	30%	10%	None
Commercial Paper	270 days	40%	10%	P1/A1
Medium Term Notes	5 years	30%	10%	A
Mortgage Pass Through Securities	5 years	20%	10%	AA
Bankers' Acceptance	180 days	40%	10%	None
Repurchase Agreements	365 days	--	--	None
Reverse Repurchase Agreements	92 days	20%	5%	None
Local Agency Investment Fund (LAIF)	None	--	--	None
County Pooled Investment Funds	None	100%	--	None
Joint Powers Authority Pool	None	100%	--	None
Money Market Mutual Funds	None	20%	--	AAA

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 is to changes in market interest rates. The weighted average to maturity of SACOG’s investments are:

	Weighted Average to Maturity
U.S. Government Money Market Mutual Fund	25 days
County of Sacramento Investment Pool	178 days
County of Yuba Investment Pool	320 days
County of Sutter Investment Pool	671 days
County of Yolo Investment Pool	317 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. SACOG’s investments in the County of Sacramento, County of Yuba, County of Sutter and County of Yolo’s investment pool, are not rated, however, the U.S. Government Money Market Mutual Fund is rated AAA by both Moody’s Investor Services and Standard and Poor’s Corporation.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. SACOG has no exposure to custodial credit risk because it invests in external investment pools and U.S. Treasury securities, which are backed by the U.S. government. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by a state or local governmental units by pledging securities in an undivided collateral pool held by depository regulated under stated law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. At year-end the carrying amount of SACOG’s cash deposits was \$60,302.

CONCENTRATION OF CREDIT RISK

SACOG is not exposed to this risk as its investments are in external investment pools and U.S. Treasury securities, which are not limited to the amount that can be invested in any one issuer as stipulated by the California Government Code.

SACOG maintains specific cash deposits and voluntarily participates in the County of Sacramento, County of Yuba, County of Sutter and County of Yolo investment pools. However, in accordance with California Government Code, SACOG is required to maintain its cash deposits related to its Local Transportation Funds and State Transit Assistance allocations with the County Treasury's. The County's are restricted by State code in the types of investments they can make. Further, the County Treasurer's have written investment policies, approved by the Board of Supervisors, which are more restrictive than State code as to terms of maturity and types of investment. Also, the County's have investment committees, which perform regulatory oversight for their pools as required by California Government Code Section 27134. At June 30, 2005, SACOG's investments of \$24,803,317 are stated at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers. However, the value of the pool shares in the County, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of SACOG's position in the pool.

SACOG's Postretirement Medical Trust Fund reports cash and investments of \$1,367,152 as of June 30, 2005. The funds are held by Union Bank of California and are invested in U.S. Treasury securities. A summary of SACOG's cash and investments as of June 30, 2005 is as follows:

Petty cash	\$	300
Deposits in banks		60,302
U.S. Treasury Securities		1,367,152
County of Sacramento investment pool		18,473,354
County of Yuba investment pool		774,989
County of Sutter investment pool		748,319
County of Yolo investment pool		3,439,503
Total cash and investments	\$	24,863,919

Reconciliation to the financial statements:

Governmental activities	\$	23,496,767
Fiduciary funds		1,367,152
Total cash and investments	\$	24,863,919

NOTE D – Receivables

Receivables as of June 30, 2005 for SACOG are as follows:

Fund Name	Accounts receivable	Due from other governments	Interest receivable	Total
Planning and Administration	\$ 46,377	\$ 2,585,194	\$ 29,073	\$ 2,660,644
SACOG Financing Corporation	--	--	18,700	18,700
Sacramento Emergency Clean Air and Transportation Program	--	--	20,980	20,980
State Transit Assistance	--	1,116,195	20,556	1,136,751
Sacramento County Local Transportation Fund	--	3,467,500	56,215	3,523,715
Yuba County Local Transportation Fund	--	126,100	5,249	131,349
Sutter County Local Transportation Fund	--	446,620	5,530	452,150
Yolo County Local Transportation Fund	--	510,600	--	510,600
Capitol Valley Regional SAFE	--	426,300	36,997	463,297
Glenn County SAFE	--	5,029	2,461	7,490
Receivables	\$ 46,377	\$ 8,683,538	\$ 195,761	\$ 8,925,676

SACOG does not expect to collect \$233,000 of its outstanding receivables within the following fiscal year.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered available. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. The following summarizes deferred revenue at June 30, 2005:

	Unearned	Unavailable
GOVERNMENTAL ACTIVITIES:		
Planning and Administration	\$ 27,831	\$ 233,000
Sacramento Emergency Clean Air and Transportation Program	1,131,560	--
Total governmental activities	\$ 1,159,391	\$ 233,000

NOTE E – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2005 was as follows:

	July 1, 2004	Additions	Deletions	June 30, 2005
Capital assets, being depreciated:				
Furniture and equipment	<u>\$ 5,998,273</u>	<u>\$ 55,671</u>	<u>\$ (32,358)</u>	<u>\$ 6,021,586</u>
Less accumulated depreciation for				
Furniture and equipment	<u>(3,009,316)</u>	<u>(560,031)</u>	<u>32,358</u>	<u>(3,536,989)</u>
Total capital assets, being depreciated, net	<u>\$ 2,988,957</u>	<u>\$ (504,360)</u>	<u>\$ --</u>	<u>\$ 2,484,597</u>

Depreciation expense was charged to the governmental activities as follows:

Planning and Administration	\$ 184,321
Capitol Valley Regional SAFE	357,147
Glenn County SAFE	<u>18,563</u>
Total depreciation expense	<u>\$ 560,031</u>

NOTE F – Payables

Payables as of June 30, 2005 for SACOG are as follows:

Fund Name	Accounts payable	Accrued liabilities	Due to other governments	Total
Planning and Administration	\$ 581,582	\$ 149	\$ --	\$ 581,731
Sacramento Emergency Clean Air and Transportation Program	5,120	--	--	5,120
State Transit Assistance	--	--	1,424,770	1,424,770
Sacramento County Local Transportation Fund	--	--	4,013,389	4,013,389
Yuba County Local Transportation Fund	--	--	148,940	148,940
Sutter County Local Transportation Fund	--	--	1,493,760	1,493,760
Yolo County Local Transportation Fund	--	--	2,135,565	2,135,565
Capitol Valley Regional SAFE	357,492	--	--	357,492
Glenn County SAFE	5,759	--	--	5,759
Payables	\$ 949,953	\$ 149	\$ 9,216,424	\$10,166,526

NOTE G – Operating Lease (Related Party Transaction)

In July 2002, SACOG entered into a lease agreement with 1415 Investors, LLC and SACOG Financing Corporation (holding a 13.33% equity interest), tenants in common, to lease office space in the new Meridian Plaza office building. SACOG moved into the building on August 18, 2003. The lease commitment is for 10.5 years with early termination available after 7 years if the landlord sells the property within the first 5 years after completion.

Rental expenditures for the fiscal year ended June 30, 2005 were \$573,947.

Future minimum lease payments required under the lease are as follows:

Year ending June 30,	
2006	\$ 573,947
2007	587,120
2008	609,075
2009	609,075
2010	639,821
2011-2015	<u>2,745,229</u>
Total	<u>\$ 5,764,267</u>

NOTE H — Compensated Absences

Compensated absences activity for the fiscal year ended June 30, 2005, was as follows:

	July 1, 2004	Additions	Deletions	June 30, 2005
Compensated absences	<u>\$ 880,414</u>	<u>\$ 508,360</u>	<u>\$ (790,881)</u>	<u>\$ 597,893</u>

NOTE I — Special Item

In June 2002, the SACOG Financing Corporation entered into a tenancy in common agreement with 1415 Investors, LLC to purchase for \$2,000,000 a 13.33% equity interest in an office building located at 14th and L Streets and a parking garage located at 15th and K Streets in Sacramento, California. On September 30, 2004 the building was sold for \$70,194,919, resulting in proceeds of \$3,112,296 for the SACOG Financing Corporation. Final reconciliation of the net proceeds is ongoing because final costs related to the building operations and reserves for unforeseen operating costs have not yet been completed.

NOTE J — Employee Retirement Plan

PLAN DESCRIPTION

SACOG contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law. Copies of CalPERS' annual financial report may be obtained from their Executive Office, 400 Q Street, P.O. Box 942701, Sacramento, California 94229.

FUNDING POLICY

Participants are required to contribute 7% of their annual covered salary. SACOG makes the contributions required of its employees on their behalf and for their account. SACOG is required to contribute at an actuarially determined rate; the contribution rate during FY 2004/05 was 6.834% of annual covered payroll. The contribution requirements of plan members and SACOG are established and may be amended by PERS.

ANNUAL PENSION COST

For the year ended June 30, 2005, SACOG's annual pension cost was \$231,451. The required contribution was determined as part of the June 30, 2002 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service from 3.75% to 14.20% for miscellaneous members (c) 4% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.50% and a payroll growth component of 3.75%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). The CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2005 was 20 years.

THREE-YEAR TREND INFORMATION FOR PERS

Year Ended	Miscellaneous Plan		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/03	\$ 188,548	100%	--
6/30/04	--	100%	--
6/30/05	231,451	100%	--

NOTE K — Money Purchase Plan

The Board of Directors established a defined contribution plan (IRC Section 401a) for all employees not covered by Social Security and for the executive director in lieu of a car allowance. The plan is fully vested. As a defined contribution plan, benefits are dependent solely on amounts contributed to the plan plus investments earnings. Employer contributions to the Plan totaled \$9,742 for the fiscal year ended June 30, 2005.

NOTE L — Special Pay Plan

In December 2004, the Board of Directors established a Special Pay Plan (IRS Section 401a) allowing the annual transfer of the cash value of accumulated sick leave hours in excess of 320 hours to SACOG's Special Pay Plan, subject to IRS limitations, provided the employee is over 50 years of age with a minimum of 5 years of service. Additionally, employees over 50 years of age who separate from SACOG shall have the cash value of accumulated vacation hours transferred to SACOG's Special Pay Plan. Total SACOG contributions to the Plan totaled \$319,925 for the fiscal year ended June 30, 2005.

NOTE M — Risk Management

SACOG is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SACOG reports its risk management activities in its Planning and Administration and Capitol Valley Regional SAFE Special Revenue Funds. SACOG purchases commercial insurance through an insurance agent, who obtains the appropriate insurance coverage needed by SACOG from insurance companies.

SACOG's deductibles and maximum coverage follows:

Coverage	Deductible	Maximum per Occurrence
General liability, bodily injury and property damage liability	\$ 5,000	\$ 5,000,000
Personal injury	5,000	5,000,000
Non-owned and hired automobile liability	5,000	5,000,000
Owned automobile liability	5,000	5,000,000
Public official errors and omissions	5,000	5,000,000
Fire damage	5,000	1,000,000
Uninsured motorist	5,000	1,000,000
Employment practice liability	10,000	2,000,000
Crime policy	2,500-25,000	1,000,000

SACOG obtains insurance coverage relating to workers' compensation claims through the State Compensation Insurance Fund. SACOG makes semi-annual payments toward its annual premiums. There is no deductible paid by SACOG regarding workers' compensation.

To date, there have been no significant reductions in any of SACOG's insurance coverages, and no settlement amounts have exceeded commercial insurance coverage for the last three years.

NOTE N — Postretirement Benefits Other Than Pension Benefits

SACOG provides postretirement health insurance coverage, in accordance with the Public Employees' Medical and Hospital Care Act, Chapter One, Article 7 of the California Public Employees Retirement Law, to all employees who retire under the Public Employee's Retirement System on or after attaining the age of 50 with at least 5 years of full-time service. As of June 30, 2005, 27 retirees and their spouses met those eligibility requirements.

SACOG's policy is to contribute the entire cost of retiree and dependent medical coverage limited to the Kaiser Family Bay Area/Sacramento Regional rate once the eligible retiree has reached the age of 65, at which time retirees are required to enroll in Medicare and the cost to SACOG decreases. SACOG's contributions to the trust were \$214,941 for the fiscal year ended June 30, 2005 and are financed on a pay-as-you-go basis. Medical benefit expenditures of \$133,316 were recognized for postretirement health care.

Based upon the most recent actuarial valuation, the present value of the future benefits at July 1, 2004 for active employees and retirees was \$6,571,485 and \$3,818,093, respectively. The present value of future benefits was determined by an actuarial valuation as of July 1,

2004 assuming a pre-funding on a level basis over an average working lifetime of current employees of 19 years. The actuarial assumptions included (a) 3.5% investment rate of return and (b) health care trend rates ranging from 5.5% to 10.0%. Premium rates in effect in plan year 2004/05 were used as the baseline cost. It was further assumed that 50% of future retirees will have dependent spouses and that they will be covered. Demographic data and retirement rates were based on the most recent CalPERS valuation. A new actuarial valuation will be performed during fiscal year 2005/06. SACOG has a post retirement health benefit trust established to accumulate money for the unfunded liability. At June 30, 2005, net assets in the trust was \$1,448,747.

NOTE 0 — New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) recently released several new accounting and financial reporting standards. Two of the new standards, GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 45, *Accounting and Financial Reporting by Employers of Postemployment Benefits Other Than Pensions (OPEB)*, may have a significant impact on SACOG's financial reporting process.

GASB Statement No. 43 provides uniform financial reporting standards for plans that provide postemployment benefits such as healthcare benefits. This statement, if applicable, will require SACOG to obtain actuarial valuations, and report in the financial statements, the funded status and funding progress of SACOG's postemployment benefits plan. GASB Statement No. 43 will be effective for the fiscal year ending June 30, 2008.

GASB Statement No. 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB Statement No. 45 will be effective for the fiscal year ending June 30, 2009.

Sacramento Area Council of Governments
Schedule of Funding Progress

HISTORICAL PENSION DATA (UNAUDITED)
For the Fiscal Year Ended June 30, 2005

Miscellaneous Plan:

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Asset Value	Underfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll
6/30/02	\$ 16,280,427	\$ 17,125,777	\$ (845,350)	105.2%	\$ 2,462,019	(34.3)%
6/30/03	18,201,290	17,327,889	873,401	95.2%	2,925,647	29.9%
6/30/04*	-	--	--	-	--	--

* Effective June 1, 2004, SACOG entered the CalPERS risk pool program. This pool is the consolidation of all public agencies with less than one hundred employees in the respective bargaining units. Individual information for SACOG will be disclosed when made available.

Supplemental Information



Sacramento Area Council of Governments
Schedule of Revenues and Expenditures by Activity

BUDGET AND ACTUAL
PLANNING AND ADMINISTRATION SPECIAL REVENUE FUND
For Fiscal Year Ended June 30, 2005

	Work Element Number	Budget	Actual - Funding Sources				
			FHWA - PL Grant	FTA 5303 and 5313 (B) Grant	State Planning and Research Partnership	STIP/RIP PPM	CMAQ
REVENUES:							
Sales and use taxes		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:							
Federal		\$ 9,994,615	\$ 1,919,885	\$ 561,783	\$ 315,990	\$ 133,046	\$ 876,658
State		619,525	-	-	-	193,000	-
Local		2,265,379	-	-	-	-	-
Charges for services		251,000	-	-	-	-	-
Member assessments		250,000	-	-	-	-	-
Interest and other		100,000	-	-	-	-	-
SACOG funds		1,836,340	-	-	-	-	-
Total revenues		15,316,859	1,919,885	561,783	315,990	326,046	876,658
EXPENDITURES:							
Interagency Relations and Program Management	04-001	235,000	84,000	10,000	-	-	-
Project Delivery and Programming	04-002	683,504	119,000	57,000	-	193,000	98,802
Multimodal Transportation Planning and Coordination	04-003	2,763,276	275,191	51,480	-	133,046	-
Air Quality Planning, Analysis and Coordination	04-004	3,596,883	50,000	7,500	-	-	-
Transit Planning and Coordination	04-005	1,689,984	40,000	172,220	-	-	-
Housing and Land Use	04-006	1,692,335	142,694	30,841	-	-	-
Regional Monitoring and Forecasting	04-007	1,303,364	378,000	98,717	71,969	-	-
Geographic Information Systems	04-008	867,354	300,000	50,000	-	-	-
Public Information/Outreach and Advocacy	04-009	1,226,000	531,000	78,000	-	-	-
Services	04-010	1,573,561	-	-	-	-	765,707
Special Projects and Local Assistance	04-011	695,171	-	6,025	244,021	-	12,149
Total expenditures		16,326,432	1,919,885	561,783	315,990	326,046	876,658
Excess (deficiency) of revenues over (under) expenditures		(1,009,573)	-	-	-	-	-
Other Financing Sources:							
Transfers in (Sales and use taxes)		2,150,443	-	-	-	-	-
Net change in fund balances		\$ 1,140,870	\$ -	\$ -	\$ -	\$ -	\$ -

Reconciliation of the Schedule of Revenues and Expenditures by Activity - Budget and Actual - Planning and Administration Fund to the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Planning and Administration Special Revenue Fund:

	Budget
REVENUES:	
Total revenues per the Schedule of Revenues and Expenditures by Activity - Budget and Actual - Planning and Administration Special Revenue Fund	\$15,316,859
Non-work element revenues	716,600
SACOG funds	(1,836,340)
Total revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Planning and Administration Special Revenue Fund	<u>\$14,197,119</u>
EXPENDITURES:	
Total expenditures per the Schedule of Revenues and Expenditures by Activity - Budget and Actual - Planning and Administration Special Revenue Fund	\$16,326,432
Non-work element expenditures	1,054,000
Capital outlay expenditures	105,000
Total expenditures per the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Planning and Administration Special Revenue Fund	<u>\$17,485,432</u>

Sacramento Area Council of Governments
Schedule of Revenues and Expenditures by Activity

BUDGET AND ACTUAL
PLANNING AND ADMINISTRATION SPECIAL REVENUE FUND
For Fiscal Year Ended June 30, 2005

Actual - Funding Sources							
TDA Administration and Planning	FHWA Earmarks	State Grants	Capitol Valley Regional SAFE and Glenn County SAFE	Placer County Transportation Planning Agency & El Dorado Transportation Commission	Other Governmental Agencies	Other	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 399,755	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,207,117
-	-	244,559	-	-	-	-	437,559
-	-	-	125,968	361,759	561,920	-	1,049,647
-	-	-	227,724	-	-	-	227,724
-	-	-	-	-	251,750	-	251,750
-	-	-	-	-	-	192,291	192,291
-	-	-	-	-	-	-	-
<u>-</u>	<u>399,755</u>	<u>244,559</u>	<u>353,692</u>	<u>361,759</u>	<u>813,670</u>	<u>192,291</u>	<u>6,366,088</u>
104,175	-	-	-	36,000	-	-	234,175
164,743	-	-	-	10,000	-	-	642,545
42,075	7,863	-	7,863	22,000	144,931	-	684,449
-	-	-	-	13,500	-	69,665	140,665
652,583	-	-	-	13,500	65,357	-	943,660
356,462	391,892	-	-	64,500	-	105,000	1,091,389
288,872	-	109,688	-	79,357	-	-	1,026,603
219,594	-	-	-	35,500	130,979	-	736,073
163,425	-	31,122	-	80,541	251,750	17,626	1,153,464
-	-	67,868	345,829	-	55,528	-	1,234,932
75,779	-	35,881	-	6,861	133,048	-	513,764
<u>2,067,708</u>	<u>399,755</u>	<u>244,559</u>	<u>353,692</u>	<u>361,759</u>	<u>781,593</u>	<u>192,291</u>	<u>8,401,719</u>
(2,067,708)	-	-	-	-	32,077	-	(2,035,631)
<u>2,150,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,150,443</u>
<u>\$ 82,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,077</u>	<u>\$ -</u>	<u>\$ 114,812</u>

Reconciliation of the Schedule of Revenues and Expenditures by Activity - Budget and Actual - Planning and Administration Fund to the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Planning and Administration Special Revenue Fund:

REVENUES:

	Actual
Total revenues per the Schedule of Revenues and Expenditures by Activity - Budget and Actual - Planning and Administration Special Revenue Fund	\$ 6,366,088
Non-work element revenues	677,000
	<u>\$ 7,043,088</u>

EXPENDITURES:

Total expenditures per the Schedule of Revenues and Expenditures by Activity - Budget and Actual - Planning and Administration Special Revenue Fund	\$ 8,401,719
Non-work element expenditures	1,489,456
Capital outlay expenditures	55,671
Total expenditures per the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Planning and Administration Special Revenue Fund	<u>\$ 9,946,846</u>

Sacramento Area Council of Governments
Schedule of Indirect Service Costs

For Fiscal Year Ended June 30, 2005

DIRECT COSTS:

Salaries and benefits	<u>\$ 3,833,123</u>
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INDIRECT COSTS:

Allocated Indirect Costs (49.3%):

Service costs	<u>1,892,796</u>
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Actual Indirect Costs:

Building expenses	573,947
Consultants	80,810
Depreciation	168,452
Insurance	15,828
Legal	88,481
Maintenance	15,579
Meetings	40,664
Memberships	21,219
Miscellaneous	3,157
Mileage	17,120
Parking	5,950
Postage	30,458
Publications	5,013
Salaries and benefits	1,130,960
Software	58,531
Supplies	72,979
Telephone	29,356
Temporary services	6,673

Total indirect costs	<u>2,365,177</u>
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Under-absorbed indirect costs	<u>\$ (472,381)</u>
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Sacramento Area Council of Governments
Schedule of Expenditures of Federal Awards

For Fiscal Year Ended June 30, 2005

	CFDA Number	Expenditures
DEPARTMENT OF TRANSPORTATION		
Passed through the State of California, Department of Transportation		
Highway Planning and Construction	20.205	\$ 3,645,334
Federal Transit Administration - Metropolitan Planning Grants	20.505	442,462
Federal Transit Administration - State Planning and Research	20.515	100,618
Federal Transit Administration - Transit Planning and Research	20.514	<u>18,703</u>
Total expenditures of federal awards		<u><u>\$ 4,207,117</u></u>

Single Audit Section





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

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*

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Sacramento Area Council of Governments (SACOG), as of and for the fiscal year ended June 30, 2005, which collectively comprise SACOG's basic financial statements and have issued our report thereon dated September 9, 2005. Our report included an explanatory paragraph describing the implementation of a new accounting standard. Our report also discusses funds that were audited by other auditors. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered SACOG's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 determination of financial statement amounts. 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*.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended and should not be used by any one other than these specified parties.

Macias Gini & Company, LLP

Certified Public Accountants

Sacramento, California
September 9, 2005



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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of the Sacramento Area Council of Governments (SACOG) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2005. SACOG's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of SACOG's management. Our responsibility is to express an opinion on SACOG's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SACOG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on SACOG's compliance with those requirements.

In our opinion, SACOG complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2005.

Internal Control Over Compliance

The management of SACOG is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered SACOG's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended and should not be used by any one other than these specified parties.

Macias Gini & Company LLP

Certified Public Accountants

Sacramento, California
September 9, 2005

Statistical Section



Sacramento Area Council of Governments
Statistical Section

For Fiscal Year Ended June 30, 2005

The Statistical section contains comprehensive statistical data which relates to physical, economic, social and political characteristics of SACOG’s ongoing operations and impact within the six county region in which it serves. It is intended to provide users with a broad and more complete understanding of SACOG and its financial affairs than is possible from the financial statements and supporting schedules.

In this section, readers will find comparative information related to SACOG’s revenue sources, expenditures, and demographics.

In addition, this section provides information related to demographic data encompassing the six county region that SACOG serves, and other miscellaneous statistics pertaining to services provided by SACOG.

In contrast to the financial section, the statistical section information is not subject to independent audit.

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Sacramento Area Council of Governments
Net Assets by Component

For Fiscal Years Ended June 30, 2005 and 2004

	Governmental Activities FY 2003-04	Governmental Activities FY 2004-05
GOVERNMENTAL ACTIVITIES:		
Invested in capital assets, net of related debt	\$ 2,988,957	\$ 2,484,597
Restricted for Transportation Claimants	8,720,699	11,247,159
Unrestricted	8,636,370	9,274,954
	<hr/>	<hr/>
Total governmental activities net assets	\$ 20,346,026	\$ 23,006,710

Note: For SACOG, governmental activities are the same as the Primary Government Activities. Therefore, the Primary Government Activities section is not shown.

Only two years of data are presented because effective July 1, 2003, SACOG reevaluated its fund structure and reclassified the Planning and Administration (primary operating fund), SACOG Financing Corporation, and Capitol Valley SAFE Funds to special revenue funds. They had previously been reported as Enterprise Funds. The State Transit Assistance, Sacramento County Local Transportation, Yuba County Local Transportation, Sutter County Local Transportation, and Glenn County SAFE Funds were also reclassified to special revenue funds. They had previously been reported as Private Purpose Funds.

Source: Agency Annual Reports

Sacramento Area Council of Governments
Statement of Activities & Changes in Net Assets

For Fiscal Years Ended June 30, 2005 and 2004

	Activities & Changes in Net Assets FY 2003-04	Activities & Changes in Net Assets FY 2004-05
REVENUES		
State Shared Revenue - Sales and Use	\$ 62,316,677	\$ 67,078,282
Operating Grants and Contributions	13,952,654	8,716,740
Charges for Services	2,605,097	2,675,289
Investment Earnings	259,479	441,575
Other	241,407	192,557
Special item—Sale of Meridian Plaza	-	1,112,296
Total Revenues	79,375,314	80,216,739
EXPENSES		
Transportation Claimants	58,475,601	62,623,327
Planning and Administrative	9,201,031	9,882,280
Sacramento Emergency Clean Air & Transportation Program	8,973,934	2,345,417
Capitol Valley SAFE	2,141,184	2,308,773
Glenn County SAFE	39,494	39,111
Total Expenses	78,831,244	77,198,908
Change in Net Assets	544,070	3,017,831
Net Asset—Beginning	19,801,956	20,346,026
Net Assets—Ending	\$ 20,346,026	\$ 23,363,857

Only two years of data are presented because effective July 1, 2003, SACOG reevaluated its fund structure and reclassified the Planning and Administration (primary operating fund), SACOG Financing Corporation, and Capitol Valley SAFE Funds to special revenue funds. They had previously been reported as Enterprise Funds. The State Transit Assistance, Sacramento County Local Transportation, Yuba County Local Transportation, Sutter County Local Transportation, and Glenn County SAFE Funds were also reclassified to special revenue funds. They had previously been reported as Private Purpose Funds.

Source: Individual internal fund statements

Sacramento Area Council of Governments
Planning and Administration Fund
Changes in Fund Balance

For Fiscal Years Ended June 30, 2005 and 2004

	Changes in Net Assets 2003-04	Changes in Net Assets 2004-05
REVENUE		
Federal	\$ 3,035,594	\$ 4,207,117
State	463,309	437,559
Local	1,246,816	1,726,647
Charges for Services	226,891	227,724
Member Assessments	246,559	251,750
Investment Earnings	61,631	64,346
Other	191,702	127,945
Total Revenues	5,472,502	7,043,088
EXPENDITURES		
Planning and Administration	7,793,808	8,578,040
Planning Grants	1,144,781	1,313,135
Capital Outlay	612,880	55,671
Total Expenditures	9,551,469	9,946,846
(Deficiency) of Revenues under Expenditures	(4,078,967)	(2,903,758)
OTHER FINANCING SOURCES		
Transfers in	2,038,333	2,150,443
Net Changes in Fund balances	(2,040,634)	(753,315)
Fund Balance—Beginning	5,765,495	3,724,861
Fund Balance—Ending	\$ 3,724,861	\$ 2,971,546
RESERVATIONS OF FUND BALANCE		
Reserved for Prepaid Items	\$ 15,159	\$ 65,492
Reserved for Unrecovered Indirect Costs	180,716	
Unreserved, designated for:		
Contingencies	700,000	700,000
Land Use Blueprint	339,614	
Unreserved, undesignated	2,489,372	2,206,054
Total Ending Fund Balance	\$ 3,724,861	\$ 2,971,546

Only two years of data are presented because effective July 1, 2003, SACOG reevaluated its fund structure and reclassified the Planning and Administration (primary operating fund), SACOG Financing Corporation, and Capitol Valley SAFE Funds to special revenue funds. They had previously been reported as Enterprise Funds. The State Transit Assistance, Sacramento County Local Transportation, Yuba County Local Transportation, Sutter County Local Transportation, and Glenn County SAFE Funds were also reclassified to special revenue funds. They had previously been reported as Private Purpose Funds.

State Transit Assistance & Local Transportation Funds

Changes in Net Assets

For Fiscal Years Ended June 30, 2005 and 2004

	Changes in Fund Balance FY 2003-04	Changes in Fund Balance FY 2004-05
REVENUES		
Sales and Use Taxes	\$ 62,316,677	\$ 67,078,282
Interest	116,098	221,948
Total Revenues	62,432,775	67,300,230
EXPENDITURES		
City of Elk Grove	2,978,696	3,831,141
City of Citrus Heights	3,198,260	3,360,116
City of Davis	2,223,713	2,292,909
City of Folsom	2,231,525	2,466,249
City of Galt	779,673	847,737
City of Isleton	30,725	32,348
City of Live Oak	260,718	273,466
City of Marysville	37,015	
City of Sacramento	307,672	327,543
City of West Sacramento	1,192,595	1,277,508
City of Rancho Cordova		54,242
City of Wheatland	42,984	42,386
City of Winters	217,781	230,686
City of Woodland	1,742,224	1,782,559
City of Yuba City	1,303,315	1,372,310
County of Sacramento	1,050,351	1,500,333
County of Sutter	975,378	885,085
County of Yolo	758,313	803,658
County of Yuba	477,513	299,254
Sacramento Regional Transit District	35,517,690	37,375,999
Yolo County Transportation District	32,833	28,997
Yuba-Sutter Transit Authority	1,346,774	1,669,312
Paratransit, Inc	1,767,003	1,866,539
Planning and Administrative	2,850	2,950
Total Expenditures	58,475,601	62,623,327
Excess of Revenues over Expenditures	3,957,174	4,676,903
OTHER FINANCIAL SOURCES		
Transfers out	(2,038,333)	(2,150,443)
Net Changes in Fund balances	1,918,841	2,526,460
Fund Balance—Beginning	6,801,858	\$8,720,699
Fund Balance—Ending	\$ 8,720,699	\$ 11,247,159
RESERVATIONS OF FUND BALANCE		
Unreserved, undesignated	\$ 8,720,699	\$ 11,247,159
Total Ending Fund Balance	\$ 8,720,699	\$ 11,247,159

Only two years of data are presented because effective July 1, 2003, SACOG reevaluated its fund structure and reclassified the Planning and Administration (primary operating fund), SACOG Financing Corporation, and Capitol Valley SAFE Funds to special revenue funds. They had previously been reported as Enterprise Funds. The State Transit Assistance, Sacramento County Local Transportation, Yuba County Local Transportation, Sutter County Local Transportation, and Glenn County SAFE Funds were also reclassified to special revenue funds. They had previously been reported as Private Purpose Funds.

Source: Individual internal fund statements

Sacramento Area Council of Governments
Fund Balances, Governmental Funds

For Fiscal Years Ended June 30, 2005 and 2004

	Fund Balances FY 2003-04	Fund Balances FY 2004-05
MAJOR FUNDS		
Reserved	\$ 210,502	\$ 79,663
Unreserved, designated	1,099,614.00	700,000.00
Unreserved, undesignated	14,605,062	20,107,343
Total Governmental Funds	\$ 15,915,178	\$ 20,887,006

Only two years of data are presented because effective July 1, 2003, SACOG reevaluated its fund structure and reclassified the Planning and Administration (primary operating fund), SACOG Financing Corporation, and Capitol Valley SAFE Funds to special revenue funds. They had previously been reported as Enterprise Funds. The State Transit Assistance, Sacramento County Local Transportation, Yuba County Local Transportation, Sutter County Local Transportation, and Glenn County SAFE Funds were also reclassified to special revenue funds. They had previously been reported as Private Purpose Funds.

Sacramento Area Council of Governments
Total Population by Jurisdictions
 For Years 2000 to 2005

	2000	2001	2002	2003	2004	2005
SACOG Region	1,936,006	1,985,974	2,044,599	2,098,505	2,149,634	2,192,359
El Dorado County	156,299	160,495	164,079	167,252	170,456	173,407
Placerville	9,610	9,959	10,270	10,299	10,282	10,350
South Lake Tahoe	23,609	23,983	24,023	24,037	23,934	24,059
Unincorporated	123,080	126,553	129,786	132,916	136,240	138,998
Placer County	248,399	258,892	271,224	284,039	296,579	305,675
Auburn	12,462	12,562	12,593	12,610	12,827	12,849
Colfax	1,520	1,576	1,713	1,790	1,806	1,822
Lincoln	11,205	13,628	16,835	19,977	23,413	27,356
Rocklin	6,260	6,310	6,306	6,353	6,322	6,274
Roseville	36,330	39,570	43,147	46,083	49,672	50,494
Loomis	79,921	83,237	87,667	93,534	98,407	102,191
Unincorporated	100,701	102,009	102,963	103,692	104,132	104,689
Sacramento County	1,223,499	1,252,652	1,287,426	1,317,973	1,346,205	1,369,855
Citrus Heights	85,071	86,375	87,698	87,744	87,714	87,549
Elk Grove	N/A	75,647	81,243	86,362	109,983	121,609
Folsom	51,884	56,748	60,968	64,155	66,046	68,033
Galt	19,472	20,106	21,392	22,153	22,325	22,955
Isleton	828	837	843	843	838	820
Rancho Cordova	N/A	N/A	N/A	N/A	54,676	55,145
Sacramento	407,018	414,674	426,595	435,510	444,395	452,959
Unincorporated	659,226	598,265	608,687	621,206	560,228	560,785
Sutter County	78,930	80,209	81,913	84,166	86,604	88,945
Live Oak	6,229	6,379	6,450	6,516	6,636	6,785
Yuba City	36,758	45,955	47,220	48,903	51,429	58,368
Unincorporated	35,943	27,875	28,243	28,747	28,539	23,792
Yolo County	168,660	172,677	177,572	181,328	184,660	187,743
Davis	60,308	61,853	63,349	63,843	64,533	64,401
West Sacramento	31,615	31,998	34,718	36,489	38,053	40,206
Winters	6,125	6,152	6,302	6,570	6,873	6,979
Woodland	49,155	50,821	51,360	51,630	52,570	53,382
Unincorporated	21,457	21,853	21,843	22,796	22,631	22,775
Yuba County	60,219	61,049	62,385	63,747	65,130	66,734
Marysville	12,268	12,353	12,589	12,715	12,876	12,628
Wheatland	2,272	2,306	2,394	2,729	3,194	3,432
Unincorporated	45,679	46,390	47,402	48,303	49,060	50,674

Source: California Department of Finance, Demographic Research Unit, as of of January 1, of each year.

Sacramento Area Council of Governments
Total Households by County

For Years Ended 2000 to 2004

	2000		2001		2002		2003		2004	
	Total Units	Vacant	Total Units	Vacant	Total Units	Vacant	Total Units	Vacant	Total Units	Vacant
SACOG Region	769,927	40,806	785,851	41,650	803,709	42,597	825,586	43,756	848,411	44,966
El Dorado County	71,626	3,796	73,013	3,870	74,942	3,972	76,617	4,061	78,351	4,153
Placer County	108,851	5,769	115,043	6,097	120,773	6,401	127,634	6,765	132,672	7,032
Sacramento County	476,575	25,258	483,592	25,630	492,048	26,079	503,175	26,668	516,104	27,354
Sutter County	28,367	1,503	28,559	1,514	28,947	1,534	29,566	1,567	30,496	1,616
Yolo County	61,859	3,279	62,945	3,336	64,126	3,399	65,412	3,467	67,039	3,553
Yuba County	22,649	1,200	22,699	1,203	22,873	1,212	23,182	1,229	23,749	1,259

*Source: US Census Bureau Annual Estimates of Housing Units for Counties in California:
April 1, 2000 to July 1 2004*

Note: Counts as of July 1, of each year

Sacramento Area Council of Governments
Labor Force & Unemployment by County

For Years Ended 2001 to 2004

	2001				2002			
	Labor Force	Employment	Unemployment	Rate	Labor Force	Employment	Unemployment	Rate
SACOG Region	994,800	947,300	47,500	4.8	1,027,500	967,900	59,600	5.8
El Dorado County	83,600	80,000	3,600	4.3	85,800	81,400	4,400	5.2
Placer County	138,200	132,800	5,400	3.9	145,500	138,600	6,900	4.8
Sacramento County	621,400	593,300	28,100	4.5	641,200	605,100	36,100	5.6
Sutter County	38,600	34,800	3,800	9.7	39,200	34,900	4,300	11
Yolo County	88,100	83,600	4,500	5.1	90,600	85,200	5,400	6
Yuba County	24,900	22,800	2,100	8.5	25,200	22,700	2,500	9.8

	2003				2004			
	Labor Force	Employment	Unemployment	Rate	Labor Force	Employment	Unemployment	Rate
SACOG Region	1,054,400	991,200	63,200	6.0	1,069,100	1,008,600	60,500	5.7
El Dorado County	87,800	83,000	4,800	5.5	89,100	84,500	4,600	5.1
Placer County	152,700	145,300	7,400	4.8	155,000	147,900	7,100	4.6
Sacramento County	656,300	618,200	38,100	5.8	665,600	629,000	36,600	5.5
Sutter County	39,800	35,400	4,400	11.1	40,200	36,000	4,200	10.5
Yolo County	92,400	86,600	5,800	6.3	93,600	88,100	5,500	5.9
Yuba County	25,400	22,700	2,700	10.8	25,600	23,100	2,500	9.7

*Source: California Employment Development Department
Annual Data
Not Seasonally Adjusted*

Sacramento Area Council of Governments
Public School Enrollment by County

For the 2000-01 to 2004-5 School Years

	2000-01	2001-02	2002-03	2003-04	2004-05
SACOG Region	364,834	374,927	382,981	387,142	392,314
El Dorado	28,795	29,104	29,147	29,072	29,368
Placer	55,531	58,228	60,716	61,718	62,666
Sacramento	222,224	228,122	232,612	235,269	238,385
Sutter	16,091	16,233	16,528	16,976	17,435
Yolo	28,646	29,099	29,466	29,321	29,429
Yuba	13,547	14,141	14,512	14,786	15,031

Source: California Department of Education

Sacramento Area Council of Governments
Total Acreage by County

	Total Acreage
SACOG Region	4,199,415.4
El Dorado	1,145,824.7
Placer	959,743.5
Sacramento	637,639.7
Sutter	389,536.9
Yolo	654,720.3
Yuba	411,950.3

Source: U.S. Census Bureau, Census 2000 Tiger Line File

Sacramento Area Council of Governments
Average Annual Wages by County

For Years 2003 and 2004

	2003		2004	
	Average Weekly Wages	Average Annual Wages ¹	Average Weekly Wages	Average Annual Wages ¹
SACOG Region	\$669	\$34,788	\$690	\$35,897
El Dorado County	\$627	\$32,604	\$648	\$33,696
Placer County	\$711	\$36,972	\$744	\$38,688
Sacramento County	\$809	\$42,068	\$831	\$43,212
Sutter County	\$535	\$27,820	\$560	\$29,120
Yolo County	\$673	\$34,996	\$713	\$37,076
Yuba County	\$659	\$34,268	\$646	\$33,592

Source: California Employment Development Department, Labor Market Information Division
¹Average Annual Wages based upon Average Weekly Wages

Sacramento Area Council of Governments
Transit Providers by County

SACOG REGION	Transit Providers
El Dorado County	El Dorado Transit
Placer County	Auburn Transit Lincoln Transit Placer County Transit Roseville Transit
Sacramento County	Elk Grove Transit Folsom Stage Lines Paratransit, Inc. Sacramento Regional Transit South County Transit/LINK
Yolo County	Davis Community Transit UC Davis - TAPS Unitrans Yolo County Transportation District
Yuba-Sutter County	Yuba-Sutter Transit

Source: SACOG

Sacramento Area Council of Governments
Summary of Full-Time Equivalent Employees

BY FUNCTION & PROGRAM
For Years Ended June 30, 2005 and 2004

	Full-time Equivalent Employees	Full-time Equivalent Employees
	2003-04	2004-05
FUNCTION		
Executive Director	1	1
Administration	8	8
Finance	6	6
Geographic Information Systems	5	6
Information Technology	2	2
Planning	20	19
Public Affairs and Communications	4	4
Interns	5	2.7
Total Approved Full-time positions	51	48.7

BY PROJECT
For Years Ended June 30, 2005 and 2004

	Full-time Equivalent Employees	Full-time Equivalent Employees
	2003-04	2004-05
Direct Projects		
Interagency Relations and Program Managemen	0.8	0.9
Project Delivery and Programming	4.0	3.4
Multimodal Transportation Planning and Coordin	1.9	2.9
Air Quality Planning, Analysis and Coordination	0.7	0.7
Transit Planning and Coordination	4.9	4.2
Housing and Land Use	6.3	3.8
Regional Monitoring and Forecasting	4.5	6.8
Geographic Information Systems	7.8	5.1
Public Information/Outreach and Advocacy	5.9	5.6
Services	2.2	2.8
Special Projects and Local Technical Assistance	0.0	0.1
Subtotal - Direct Projects	39.0	36.4
Indirect	12.0	12.3
Total FTE's based on total hours	51.0	48.7

Source: Agency personnel records

Sacramento Area Council of Governments
Planning & Administration Fund

INDIRECT SERVICE COST COMPARISON
For Fiscal Years Ended June 30, 2005 and 2004

	Indirect Services FY 2003-04	Indirect Services FY 2004-05
INDIRECT COSTS		
Building Costs	\$329,317	\$573,947
Consultants	104,646	74,206
Depreciation	158,250	168,452
Insurance	6,418	15,828
Legal	96,444	88,481
Maintenance	22,416	15,579
Meetings	59,634	40,664
Memberships	44,765	21,219
Miscellaneous	2,618	3,157
Mileage	13,760	17,120
Parking	4,700	5,950
Postage	25,540	30,458
Printing	7,528	—
Publications	4,422	5,013
Salaries and Benefits	936,415	1,130,960
Software	41,489	58,531
Supplies	70,335	72,979
Telephone	32,486	29,356
Temporary services	681	6,673
Total Indirect Costs	\$1,961,864	\$2,358,573

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Sacramento Area Council of Governments
Capital Asset Funds

For Fiscal Years Ended June 30, 2005 and 2004

	Capital Asset Funds FY 2003-04	Capital Asset Funds FY 2003-04
Planning and Administration Fund		
Furniture/Equipment/Computers	\$708,192	\$579,541
Capital Valley Regional SAFE		
Call boxes	2,214,249	1,857,102
Glenn County SAFE		
Call boxes	66,516	47,954
Total	<u><u>\$2,988,957</u></u>	<u><u>\$2,484,597</u></u>

Only two years of data are presented because effective July 1, 2003, SACOG reevaluated its fund structure and reclassified the Planning and Administration (primary operating fund), SACOG Financing Corporation, and Capitol Valley SAFE Funds to special revenue funds. They had previously been reported as Enterprise Funds. The State Transit Assistance, Sacramento County Local Transportation, Yuba County Local Transportation, Sutter County Local Transportation, and Glenn County SAFE Funds were also reclassified to special revenue funds. They had previously been reported as Private Purpose Funds.

Source: Individual internal fund statements

Sacramento Area Council of Governments

Miscellaneous Statistics

For Fiscal Years Ended June 30, 2005 and 2004

Date of Joint Powers Authority	In January 1965, the Sacramento Regional Area Planning Commission (SRAPC) was organized under the State Planning Law to provide a forum for elected officials to address multi-county problems, issues, and needs. In January 1981, SACOG succeeded SRAPC under a new Joint Powers agreement pursuant to section 6500 of the California Government Code
Form of Government	Joint Powers Authority, Board of Directors
Member Jurisdictions	Six counties and 22 Cities within the greater Sacramento Metropolitan Area
Board of Directors	Board of Supervisors and City Council members appointed by their member jurisdictions, 31 members and one ex-officio member from Caltrans
Board Committees	Administration, Housing and Land Use, Legislation and Public Affairs, Transportation and Air Quality, and Strategic Planning
Board Terms	Board members serve multi-year terms and may be reappointed. The chair and vice-chair, elected by voting members of SACOG, serve one-year terms.
SACOG Mission	Delivering transportation projects; providing public information and serving as a dynamic forum for regional planning and collaboration in the greater Sacramento Metropolitan Area
Regional Transportation Planning Agency	Sacramento, Sutter, Yolo, and Yuba Counties
Metropolitan Planning Organization	Sacramento, Yuba City, and Davis Urbanized Areas and the Sacramento Metropolitan Planning Area
Airport Land Use Commission	Sacramento, Sutter, Yolo, and Yuba Counties
Service Authority for Freeways and Expressways	Sacramento, San Joaquin, Yolo, Yuba, and Sutter Counties
Employees	
Full-time	46.0
Part-time (interns)	2.7

Source: - Various Departments within SACOG

WHAT WE DO

The Sacramento Area Council of Governments (SACOG) is an association of Sacramento Valley governments formed from the six regional counties—El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba—and 22 member cities. SACOG's directors are chosen from the elected boards of its member governments. SACOG's primary charge is to provide regional transportation planning and funding, as well as a forum for the study and resolution of regional issues. In this role, SACOG prepares the region's long-range transportation plan; approves distribution of affordable housing around the region; keeps a regionwide database for its own and local agency use; helps counties and cities use federal transportation funds in a timely way; assists in planning for transit, bicycle networks, clean air and airport land uses; and has undertaken the Blueprint Project to link transportation and land development more closely. SACOG has an annual operating budget of about \$12.8 million, funded from local, regional, state and federal transportation funds. It has a staff of about 50, including employees and consultants.

EXECUTIVE STAFF

Mike McKeever
Executive Director

Peter Hathaway
*Director of
Transportation Planning*

Kenneth Hough
*Director of Community
Planning & Operations*

Karen Wilcox
Director of Finance

Gordon Garry
*Director of Research
and Analysis*

PROJECT STAFF

Karen Wilcox
Director of Finance

David Ghiorso
Senior Accountant

Kent Giacomozzi
Graphic Design