



CAFR COMPREHENSIVE ANNUAL
FINANCIAL REPORT



CAFR FOR THE FISCAL YEAR ENDED JUNE 20, 2011

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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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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011



SACRAMENTO AREA COUNCIL OF GOVERNMENTS

1415 L Street, Suite 300
Sacramento, California 95814

Prepared by:
Finance Department
David Ghorso, Finance Manager

Sacramento Area Council of Governments

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Sacramento Area Council of Governments

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January 30, 2012

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

At the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards and *Government Auditing Standards* by a firm of licensed certified public accountants is required. Pursuant to that requirement, 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, 2011.

This report consists of management's representations concerning the finances of SACOG. Consequently, 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. To provide a reasonable basis for making these representations, management of SACOG has established a comprehensive internal control framework that is designed both to protect SACOG's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of SACOG's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, SACOG's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and accurate in all material respects

The firm of Vavrinek, Trine, Day & Co., LLP, a licensed certified public accounting firm, has audited the basic financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of SACOG for the fiscal year ended June 30, 2011, are free of

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

material misstatement. The independent audit involved 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; and evaluating the overall financial statement presentation. Vavrinek, Trine, Day & Co., LLP issued their unqualified (clean) opinion that the basic financial statements of SACOG for the fiscal year ended June 30, 2011, are fairly presented in accordance with GAAP. Their report is presented as the first component of the financial section of this CAFR.

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 Corporation
- Capitol Valley Regional Service Authority for Freeways and Expressways (Capitol Valley SAFE)
- Glenn County Service Authority for Freeways and Expressways (Glenn County SAFE)

SACOG is a joint powers authority of local governments formed by six counties and 22 cities in the region. 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 reflected in the Blueprint project and the Sustainable Communities Strategy to be adopted in 2012, provides the framework for designing transportation needs.

SACOG has a 31-member Board of Directors comprised of elected officials from each of the member agencies, plus one ex-officio member from Caltrans. These members sit on three committees: Government Relations & Public Affairs; Land Use & Air Quality; and Transportation. The SACOG Board of Directors also meets as the Board of Directors for Capitol Valley SAFE, and the Government Relations & Public Affairs Committee as the Board of Directors for the Financing Corporation.

SACOG provides transportation planning and funding for the region and serves as a forum for the study and resolution of regional issues. In addition to preparing the region's long-range transportation plan and assisting member agencies in delivery of the projects within that plan, SACOG approves the distribution of affordable housing in the region and assists in planning for transit, bicycle and pedestrian networks, clean air, and airport land uses.

The annual budget serves as the foundation for SACOG's financial planning and control. The budget is prepared in two segments: the Overall Work Program (OWP), which is subject to approval by the federal funding partners and the California Department of Transportation (Caltrans); and the non-OWP that contains the costs related to the Board of Directors and Advocacy, equipment purchases, and similar expenditures outside the purview of Caltrans. The budget process begins in December-January with the SACOG management and staff identifying projects for the subsequent

year as well as grant projects that are not expected to be completed by the end of the current fiscal year. For the next several months, SACOG management and staff, the Board of Directors, Caltrans and federal funding partners, regional transportation partners, citizens, and others are involved in defining the goals and objectives, as well as the projects, to be included in the OWP. In April, a public meeting is held where all interested parties are invited to comment on the OWP with final Board of Director approval occurring in May or June. Within the Overall Work Program budget (OWP) the level of budgetary control is at the element level. Costs for the projects, as well as classification of costs, can be modified as long as the element total remains the same. Board approval is needed if costs are expected to exceed the element total, or if new projects are added to the element. Throughout the year, budget adjustments are proposed by staff for new grant funding and/or a realignment of project priority, and approved by the Board of Directors, federal funding partners and Caltrans.

The Capitol Valley SAFE budget is prepared by staff based on the expected contractual agreements for operating the call box system and maintenance of the call box equipment. The budget is heard 30 days prior to final adoption by the SAFE Board of Directors.

Budget-to-actual comparisons are provided in this financial statement for the governmental funds for which an appropriated annual budget is adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which SACOG operates.

SACOG is located in Sacramento, California. The SACOG region, if a separate state, would rank 46th in acreage, ahead of Connecticut, Rhode Island, and Delaware, and 37th in size for population. Unlike its member agencies, SACOG is primarily dependent upon formula revenues and planning grants from the Federal Highway Administration, Federal Transit Administration, and the State of California. These funds are passed through Caltrans. The primary source of local revenue is Local Transportation Fund (LTF) revenues received from the ¼ cent sales tax on gasoline from four counties (Sacramento, Sutter, Yolo, and Yuba) upon which SACOG receives an administrative fee and a transportation planning fee. In the last part of calendar 2008, the regional, state and national economies took a drastic turn downward and the worst recession in decades began. However, signs of a recovery began to appear during the year. There was an increase in sales tax revenues, for the four counties, in 2011 compared to 2010. The average increase amounted to 9 percent, which is encouraging as it appears the local economy is rebounding. SACOG also has agreements with the transportation planning agencies in El Dorado County and Placer County to designate a portion of their LTF revenues in return for the transportation planning SACOG performs on their behalf. Revenues from those agencies are also on the increase.

Funds from the federal agencies are determined by formula and subject to Congressional appropriation. On August 10, 2005, President George W. Bush signed into law – federal highway and transit programs legislation: the *Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users* (SAFETEA-LU). SAFETEA-LU authorized the federal surface transportation

programs for highways, highway safety, and transit for the five-year period 2005-2009. SAFETEA-LU expired on September 30, 2009, and has been operating on a series of short-term extensions since, the most recent lasting through March 2012. As part of that legislation, \$19.6 billion in general funds were transferred to the Highway Trust Fund (HTF) to provide solvency through early to late 2011. Congress is currently working on a replacement bill for the next period, though it may fund as few as two years, which is a departure from the typical longer-term authorization bills.

SACOG's updated assessment of California's economy and revenues indicates that State General Fund revenues and transfers in 2011-12 will be \$3.7 billion below the level assumed in the June 2011 budget package. This revenue shortfall would translate into \$2 billion of potential "trigger cuts" to various state programs—including all of the "Tier 1" trigger cuts and three-fourths of the "Tier 2" trigger cuts. A most recent Legislative Analyst Office (LAO) forecast is that the state will end 2011-12 with a \$3 billion deficit, including the effects of the trigger cuts that could result from the new revenue forecast. In 2012-13, the state is expected to face increased costs due to the expiration of a number of temporary budget measures, a significant increase in Proposition 98 school costs under current law, the required repayment of a \$2 billion Proposition 1A property tax loan used to help balance the budget in 2009, and other factors. These factors contribute to a projected \$10 billion operating shortfall (the difference between annual General Fund revenues and expenditures) in 2012-13. The \$3 billion "carry-in" deficit from 2011-12, and the projected \$10 billion operating deficit in 2012-13, mean that the Legislature and the Governor will need to address an approximately \$13 billion budget problem between now and the time that the state adopts a 2012-13 budget plan.

These state budget pressures may continue to threaten revenues that would normally pass to cities and counties. Our member agencies are especially hard pressed to balance their budgets, and many have already implemented severe cost cutting measures, including staff layoffs and decreased public services as ways to attempt to balance their budgets.

Federal funds flowing through the state are secure from the ongoing state budget challenges as they are segregated from other state funding sources. However, the release of those funds to SACOG can be delayed if the state budget is not approved in a timely manner. Each year, SACOG monitors cash flow issues that could result from state budget delays.

According to the 3rd quarter 2011 update of the Sacramento Region Business Forecast, sustained positive job growth will return to the six-county Sacramento region by the end of the fourth quarter of 2011. Annual job growth throughout the first three quarters of 2012 will range between 0.6 percent and 1.4 percent, which reflects a considerable improvement over the negative growth posted during the same period of 2011. On average, over the 12-month forecast period (October 2011 to September 2012), the Sacramento region will see job growth of around 0.8 percent, equating to a gain of roughly 6,400 jobs. Regional job growth has demonstrated a general upward pattern since the low point in the recession of -7.0 percent in September 2009. Improvements stalled briefly for a period in late 2010 and early 2011 before picking back up again at the end of the second quarter. After a one-month jump into positive territory, the region dropped back down with the most recent job growth showing an annual job loss of -0.3 percent (September 2011). Sacramento's job growth remains well behind the state and nation, which both began posting positive and generally increasing job growth in the fourth quarter of 2010. Several forecasts suggest that job growth at the state and national level will remain stable through the rest of 2011 and increase somewhat in 2012. This continued upward momentum should have a positive effect on economic conditions regionally;

however, recovery in the region will likely continue to lag other markets as a result of relatively high unemployment that has just begun to turn around, concentration in the unstable government sector, and slightly negative business sentiment (as reflected in the Sacramento Region Business Confidence Index). It is important to note that, among other dynamics, two variables that cannot be fully accounted for in the forecast could substantially affect the economic outlook—government revenue shortfalls and downturns in global markets.

Major Initiatives during the Year

There were a number of focus areas during the fiscal year.

The most highly visible and far-reaching work for SACOG was the ongoing development of the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) for 2035, which is planned to culminate in April 2012, with the SACOG Board of Directors approving a new long-term plan for the six-county region. There were four projects that directly supported the development of the new MTP/SCS, which included scenario development, education and outreach, a regional environmental impact report, and related planning activities.

An MTP is a required project for Metropolitan Planning Organizations (MPOs) every four years. The last MTP was adopted by the Board of Directors in March 2008, and it was recognized by state and national organizations as an innovative and unique document to be held as a standard for others to follow. Since the adoption of the 2008 plan, California enacted the Sustainable Communities and Climate Protection Act, also known as Senate Bill 375, which requires MPOs to include a Sustainable Communities Strategy (SCS) element in their MTP updates to further integrate transportation planning, land use planning, state affordable housing processes, and California Environmental Quality Act reform. The MTP/SCS is an important document that, among other things, outlines the region's transportation needs, sets principles and policies, proposes specific strategies to coordinate and manage future transportation improvements in the region, considers resource areas and farmland in the region, identifies areas in the region to house the projected population of the region in light of state housing goals, and, to the extent feasible, forecasts a development pattern for the region that will meet the regional target for greenhouse gas emission reductions. During the year, staff performed technical analysis of land use and travel demand models to test the various components of the draft plan and to apply the range of performance measures to them. SACOG engaged in extensive public outreach and education to coincide with the technical research and planning. Staff also began to work on the program-level Environmental Impact Report (EIR) for the MTP/SCS in compliance with the California Environmental Quality Act (CEQA).

SACOG received \$1.5 million from the U.S. Department of Housing and Urban Development for Sustainable Communities Regional Planning. In 2010-11, the grant funded a new Sacramento Regional Consortium made up of regional partners and stakeholders to accelerate transit-oriented development. A Regional Plan for Sustainable Development will be the outcome of collaborative work with local governments, community and advocacy groups, and the public. The focus is on improving quality of life through creating more complete communities and reducing overall cost of living. The bulk of the work will be completed in the 2011-12 budget year. The grant work complements the MTP/SCS and funded a portion of the environmental review work that will benefit transit priority areas under SB 375.

Staff continued work on the Rural-Urban Connections Strategy (RUCS), now in its fourth year of development. RUCS is designed to study the challenges and opportunities in the rural areas, with an eye toward the economic sustainability of rural areas, as well as the transportation needs in rural areas, where agricultural vehicles often compete with commuters who bypass congested main roads for rural roads. SACOG received a \$750,000 grant from the California Strategic Growth Council, a partnership between state agencies, to address social equity, economic development, environmental protection, and safety and health in the RUCS project.

Another focus area is a continuing project called the Connect Card Implementation (formerly called the Universal Transit Fare Card Study), which involves the implementation planning, procurement, and deployment of a regional universal transit fare card system. The new system is expected to simplify and integrate transit operations, improve system connectivity, contribute to regional air quality goals, and increase the attractiveness of transit to new patrons. During the year, the project was proceeding in Phase II. Phase III will involve full system deployment and testing. Full project implementation and acceptance is anticipated by February 2014.

Another focus area this year was the Phase II work on the 511/STARNET Capital Improvement project, which is the communication platform that will be used by the operators of the transportation facilities and emergency responders in the Sacramento region. The project will enable real-time sharing of data and live video, and the refinement of joint procedures for operations of roadways and public transportation safety activities. The project also will provide more timely and accurate information for travelers via the region's 511 website and interactive phone services. Phase II work will continue into fiscal year 2011-12.

During the year, SACOG also continued to support the Sacramento Emergency Clean Air and Transportation (SECAT) program with the CMAQ funding. The program finances the retrofitting of diesel engines with cleaner, fuel-efficient engines for traveling with the SACOG region.

In July 2010, SACOG launched the Agricultural Worker Transportation Program to provide safe and affordable transportation for agricultural workers in Sacramento, Sutter, Yolo, and Yuba counties. In August 2010, SACOG released the Complete Streets Resources toolkit.

While these are by no means the only work accomplished by SACOG this year, many other agency projects support the principles of efficient and diverse regional transportation, integrated with smart, mixed-use, compact development, that preserves the dynamic heritage of the region.

Financial Information

The Planning and Administration Fund is where the majority of SACOG's activities are recorded. While the original budget projected a \$1.042 million deficit, SACOG ended up under budget for the year, with a \$642,260 increase in fund balance. This was due to various factors including the receipt of additional federal funds, additional sales tax revenue, project cost savings and deferral of some costs into future years, collection of funds previously expensed via the indirect cost plan (in prior years), and over-absorption of indirect expenses in the current year. The Planning

and Administration Fund activities encompass the myriad of projects and programs for which SACOG is responsible.

The SACOG Financing Corporation had small increase due to interest income; however, it remained essentially the same as last year. The Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Special Revenue Fund, in its third year, had a net decrease in fund balance of \$701,634, as it received less state funds and had fewer payments out to grantees. The State Transit Assistance (STA) Special Revenue Fund's cash balance decreased by \$9.5 million due to the payment of fiscal year 2010-11 claimant requests. SACOG did not receive new STA funds during the year, as the \$14.7 million it received in June 2010 was to cover both 2009-10 and 2010-11 program years.

The four Local Transportation Funds (LTFs) had increased sales tax revenue as compared to last year, which is encouraging. The combined assets for the four LTF funds decreased \$1.9 million, which is primarily attributable to Sutter County activity. Last year SACOG discovered that \$2,085,929 of Sutter County sales tax revenues, from three prior fiscal years, had been inadvertently recorded in another fund at the County of Sutter. The money was returned to the Sutter LTF fund in June 2010, thereby increasing the cash balance significantly at June 30, 2010. The additional funds were then apportioned out this year and were released through the normal LTF claimant process, thus causing the Sutter County LTF asset balance to decline dramatically compared to last year. Liabilities for the four LTF funds (apportionment claims) decreased by \$4.3 million primarily because there were less reimbursement claims awaiting disbursement at the Sacramento County LTF compared to the previous year.

The SACOG Managed Special Revenue Fund was integrated into the SACOG Planning and Administration Fund due to the reporting requirements of GASB 54. However, SACOG will continue to track the activity for this fund separately for internal record keeping purposes.

Sacramento Emergency Clean Air and Transportation Program (SECAT) Special Revenue Fund, supported by TCRP funding, is designed to fund inefficient engine replacements in order to reduce the nitrogen oxide emissions in the area. In July 2010, the fund returned to Caltrans accumulated interest that was being held on behalf of the fund. Program funds were essentially exhausted in the current year, leaving a small fund balance at year-end, due to some refunds that were received during the year. Those funds are expected to be returned to Caltrans in the next fiscal year.

The Capitol Valley SAFE remains a fiscally strong fund with a reliable stream of revenue. Some projected expenditures did not materialize in fiscal year 2010-11, so the fund balance increased by \$334,739.

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*. The Schedule of

Expenditures of Federal Awards can be found in the Single Audit section, along with the auditor reports on Internal Controls and Compliance. The reports of Vavrinek, Trine, Day & Co., LLP, are included in this report.

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 Department and Communications and Administrative staff. Their dedication to professional excellence is reflected in this comprehensive annual financial report. We would also like to commend SACOG's Board of Directors for their interest in, and support of, this substantial effort, as well as a 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
Chief Executive Officer



DAVID GHIORSO
Finance Manager

Special acknowledgement goes to:

Daphne Chavarria, Accountant III
Stacy Niccum, Accountant III
Debra Overton, Accountant I
Gayle Greene, Administrative Assistant III
Scott Overton, Administrative Clerk III



The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

David Ghiorso

Finance Manager

Sacramento Area Council of Governments, California



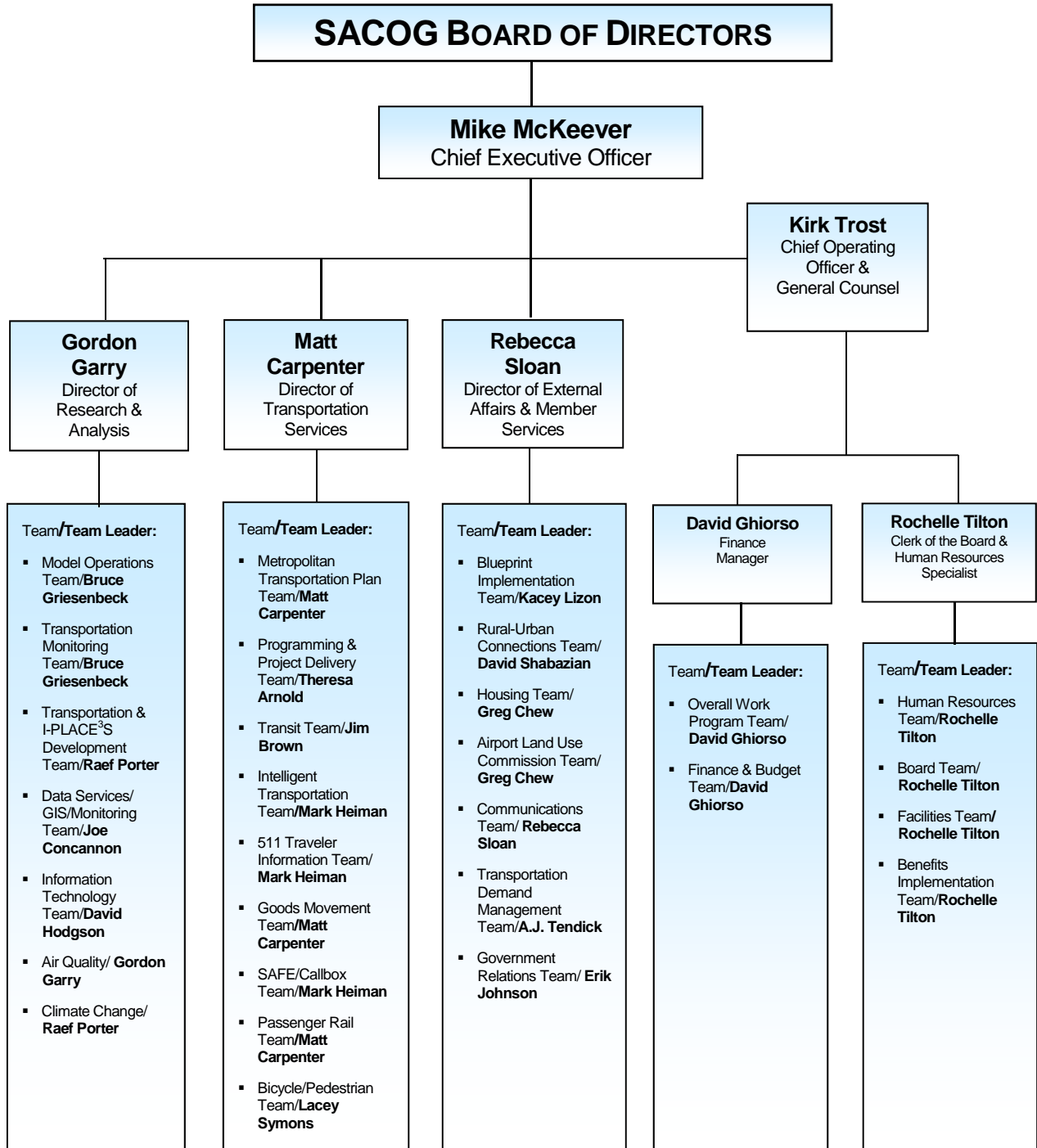
The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represent the highest award in government financial reporting.

Executive Director

Date June 16, 2011



Organization Chart





INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sacramento Area Council of Governments (SACOG), as of and for the fiscal year ended June 30, 2011, 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 fund financial statements of the County of Sacramento Local Transportation Special Revenue Fund, the County of Yuba Local Transportation Special Revenue Fund, the County of Sutter Local Transportation Special Revenue Fund, the County of Yolo Local Transportation Fund and the State Transit Assistance Special Revenue Fund, which are major funds and collectively represent 36 percent, 31 percent and 72 percent, respectively, of the assets, net assets, and revenues of the governmental activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based 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 the 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of SACOG as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparison for the Planning and Administrative General Fund and Capitol Valley Regional SAFE Special Revenue Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A to the financial statements, SACOG has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Instruments Omnibus*, effective July 1, 2010. As a result, SACOG has restated the beginning fund balance of the Planning and Administrative Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2012, 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 Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and schedule of funding progress as listed in the table of contents is 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 inquiries 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 introductory section, 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, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Vaurinik, Trine, Day & Co. LLP

Sacramento, California
January 30, 2012

Sacramento Area Council of Governments
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

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, 2011. 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.

Overview

The 2010-11 fiscal year was a year focused on the development of an updated Metropolitan Transportation Plan (MTP) for the Sacramento region, which includes the development of the region's first Sustainable Communities Strategy (SCS) to meet the requirements of the Sustainable Communities and Climate Protection Act, also known as Senate Bill 375, implementation of the HUD Regional Sustainable Communities Planning Grant, the Rural-Urban Connections Strategy (RUCS), continuation of the Connect Card project, and the Phase II work of the 511/STARNET Capital Improvement project, as well as the ongoing support for the SECAT program, now primarily funded through CMAQ funds.

As the Metropolitan Planning Organization (MPO) for the region, SACOG is federally mandated to update its MTP every four years. The Board of Directors adopted the last MTP in March 2008. SACOG continues to implement the 2008 plan, a 28-year plan for transportation improvements in the SACOG region based on projections for growth in population, housing, and jobs identified in the Preferred Blueprint Scenario.

The MTP is required to conform to air quality goals for the region, satisfy fiscal constraints such that all proposed projects can be reasonably funded, and undergo careful environmental analysis and review. Regardless of city- or county-designated transportation projects, local improvements must be included in the regional MTP to receive state and federal funding.

SACOG is now preparing the MTP/SCS for 2035. Technical work and public outreach was ongoing throughout fiscal year 2010-11. A major component of the MTP/SCS is meeting the requirements of SB 375, which sets standards and targets for greenhouse gas emissions for cars and light duty truck trips from the regional land use and transportation systems. SB 375 integrates and aligns planning for housing, land use, transportation, and greenhouse gas emissions reduction for the 18 metropolitan planning regions throughout the state and encourages Blueprint-style land use plans in order to achieve the emissions reduction goals of AB 32.

During October 2010, the public gave input on three scenarios for the MTP/SCS at nine workshops throughout the region. Each scenario included a different land use pattern paired with a transportation system. The development of the MTP/SCS, which continues through April 2012, will reflect changes in projected population, employment and housing growth; fewer transportation funds; and SB 375 requirements. October 2010 also brought \$1.5 million to the region for community planning. The new Sacramento Regional Consortium is meeting throughout 2011 and 2012 to plan for housing and employment centers in high-frequency transit areas. The consortium's work complements the development of the MTP/SCS.

Management's Discussion and Analysis (Continued)

For the Fiscal Year Ended June 30, 2011

RUCS is an economic and environmental sustainability strategy for rural areas of our region, which builds on the Blueprint. The RUCS work will broaden the region's understanding of how land use and transportation investments affect rural areas. During the year, working groups continued to study the challenges, opportunities, innovations and implementation strategies for issues such as land use, transportation, local markets, agritourism, and regulation. Some water-related issues also arose during the year. In December 2010, SACOG hosted the Regional Forum: Rural-Urban Connections Strategy, focusing on meeting the needs for local food, rural jobs, and rural infrastructure. The Forum presented to elected officials, city and county representatives, and the general public, the findings of the RUCS work and a plan for implementation of those findings in the form of a "toolkit."

SACOG closed out work on Phase 2 of the Connect Card project (formally known as Universal Transit Fare Card System). The SACOG Board of Directors made a conditional award of the procurement contract to Innovations in Transportation, Inc. (INIT) on June 16, 2011. Pending final, successful contract negotiations, a Notice to Proceed will be issued, and this will begin Phase 3 of the project. Phase 3 will involve the design, procurement, deployment, and testing of the regional transit smart card system, and will be executed over 2 1/2 years.

Work on the STARNET/Capital project continued throughout this fiscal year. The gathering of additional data for automated importation into the STARNET/CARS application and improving the Traveler Information (TI) features received the focus of the effort. Data sources included in this phase included signal data, real-time vehicle location information from transit vehicles (Yolo Transit), and development of a universal closed circuit television camera (CCTV) position controller. Additional considerations are being planned for incorporation of chain restriction data and Sacramento Police CAD feeds early in the next fiscal year.

The TI activities centered on the development of a modified telephone menu for implementation of the improved Verizon integrated voice recognition (IVR) platform. This new platform will allow users to use a full voice recognition menu set with the options for either direct information or call transfer. Another important planned improvement is the incorporation of user specific profile data. This will allow users to create an account where they can store personalized routes and then select automatic notifications associated with those routes.

Also during the year, SACOG administered its many discretionary transit and planning grants that were either new or ongoing from last fiscal year, some of which relate to "pass through" agreements with partner agencies.

The adopted Overall Work Program (OWP) for next fiscal year will include work related to MTP/SCS planning and implementation, as well as ongoing Blueprint work, culmination of the RUCS project, continuation of work on the HUD and SGC grants, implementation of the Intelligent Transportation System and Connect Card, and the other grant projects not completed this year.

Sacramento Area Council of Governments
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

Financial Highlights

The overall net assets of SACOG are \$52,709,572, an increase of \$1,947,397 from last year.

SACOG's Planning and Administration Fund balance increased by \$642,260 from last year. The original Planning and Administration budget projected a \$1,041,828 deficit; however the budget was amended during the year to close out at a \$581,162 deficit number. The fund balance increase would have been \$987,395; however it decreased by \$345,135 because of the inclusion of the SACOG Managed Fund activity, to arrive at \$642,260. The SACOG Managed Fund was combined into the Planning and Administration Fund as a result of the implementation of GASB 54.

The SACOG Financing Corporation increased its fund balance by \$19,669 due to investment earnings in the Sacramento County investment pool. The cash and investments in the fund are the result of two building sales transactions in prior years. These resources were designated to fund SACOG's liability for its "Other Post-Employment Health Benefits." However, there was Board action in May 2011 and May 2010, to further assign a portion of the resources to cover SACOG's FY 2010-11 operating costs, should that be necessary.

The Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) fund accounts for the activities related to a portion of the bond proceeds from the State of California's Proposition 1B to fund transportation projects. This is the third year of operations. This year the fund only received \$800,000 in advance funds compared to \$15.3 million last year. Reimbursements to the local transit operators for approved and completed projects were lower than last year, as not as many projects were completed by year-end.

The four Local Transportation Funds (LTFs) had increased sales tax revenue as compared to last year, which is encouraging. The combined four county average increase being 9%. Yuba County had the highest percentage increase of 12.38 %. The combined assets for the four funds decreased \$1.9 million, primarily because of certain Sutter County activity. Last year SACOG discovered that \$2,085,929 of Sutter County sales tax revenues, from three prior fiscal years, had been inadvertently recorded in another fund at the County of Sutter. The money was transferred to the Sutter LTF fund in June 2010, thereby increasing the cash balance significantly at June 30, 2010. The additional funds were then apportioned out this year and were released through the normal LTF claimants request process, thus causing the Sutter County LTF asset balance to decline dramatically compared to last year. Corresponding liabilities for four LTF funds (apportionment claims) decreased by \$4.3 million primarily due to less reimbursement claims awaiting disbursement at the Sacramento County LTF compared to the previous year. The liability balances can fluctuate from year to year depending when the jurisdictions submit their claims requests.

The SACOG Managed Fund activity included interest income and expenditures to jurisdictions who participate in the Community Design program. This activity was integrated into the SACOG Planning and Administration Fund because of the reporting requirements of GASB 54.

Management's Discussion and Analysis (Continued)

For the Fiscal Year Ended June 30, 2011

The SECAT fund (TCRP state money) expenses declined by \$2.5 million, as this Special Revenue fund is almost closed out. The SECAT program will continue with CMAQ federal funds, and be processed and accounted for in the Planning and Administration Fund.

Increases in fund balance for the Capitol Valley Service Authority for Freeways and Expressways (Capitol Valley SAFE) and Glenn County Service Authority for Freeways and Expressways (Glenn County SAFE) reflect normal operations. Some significant costs for Capitol Valley SAFE did not occur as planned. As a result, fund balance increased by \$334,739.

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 to further enhance the reader's understanding of SACOG's financial position, as well as statistical and other information.

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, with 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. 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 eleven governmental funds used to account for the 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 this budget is formulated through the OWP in order to comply with state and federal grant budgeting requirements. The OWP identifies the revenue sources and planned program

Management's Discussion and Analysis (Continued)

For the Fiscal Year Ended June 30, 2011

expenditures for each of the project elements. The California Department of Transportation (Caltrans), Federal Highway Administration, and Federal Transit Administration also review and approve the OWP. The Board of Directors also adopts a separate budget for expenditures not related to the OWP, i.e., capital equipment expenditures, Board of Directors and Advocacy, and other program expenditures not eligible for grant funding.

The SECAT program and the PTMISEA do not have annual budgets since they are grant funded and used only for their ongoing specific program. The STA fund and LTF funds also do not have annual budgets, but are funded and governed by California state statutes and California 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. The Glenn County SAFE fund does not have an annually adopted budget but 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 A-29 through A-54 of this report.

Government-Wide Financial Analysis

Overall, SACOG's net assets increased \$1,947,397, as shown in the following table.

Sacramento Area Council of Governments
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

STATEMENT OF NET ASSETS
For Years Ended June 30, 2011 and 2010

	Governmental Activities		Increase
	2011	2010*	(Decrease)
ASSETS			
Current and other assets	\$ 61,600,535	\$ 77,606,709	\$ (16,006,174)
Capital assets	769,096	1,282,726	(513,630)
Total Assets	<u>62,369,631</u>	<u>78,889,435</u>	<u>(16,519,804)</u>
LIABILITIES			
Other Liabilities	8,481,040	27,152,179	\$ (18,671,139)
Long Term Liabilities	1,179,019	975,081	203,938
Total Liabilities	<u>9,660,059</u>	<u>28,127,260</u>	<u>(18,467,201)</u>
NET ASSETS:			
Invested in capital assets	769,096	1,282,726	(513,630)
Restricted:			
Transportation Claimants	34,088,672	32,079,360	2,009,312
Unrestricted	17,851,804	17,400,089	451,715
Total net assets	<u>\$ 52,709,572</u>	<u>\$ 50,762,175</u>	<u>\$ 1,947,397</u>

*Certain amounts have been restated from amounts previously reported.

Total current and other assets declined by \$16 million as a result of the following significant activity that occurred in each of SACOG's major funds:

- The STA fund assets decreased by \$9.5 million, as expected, to pay fiscal year 2010-11 STA claims, as funding for FY 2010-11 was a received in June 2010. SACOG did not receive any other STA funds during the year.
- The combined assets of the four Local Transportation Funds declined by \$1.9 million, primarily from Sutter County. Last year it was discovered that \$2.1 million of Sutter County sales tax revenues, from three prior fiscal years, had been inadvertently recorded in another fund at the County of Sutter. The money was returned to the Sutter LTF fund in June 2010, thereby increasing the cash balance significantly. The additional funds were apportioned out in the current year and released through the normal claimant process.
- The PTMISEA fund assets declined by \$1.3 million. PTMISEA only received \$800,000 in fiscal year 2010-11, and cash disbursements from the cash account to pay current year and prior year program claims totaled \$2.1 million.
- The SACOG Planning and Administration assets decreased by \$2.6. The primary reason for the decrease is that the fund transferred \$2.3 million back to the SECAT Fund so that the SECAT fund could disburse a similar amount back to Caltrans. The money was for accumulated interest collected by the fund over the past six years, on behalf of the SECAT program.
- Capitol Valley SAFE's assets were higher by \$319,880, as projected expenditures did not occur as anticipated.

Sacramento Area Council of Governments
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

- The SECAT assets decreased by \$900,000 as a result of program expenditures for the engine replacement program. The TCRP funding source for these expenditures is now close to zero, with the remaining amount of cash on hand to be returned to the State.

Total capital assets decreased by \$513,630 because of an increase to accumulated depreciation resulting from depreciation expense.

Total liabilities decreased by \$18.5 million as a result of the following significant activity:

- The STA fund liabilities decreased by \$9.5 million, as expected, to pay fiscal year 2010-11 STA claimant requests.
- Liabilities in the four Local Transportation Funds decreased by \$4.3 million, because of fewer claimant requests outstanding at year-end. Of the total, \$4.2 million of the decrease was attributable to Sacramento County LTF. Sutter County LTF liabilities decreased by \$409,000, Yolo County LTF liabilities increased by \$552,000, and Yuba County liabilities decreased by \$163,000. Liabilities can fluctuate if jurisdictions do not file timely claims to receive their LTF monies. The Sacramento County decrease was due to the fact that the County had far fewer outstanding claims at year-end compared to previous year.
- Liabilities decreased by \$820,000 for the SACOG Planning and Administration Fund, as there were less Account Payable invoices outstanding this year compared to last year. This can fluctuate from year to year based on work performed by outside consultants and vendors.
- SECAT fund liabilities decreased by \$913,000.
- PTMISEA fund liabilities decreased by \$607,000. There was only \$74,000 in payables to transit agencies at year-end.

Net Assets increased by \$1.9 million as result of:

Invested in Capital Assets declined by \$513,630 due to depreciation expense.

Restricted Net Assets increased by \$2 million. The three largest factors were Sacramento County LTF restricted assets increasing by \$3.2 million, Yolo County LTF restricted assets increasing by \$1.3 million, offset by Sutter County LTF restricted assets decreasing by \$2.3 million. For both Sacramento and Yolo counties, actual sales tax revenues came in higher than the apportionment amount, which help increase net assets. In both cases, the extra funds can now be apportioned out in either FY 2011-12, as an amendment (revision), or added to the FY 2012-13 apportionment process.

The Sutter County decrease of \$2.3 million was due to one primary factor. Last year SACOG discovered that \$2,085,929 of Sutter County sales tax revenues, from three prior fiscal years, had been inadvertently recorded in another fund at the County of Sutter. The money was returned to the Sutter LTF fund in June 2010, thereby increasing the cash balance significantly, and thus increasing the fund balance at June 30, 2010. The additional funds were then apportioned out this year and were released through the normal LTF claimants request process, thus causing the Sutter County LTF asset balance and fund balance to decline dramatically compared to last year.

Sacramento Area Council of Governments
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

STATEMENT OF ACTIVITIES
For Years Ended June 30, 2011 and 2010

	2011	2010	(Decrease)
REVENUES:			
Program revenues:			
Charges for services	\$ 2,691,010	\$ 2,605,040	\$ 85,970
Operating grants and contributions	18,171,115	29,473,010	(11,301,895)
General revenues:			
State shared revenue - sales and use taxes	55,894,683	66,132,449	(10,237,766)
Investment earnings	261,290	529,002	(267,712)
Other	995,918	749,805	246,113
Total Revenues	<u>78,014,016</u>	<u>99,489,306</u>	<u>(21,475,290)</u>
EXPENSES:			
Planning and administration	20,668,754	18,351,279	2,317,475
Transportation claimants	51,508,069	62,176,903	(10,668,834)
SECAT	1,313	2,494,831	(2,493,518)
PTMISEA	1,579,144	4,742,226	(3,163,082)
Capitol Valley Regional SAFE	2,293,278	2,431,941	(138,663)
Glenn County SAFE	16,061	33,236	(17,175)
Total Expenses	<u>76,066,619</u>	<u>90,230,416</u>	<u>(14,163,797)</u>
Net Assets—Beginning	50,762,175	41,503,285	9,258,890
Net Assets—Ending	<u>\$ 52,709,572</u>	<u>\$ 50,762,175</u>	<u>\$ 1,947,397</u>

Total revenues decreased by \$21.5 million as a result of the following significant activity:

- Operating Grants and Contributions decreased by \$11.3 million primarily due to a decrease of \$14.5 million in revenue for PTMISEA. State funding to PTMISEA was only \$800,000 this year compared to \$15.3 million last year. PTMISEA funding to SACOG is dependent on state bond sales, which can vary from year to year, depending on the state's financial circumstances. The SACOG Planning and Administrative Fund revenue decreased by \$3.2 million as a result of less reimbursable expenditures.
- State Shared Revenue – Sales and Use Tax (which includes STA and the four LTF Funds) - decreased by \$10.2 million. The decrease is primarily due to a \$14.7 million decrease in STA funds. The STA fund received \$14.7 million the final week of last year. SACOG directed the STA fund to allocate the entire amount as fiscal year 2009-10 monies, as the language from the state was not clear and the funds were described as covering FY 2009-10 and FY 2010-11. No STA revenue (or funds) were received this year. The Sacramento County LTF sales tax revenue increased by \$3.4 million, Yolo County LTF sales tax revenue increased by

Sacramento Area Council of Governments
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

\$750,000, Sutter County LTF sales tax revenue increased by \$138,000, and Yuba County LTF sales tax revenue increased by \$127,000.

Total expenses decreased by \$14.2 million based on the following significant activity:

- Transportation claimant's expenditures for STA and the four LTF funds decreased by \$10.7 million primarily because of the way STA expenditures and revenue had to be recorded in the prior year. STA expenditures decreased \$14.7 from last year. Last year the STA recorded \$14.7 in revenue and expenditures (allocated), that encompassed both fiscal year 2009-10 and 2010-11, because the language from the state was not clear in defining how much was for each year. STA was able to distribute \$5.2 million by June 30, 2010, leaving a fund balance liability approximating \$10.5 million at June 30, 2011, There are no expenditures for STA for this fiscal year, as they were essentially allocated (recorded) last year.
- Sutter County LTF expenditures increased by \$3.1 million partially due to the extra \$2 million added to the fund in June 2010 due to the Sutter County error of recording sales tax in the wrong Sutter County account for three years. The original Sutter County apportionment for FY 2010-11 was amended (increased) in October 2011 by \$2.2 million. Sacramento County LTF expenditures increased by \$2.1 million, Sacramento County LTF expenditures also increased by \$2.1 million due to a February 2011 apportionment amendment increase, resulting from adding unapportioned fund balance from the June 30, 2010, balance to be apportioned out in FY 2010-11. . Both the Yuba County and Yolo County LTF's showed expenditure decreases.
- PTMISEA expenses decreased by \$3.2 million in 2011, as fewer reimbursement requests were submitted this year. Reimbursement requests are dependent on when the grantees incur approved costs for their various projects and submit them to SACOG. This activity fluctuates from year to year.
- The SECAT program (TCRP state money) expenditures declined by \$2.5 million as the fund was almost closed out.
- Planning and Administration expenditures increased by \$2.3 million over last year, This can fluctuate from year to year depending on the Overall Work program goals and the amount of consultant and pass-through costs that SACOG incurs in carrying out program activities. Community Design grantees had fewer reimbursement requests by \$678,000 compared to last year.

Fund Financial Statement Analysis

As noted earlier, SACOG uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

Sacramento Area Council of Governments
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

PLANNING AND ADMINISTRATION

The Planning and Administration's fund balance increased by \$642,260 from last year. The fund balance would have increased by \$987,395; however, it was reduced because of the SACOG Managed Fund revenue and expenditures (which netted to \$345,135 figure), causing the increase to be \$642,260. The SACOG Managed Fund balances and activity were combined into the Planning and Administration Fund, as a result of the implementation of GASB 54.

SACOG's operations are primarily reimbursement based due to its funding structure. Expenditures drive the offsetting revenues, which in most cases results in a net zero effect, depending on whether SACOG's annual primary source of local funds (TDA funds for planning and administration) is fully utilized, either as a match for our federal grants and/or used to overmatch project costs, if deemed necessary to meet the project deliverables. A deficit can occur when SACOG uses more than their annual stream of TDA funding, and dips into its cash reserves to cover operating costs.

SACOG FINANCING CORPORATION

The SACOG Financing Corporation, a legally separate entity, was created to purchase the Meridian Plaza complex with a local developer. During 2004-05, the Meridian Plaza complex was sold, resulting in a net gain to the Financing Corporation of \$1.2 million for the initial investment of \$2 million. Since then, the proceeds have been invested in the Sacramento County investment pool and have accumulated interest earnings, bringing the total cash and investments in the fund to \$3,847,516. The only activity for the year was investment earnings of \$19,669.

In 2006, the Board of Directors designated the amounts in the SACOG Financing Corporation for the potential funding of retiree health benefits, which are now being accounted for in the CalPERS Employer Retiree Benefit Trust (CERBT). At the time, the Board noted that its action was a policy only and, if at some future date it is determined there is a better use for these funds, the policy could be modified or reversed. In May 2010, the Board authorized the use of up to \$1,042,000 of the funds to support the FY 2010-11 Planning and Administration Fund should that be necessary. In May 2011, the Board continued that authorization for use in FY 2011-12, should that be necessary. In accordance with the new GASB 54 fund balance reporting requirements, the \$3,847,516 is now categorized as Assigned, with \$2,805,516 for Post-Employment Benefits and \$1,042,000 for the Planning and Administration Fund.

**SACRAMENTO EMERGENCY CLEAN AIR AND
TRANSPORTATION PROGRAM (SECAT)**

SECAT is in the 11th year of operation as a separate special revenue fund. The fund was originally advance-funded \$66 million from the California Governor's Traffic Congestion Relief Program (TCRP). The goal of the program was to reduce nitrous oxide (NOx) emissions in the region. Financial activity included clearing out the Due to and from Other Governments amounts from June 30, 2010. This involved the Planning and Administration Fund transferring \$2.3 million back to the SECAT fund, and then the SECAT fund disbursed a similar amount back to Caltrans,

Management's Discussion and Analysis (Continued)

For the Fiscal Year Ended June 30, 2011

for accumulated interest, collected by the fund over the past six years. Any remaining liabilities will be liquidated in fiscal year 2011-12. The remaining cash balance of \$12,000, which resulted from the receipt of program refunds, will be returned to the State of California, as SACOG intends to close the fund out. In accordance with the new GASB 54 fund balance reporting requirements, the fund balance amount of \$11,959 is now categorized as Restricted.

PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT & SERVICE ENHANCEMENT ACCOUNT (PTMISEA)

The amount awarded to the PTMISEA program, now in its third year, was \$800,000. This was considerably less than last year, when SACOG received \$15.3 million. Payments to approved grantees amounted to \$1.6 million in 2011 vs. \$4.7 million in 2010. Ending cash balance at year-end is \$14.2 million.

Payments out include disbursements for Capital Service Enhancements, Commuter Bus Fleet replacements, CNG Fueling Facility, Light rail Crossing Enhancements, vehicles for the Agriculture Worker Program, and more. More detail on this can be found in the Note O section of the Notes to Basic Financial Statements. The SACOG Board of Directors approves all projects that receive PTMISEA funds. In accordance with the new GASB 54 fund balance reporting requirements, the fund balance amount of \$14,151,893 is now categorized as Restricted.

STATE TRANSIT ASSISTANCE FUNDS (STA)

The STA Special Revenue Fund's cash balance dropped from \$10.5 million to \$1 million, as SACOG distributed approximately 90 percent of the funds to the various transit agencies and jurisdictions. The fund did not receive any other STA funds during year; however, more funds are expected from the state for fiscal year 2011-12. In accordance with the new GASB 54 fund balance reporting requirements, the ending fund balance amount of \$113,418 is now categorized as Restricted. This balance represents funds not yet allocated to the transit agencies or jurisdictions.

LOCAL TRANSPORTATION FUNDS (LTF)

The four LTF special revenue funds are administered by SACOG on behalf of various county jurisdictions throughout the Sacramento region and used to fund various transportation-related activities as authorized by California law, under the Transportation Development Act. Actual sales tax receipts affect the revenue for these funds. Sales tax receipts rebounded from the previous year's decline. Sacramento County LTF sales tax revenues increased by \$3.4 million (8.5 percent), Yolo County LTF increased by \$750,000 (10.7 percent), Yuba County LTF increased by \$126,000 (12.3 percent), and Sutter County LTF increased by \$138,000 (4.6 percent). These sales tax increases will increase fund balance, as these funds wait to be apportioned out in a future year.

The combined assets of the four Local Transportation Funds declined by \$1.9 million, primarily from Sutter County. Last year it was discovered that \$2 million of Sutter County sales tax revenues, from three prior fiscal years, had been inadvertently recorded in another fund at the County of

Management's Discussion and Analysis (Continued)

For the Fiscal Year Ended June 30, 2011

Sutter. The money was returned to the Sutter LTF fund in June 2010, thereby increasing the cash balance. The additional funds were apportioned out in the current year and released through the normal claimant process

Offsetting liabilities (future apportionment claims) also decreased by \$4.3 million. This decrease is primarily because Sacramento County LTF had \$4.3 million fewer reimbursement claims awaiting disbursement to the appropriate agencies. Certain agencies did a better job this year than last in submitting their reimbursement claims to the County by the end of year. Final liability balances were \$1.7 million for Sacramento County LTF and \$3.4 million for Yolo County LTF, totaling \$5.1 million. Liabilities are based on the final annual apportionments and can further fluctuate if jurisdictions do not file timely claims to receive their LTF monies.

Fund balance can increase when actual sales tax revenues exceed what the final apportioned amount is for the year. Both Sacramento and Sutter LTF had revised (increased) apportionments during the year, based on unapportioned fund balance from the June 30, 2010 audited numbers. Sacramento County LTF ending fund balance increased by \$3.1 million to \$13 million, Yolo County LTF fund balance increased by \$1.3 million to \$2.2 million, Yuba County LTF fund balance increased by \$184,000 to \$389,000, and the Sutter County LTF fund balance decreased by \$2.3 million to \$574,000. Last year SACOG discovered that \$2,085,929 of Sutter County sales tax revenues, from three prior fiscal years, had been inadvertently recorded in another fund at the County of Sutter. The money was returned to the Sutter LTF fund in June 2010, thereby increasing cash and the fund balance significantly. The additional funds were then apportioned out this year and were released through the normal LTF claimants request process, thus causing the Sutter County LTF fund balance to decline dramatically compared to last year. The fund balances are now reflected as Restricted.

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

The Capitol Valley Regional SAFE program fund balance increased by \$334,739. Actual revenues compared to budgeted revenue decreased by \$37,573. Actual costs ended up lower than budget by \$376,544, primarily because certain costs related to the 511/STARNET Capital Improvement project and the 511/STARNET Operations program did not materialize as planned. As a result, the fund balance increased accordingly. In accordance with the new GASB 54 fund balance reporting requirements, the ending fund balance amount of \$3,573,321 is now categorized as Restricted. This fund balance is also limited by SAFE Board action in 2008, whereby a minimum fund balance of \$1,000,000 was established to cover unexpected operating costs and to save for unplanned capital improvements.

GLENN COUNTY SAFE

The Glenn County SAFE fund balance increased \$10,850 over last year. The increase this year was very comparable to last year, as revenues were down by \$1,047. Approximately one half of the decrease was due to lower investment income; the remaining decrease resulted from slightly lower

Sacramento Area Council of Governments
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

vehicle registration fees. Expenses were lower by \$1,702 than last year as less SAFE services were needed.

Budget

Annually, the SACOG Board of Directors approves the budget in two phases. One phase is the 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 and land use 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 the public comment period, the Intermodal Planning Group, a group formed of Federal Highway Administration (FHWA), Federal Transit Administration (FTA), 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 occurs in May or June of each year. After adoption by the Board of Directors, Caltrans, FHWA and FTA approve the OWP. 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.

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, office equipment expenditures, the Board of Directors and Advocacy, and other related functions not associated with the OWP. This second phase is adopted no later than June for the following fiscal year.

SACOG's Planning and Administration original budget projected a deficit of \$1.04 million for the year. The budget was later amended to a deficit estimate of \$581,162. The actual change in Fund Balance was an increase of \$987,395, which was reduced to \$642,260 after the inclusion of the SACOG Managed Fund revenue and expenditure activity of \$345,145.

Capital Assets

Total investment in capital assets at June 30, 2011, net of accumulated depreciation, was \$769,096, a decrease of \$513,630 from the prior year. The primary reason for the decrease was depreciation expense. Capital additions were \$16,816 for the year. Planning and Administration assets are primarily computers and other office equipment. SAFE assets are fixed Call box capital costs.

Sacramento Area Council of Governments
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

	Planning and Administration	Capitol Valley Regional SAFE	Glenn County SAFE	Total - Governmental Activities
Equipment, Furniture, Phones, computers, and software	\$ 1,085,448	\$ -	-	\$ 1,085,448
SAFE Equipment		5,202,240	195,659	5,397,899
Less Accumulated Depreciation	(1,005,062)	(4,534,342)	(174,847)	(5,714,251)
Capital Assets, Net	<u>\$ 80,386</u>	<u>\$ 667,898</u>	<u>\$ 20,812</u>	<u>\$ 769,096</u>

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

Economic Factors and Next Year's Budget

SACOG is not immune to the unstable local, state, and national economic conditions. While many of the revenues SACOG receives are based on formula planning funds or discretionary grant awards, the requirement to match those funds with non-federal and/or non-state dollars can be a challenge. The primary source of those matching dollars is the ¼ cents sales tax collected within each county for transportation. As the housing market, unemployment, and retail business either remain flat or show a small improvement, local tax revenue is impacted. On a positive note for fiscal year 2010-11, SACOG did see an increase in the local sales tax for the six counties.

SACOG is fortunate to have benefitted from a fiscally-sound labor MOU that the Board approved five years ago, and continues to benefit from a strong relationship with the SACOG Employees Association (SEA), which has greatly supported SACOG's cost reduction and containment strategies. SACOG's future budget for fiscal 2011-12, includes no cost of living adjustment, which is expected to save \$60,000 of salary and benefit savings, as well as savings resulting from an SEA agreement to absorb a greater share of retirement contribution costs. SACOG will also establish a new retirement tier in fiscal year 2011-12.

In the long term, we expect funding levels to increase as the economy improves. However, there is a possibility that Congress may change the overall funding level for transportation, collapse and reorganize funding programs, modify planning funding, and set performance criteria. Congress is currently working on a reauthorization bill. The number of discretionary grants which SACOG typically receives each year for various transportation and transit planning functions are also subject to change. SACOG has continued to attempt to position itself to adapt successfully to the developments through cost containment and operating efficiencies, a strong relationship with the SEA, and program and project excellence, which has helped SACOG compete well for grant revenues.

Management's Discussion and Analysis (Continued)

For the Fiscal Year Ended June 30, 2011

The State of California is still having financial issues. A most recent Legislative Analyst Office (LAO) forecast is that the state will end 2011-12 with a \$3 billion deficit, including the effects of the trigger cuts that could result from lower revenue forecast. This has the trickle-down effect on local agencies as the state seeks to divert all available funds to shore up its own budget. For SACOG, this can mean a downturn in federal and state funds passed through or from the state to SACOG for transportation planning work. Federal funds flowing through the state are secure from the state budget annual challenges, as they are segregated from other state funding sources. However, the release of those funds to SACOG can be delayed if the state budget is not approved in a timely manner. Each year, SACOG monitors cash flow issues that could result from state budget delays.

The SACOG Board of Directors adopted a budget of \$48,274,254 to fund the transportation planning projects in fiscal year 2011-12, of which a significant portion was for rollover grant funding or pass-through to other agencies. The primary focus for next year is completion of the Rural-Urban Connections Strategy, technical work for the expected approval of the MTP/SCS in April 2012, and the certification of an Environmental Impact Report (EIR) for the MTP/SCS. Continuing projects include the next phase implementation of the Connect Card and the Intelligent Transportation Systems' STARNET project. Not included in SACOG's year-end fund balance are the amounts remaining in various grants and earmarks. The remaining unused "grant balance" amounts will be used to fund future expenditures in fiscal year 2011-12.

SACOG and its component units remain fiscally stable, although it is projecting to use some reserve funds for its fiscal year 2011-12 operations. Management and the Board of Directors remain conservative in their financial policies and have not budgeted for revenues that are not quantified; expenditures are managed carefully and adjustments made as conditions require. While much of the budget relies on funding from the federal and state governments, there continues to be a steady flow, albeit reduced, of money from those programs that fund transportation. There is no expectation of increases in federal funding until the federal government passes the transportation funding legislation; current revenues are based on continuing resolutions. As additional funding is received, projects will be assessed to determine their priority within the SACOG Strategic Plan, planning goals for the year, and the availability of staff to work on the project. If funding is received that requires local matching funds, and no matching funds are available, management may decide to postpone the related project to a future year in order to be able to preserve the limited matching funds available. Despite the financial challenges, SACOG is committed to assisting our member agencies with their land use and transportation planning in order to create a more livable and transportation friendly region.

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 resources it receives. If you have questions about this report or need additional financial information, please contact the Finance Department, Sacramento Area Council of Governments, 1415 L Street, Suite 300, Sacramento, CA 95814.

Sacramento Area Council of Governments

Statement of Net Assets

June 30, 2011

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 44,653,815
Receivables	16,885,340
Other assets	60,877
Non-current assets:	
Capital assets, net	769,096
Total assets	<u>62,369,128</u>
LIABILITIES	
Current liabilities:	
Payables	8,416,108
Long term liabilities - Due within one year	14,039
Compensated absences - Due within one year	50,390
Subtotal	<u>8,480,537</u>
Non-current Liabilities	
Long term liabilities	101,736
Compensated absences benefit	957,418
Net other post employment liability	119,865
Subtotal	<u>1,179,019</u>
Total liabilities	<u>9,659,556</u>
NET ASSETS	
Invested in capital assets	769,096
Restricted for Transportation Claimants	34,088,672
Unrestricted	17,851,804
Total net assets	<u>\$ 52,709,572</u>

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

Sacramento Area Council of Governments

Statement of Activities

For the Fiscal Year Ended June 30, 2011

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	\$ 20,278,444	\$ 581,041	\$ 17,371,115	\$ (2,326,288)
Transportation claimants	51,508,069	-		(51,508,069)
Sacramento Emergency Clean Air and Transportation Program	1,313	-	-	(1,313)
Community Design Grants	390,310		-	(390,310)
PTMISEA	1,579,144		800,000	(779,144)
Capitol Valley Regional SAFE	2,293,278	2,081,247		(212,031)
Glenn County SAFE	16,061	28,722		12,661
Total Governmental Activities	\$ 76,066,619	\$ 2,691,010	\$ 18,171,115	(55,204,494)

General revenues:

State shared revenue - sales and use tax	55,894,683
Investment earnings	261,290
In-kind Revenue	649,531
Other	346,387
Total general revenue	57,151,891
Change in net assets	1,947,397
Net assets - beginning	50,762,175
Net assets - ending	\$ 52,709,572

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

Sacramento Area Council of Governments

Balance Sheet

GOVERNMENTAL FUNDS

June 30, 2011

	Special Revenue				
	Planning and Administration	SACOG Financing Corporation	Sacramento Emergency Clean Air and Transportation Program	Public Transportation Modernization, Improvement & Service Enhancement Account	State Transit Assistance
Assets					
Cash and investments	\$ 9,837,471	\$ 3,844,738	\$ 12,503	\$ 14,215,650	\$ 1,002,454
Accounts receivable	-	-	-	-	-
Miscellaneous receivable	262,914	-	-	-	-
Due from other funds	503	-	-	-	-
Due from other governments	7,113,181	-	-	-	-
Interest receivable	7,459	2,778	-	10,757	629
Prepaid items	58,725	-	-	-	-
Total assets	\$ 17,280,253	\$ 3,847,516	\$ 12,503	\$ 14,226,407	\$ 1,003,083
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,840,089	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	148,038	-	-	-	-
Due to other funds	-	-	503	-	-
Due to other governments	46,542	-	41	74,514	889,665
Total liabilities	2,034,669	-	544	74,514	889,665
Fund Balances:					
Nonspendable:					
Prepaid Items	58,725	-	-	-	-
Restricted:					
SECAT Program	-	-	11,959	-	-
PTMISEA Funds	-	-	-	14,151,893	-
State Transit Assistance Funds	-	-	-	-	113,418
Local Transportation Funds - Sacramento County	-	-	-	-	-
Local Transportation Funds - Yuba County	-	-	-	-	-
Local Transportation Funds - Sutter County	-	-	-	-	-
Local Transportation Funds - Yolo County	-	-	-	-	-
Capitol Valley Regional SAFE	-	-	-	-	-
Glenn County SAFE	-	-	-	-	-
Committed:					
Board & Advocacy	109,539	-	-	-	-
Community Design Grantees	1,412,071	-	-	-	-
Assigned:					
Legal Defense	500,000	-	-	-	-
Self Insurance	200,000	-	-	-	-
Project Specific Carryover Funds	194,065	-	-	-	-
GIS Recipients	62,397	-	-	-	-
Post Employment Benefits (OPEB)	-	2,805,516	-	-	-
Planning and Administration Fund	-	1,042,000	-	-	-
Unassigned:					
Unassigned Fund Balance	12,708,787	-	-	-	-
Total fund balances	15,245,584	3,847,516	11,959	14,151,893	113,418
Total liabilities and fund balances	\$ 17,280,253	\$ 3,847,516	\$ 12,503	\$ 14,226,407	\$ 1,003,083

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

Sacramento Area Council of Governments

Balance Sheet

GOVERNMENTAL FUNDS

June 30, 2011

Special Revenue							
Local Transportation Funds				Capitol Valley Regional SAFE	Glenn County SAFE	Total Governmental Funds	
Sacramento County	Yuba County	Sutter County	Yolo County				
\$ 7,670,344	\$ 184,817	\$ 34,254	\$ 4,238,790	\$ 3,505,131	\$ 107,663	\$	44,653,815
-	-	-	-	296,296	3,925		300,221
-	-	-	-	-	-		262,914
-	-	-	-	-	-		503
7,110,800	204,459	539,400	1,325,100	-	-		16,292,940
4,449	412	-	-	2,699	82		29,265
-	-	-	-	2,152	-		60,877
\$ 14,785,593	\$ 389,688	\$ 573,654	\$ 5,563,890	\$ 3,806,278	\$ 111,670	\$	61,600,535
\$ -	\$ -	\$ -	\$ -	\$ 232,957	\$ 6,974	\$	2,080,020
-	-	-	-	-	-		148,038
-	-	-	-	-	-		503
1,768,131	-	-	3,409,157	-	-		6,188,050
1,768,131	-	-	3,409,157	232,957	6,974	\$	8,416,611
-	-	-	-	2,152	-		60,877
-	-	-	-	-	-		11,959
-	-	-	-	-	-		14,151,893
-	-	-	-	-	-		113,418
13,017,462	-	-	-	-	-		13,017,462
-	389,688	-	-	-	-		389,688
-	-	573,654	-	-	-		573,654
-	-	-	2,154,733	-	-		2,154,733
-	-	-	-	3,571,169	-		3,571,169
-	-	-	-	-	104,696		104,696
-	-	-	-	-	-		109,539
-	-	-	-	-	-		1,412,071
-	-	-	-	-	-		500,000
-	-	-	-	-	-		200,000
-	-	-	-	-	-		194,065
-	-	-	-	-	-		62,397
-	-	-	-	-	-		2,805,516
-	-	-	-	-	-		1,042,000
-	-	-	-	-	-		12,708,787
13,017,462	389,688	573,654	2,154,733	3,573,321	104,696	\$	53,183,924
\$ 14,785,593	\$ 389,688	\$ 573,654	\$ 5,563,890	\$ 3,806,278	\$ 111,670	\$	61,600,535

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

Fund balances - total governmental funds	\$ 53,183,924
Amounts reported for governmental activities in the statement of net assets are different because:	
Net OPEB Obligation for FY 2010-11	(119,865)
Long term liability, not due and payable in the current period, therefore, not reported in the funds.	(115,775)
Capital assets used in government activities are not financial resources, and are not reported in the funds.	769,096
Compensated absences not due and payable in the current period, and not reported in the funds.	(1,007,808)
Net assets of governmental activities	<u>\$ 52,709,572</u>

The notes to the 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 the Fiscal Year Ended June 30, 2011

	Special Revenue				
	Planning and Administration	SACOG Financing Corporation	Sacramento Emergency Clean Air and Transportation Program	Public Transportation Modernization, Improvement & Service Enhancement Account	State Transit Assistance
Revenues:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ 800,000	-
Vehicle registration fees and traffic fines	-	-	-	-	-
Intergovernmental:					
Federal	13,637,674	-	-	-	-
State	3,088,223	-	-	-	-
Local	645,220	-	-	-	-
Charges for services	296,771	-	-	-	-
Member assessments	284,270	-	-	-	-
Investment earnings	56,532	19,669	80	77,510	22,560
In-kind	649,531	-	-	-	-
Other	288,978	-	13,192	-	-
Total revenues	<u>18,947,199</u>	<u>19,669</u>	<u>13,272</u>	<u>877,510</u>	<u>22,560</u>
Expenditures:					
Current:					
Transportation Claimaints					
City of Elk Grove	-	-	-	-	-
City of Citrus Heights	-	-	-	-	-
City of Davis	-	-	-	-	-
City of Folsom	-	-	-	-	-
City of Galt	-	-	-	-	-
City of Isleton	-	-	-	-	-
City of Live Oak	-	-	-	-	-
City of Sacramento	-	-	-	-	-
City of West Sacramento	-	-	-	-	-
City of Rancho Cordova	-	-	-	-	-
City of Wheatland	-	-	-	-	-
City of Winters	-	-	-	-	-
City of Woodland	-	-	-	-	-
City of Yuba City	-	-	-	-	-
County of Sacramento	-	-	-	-	-
County of Sutter	-	-	-	-	-
County of Yolo	-	-	-	-	-
County of Yuba	-	-	-	-	-
Sacramento Regional Transit District	-	-	-	-	-
Yuba-Sutter Transit Authority	-	-	-	-	-
Paratransit, Inc	-	-	-	-	-
SAFE services	-	-	-	-	-
Freeway service patrol	-	-	-	-	-
Equipment and maintenance	-	-	-	-	-
Insurance and DMV fees	-	-	-	-	-
Planning and administration	20,022,388	-	-	-	-
Public Transportation Modernization Improvement & Service Enhancement	-	-	-	1,579,144	-
Community Design Grants	390,310	-	-	-	-
SECAT grants	-	-	1,313	-	-
Capital outlay	16,816	-	-	-	-
Total expenditures	<u>20,429,514</u>	<u>-</u>	<u>1,313</u>	<u>1,579,144</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,482,315)</u>	<u>19,669</u>	<u>11,959</u>	<u>(701,634)</u>	<u>22,560</u>
Other Financing Sources (Uses):					
Transfers in	2,124,575	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>2,124,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	642,260	19,669	11,959	(701,634)	22,560
Fund balances - beginning (as restated)	14,603,324	3,827,847	-	14,853,527	90,858
Fund balances - ending	<u>\$ 15,245,584</u>	<u>\$ 3,847,516</u>	<u>\$ 11,959</u>	<u>\$ 14,151,893</u>	<u>\$ 113,418</u>

The notes to the 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 the Fiscal Year Ended June 30, 2011

Special Revenue							
Local Transportation Funds				Capitol Valley Regional SAFE	Glenn County SAFE	Total Governmental Funds	
Sacramento County	Yuba County	Sutter County	Yolo County				
\$ 43,846,700	\$ 1,149,234	\$ 3,145,189	\$ 7,753,560	\$ -	\$ -	\$ 56,694,683	
-	-	-	-	2,081,247	28,722	2,109,969	
-	-	-	-	-	-	13,637,674	
-	-	-	-	-	-	3,088,223	
-	-	-	-	-	-	645,220	
-	-	-	-	-	-	296,771	
-	-	-	-	-	-	284,270	
36,145	3,322	5,246	24,087	15,621	518	261,290	
-	-	-	-	-	-	649,531	
-	-	-	-	44,217	-	346,387	
<u>43,882,845</u>	<u>1,152,556</u>	<u>3,150,435</u>	<u>7,777,647</u>	<u>2,141,085</u>	<u>29,240</u>	<u>78,014,018</u>	
3,855,576	-	-	-	-	-	3,855,576	
2,387,142	-	-	-	-	-	2,387,142	
-	-	-	2,054,718	-	-	2,054,718	
1,936,048	-	-	-	-	-	1,936,048	
657,899	-	-	-	-	-	657,899	
22,299	-	-	-	-	-	22,299	
-	-	464,676	-	-	-	464,676	
270,420	-	-	-	-	-	270,420	
-	-	-	1,487,468	-	-	1,487,468	
34,747	-	-	-	-	-	34,747	
-	45,266	-	-	-	-	45,266	
-	-	-	219,278	-	-	219,278	
-	-	-	1,755,475	-	-	1,755,475	
-	-	2,787,330	-	-	-	2,787,330	
1,051,691	-	-	-	-	-	1,051,691	
-	-	1,232,138	-	-	-	1,232,138	
-	-	-	735,302	-	-	735,302	
-	374,072	-	-	-	-	374,072	
27,382,646	-	-	-	-	-	27,382,646	
-	510,898	753,802	-	-	-	1,264,700	
1,489,178	-	-	-	-	-	1,489,178	
-	-	-	-	368,818	15,335	384,153	
-	-	-	-	834,494	-	834,494	
-	-	-	-	450,983	-	450,983	
-	-	-	-	21,116	139	21,255	
-	-	-	-	130,935	2,916	20,156,239	
-	-	-	-	-	-	1,579,144	
-	-	-	-	-	-	390,310	
-	-	-	-	-	-	1,313	
-	-	-	-	-	-	16,816	
<u>39,087,646</u>	<u>930,236</u>	<u>5,237,946</u>	<u>6,252,241</u>	<u>1,806,346</u>	<u>18,390</u>	<u>75,342,776</u>	
4,795,199	222,320	(2,087,511)	1,525,406	334,739	10,850	2,671,242	
-	-	-	-	-	-	2,124,575	
(1,612,354)	(38,358)	(216,054)	(257,809)	-	-	(2,124,575)	
(1,612,354)	(38,358)	(216,054)	(257,809)	-	-	-	
3,182,845	183,962	(2,303,565)	1,267,597	334,739	10,850	2,671,242	
9,834,617	205,726	2,877,219	887,136	3,238,582	93,846	50,512,682	
<u>\$ 13,017,462</u>	<u>\$ 389,688</u>	<u>\$ 573,654</u>	<u>\$ 2,154,733</u>	<u>\$ 3,573,321</u>	<u>\$ 104,696</u>	<u>\$ 53,183,924</u>	

The notes to the 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 the Fiscal Year Ended June 30, 2011

Net change in fund balances - total governmental funds (page A-23) \$ 2,671,242

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 for Planning and Administrative Fund	16,816
Depreciation expense for Planning & Administrative Fund, Capitol Valley SAFE and Glenn SAFE	(530,445)

Net Other Post Employment Benefit Obligation	(119,865)
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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.

Long Term Debt	14,038
Compensated absences for Planning & Administrative Fund	(104,389)

Change in net assets of governmental activities (page A-19)	<u>\$ 1,947,397</u>
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The notes to the 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
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ 28,997,471	\$ 38,467,267	\$ 13,637,674	\$ (24,829,593)
State	5,113,781	14,083,264	3,088,223	(10,995,041)
Local	926,575	1,012,523	645,220	(367,303)
Charges for services	209,380	677,402	296,771	(380,631)
Member assessments	284,270	284,270	284,270	-
Investment earnings	64,000	64,000	56,532	(7,468)
In-kind	1,074,957	1,317,910	649,531	(668,379)
Other		329,247	288,978	(40,269)
	<u>36,670,434</u>	<u>56,235,883</u>	<u>18,947,199</u>	<u>(37,288,684)</u>
Total revenues	36,670,434	56,235,883	18,947,199	(37,288,684)
Expenditures:				
Current:				
Planning and administration	39,304,887	58,803,311	20,022,388	38,780,923
Community Design Grantees			390,310	(390,310)
Capital outlay	<u>100,000</u>	<u>80,000</u>	<u>16,816</u>	<u>63,184</u>
Total expenditures	39,404,887	58,883,311	20,429,514	38,453,797
Deficiency of revenues under expenditures	<u>(2,734,453)</u>	<u>(2,647,428)</u>	<u>(1,482,315)</u>	<u>1,165,113</u>
Other Financing Sources:				
Transfers in	<u>1,692,625</u>	<u>2,066,266</u>	<u>2,124,575</u>	<u>58,309</u>
Total Other Financing Uses	<u>\$ 1,692,625</u>	<u>\$ 2,066,266</u>	<u>\$ 2,124,575</u>	<u>\$ 58,309</u>
Change in fund balances	<u>\$ (1,041,828)</u>	<u>\$ (581,162)</u>	642,260	<u>\$ 1,223,422</u>
Fund balance - beginning (as restated)			<u>14,603,324</u>	
Fund balance - ending			<u>\$ 15,245,584</u>	

The notes to the 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 SPECIAL REVENUE FUND**
 For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Vehicle registration fees	\$ 2,095,158	\$ 2,095,158	\$ 2,081,247	\$ (13,911)
Investment earnings	60,000	60,000	15,621	(44,379)
Other	23,500	23,500	44,217	20,717
	<u>2,178,658</u>	<u>2,178,658</u>	<u>2,141,085</u>	<u>(37,573)</u>
Expenditures:				
Current:				
SAFE services	660,707	660,707	368,818	291,889
Freeway Service Patrol	895,785	901,272	834,494	66,778
Equipment and maintenance	469,373	469,373	450,983	18,390
Insurance and DMV fees	19,401	19,401	21,116	(1,715)
Planning and administration	132,137	132,137	130,935	1,202
	<u>2,177,403</u>	<u>2,182,890</u>	<u>1,806,346</u>	<u>376,544</u>
Excess of revenues over expenditures	<u>\$ 1,255</u>	<u>\$ (4,232)</u>	334,739	<u>\$ 338,971</u>
Fund balance - beginning			<u>3,238,582</u>	
Fund balance - ending			<u>\$ 3,573,321</u>	

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

Sacramento Area Council of Governments
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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.
- Designated recipient for the Sacramento large urbanized area for FTA Section 5316 Job Access Reverse Commute (JARC) and FTA Section 5317 New Freedom Programs.

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE A, Continued

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 organization for which the Board is financially responsible 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 (1) 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 Government Relations and Public Affairs 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 was 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 property was sold, it was legally determined that the Corporation should continue to exist in order to manage the proceeds from the sale of the property, until another use is determined.

The Sacramento Area Council of Governments Service Authority for Freeway Emergencies, also known as the Capitol Valley Regional Service Authority for Freeways and Expressways (Capitol Valley SAFE), 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, Capitol Valley SAFE is authorized to impose a fee on vehicles registered in the six counties for the implementation, maintenance and operation of the motorist aid system of call boxes. Capitol Valley 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 Capitol Valley SAFE. Capitol Valley 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:

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE A, Continued

II. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and statement of activities report information on all of the 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 (i) charges paid by the recipients of the goods or services offered by the programs and (ii) grants and contributions that are restricted for meeting the operational requirements of

SACOG's activities: Sales and use taxes, investment earnings and other revenues not properly included among program revenues are reported instead as general revenues.

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

The government-wide 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. SACOG uses a six-month availability period because of the reimbursement timeline associated with most of its funding sources. 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 SACOG has satisfied the grantor's eligibility requirements. 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.

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE A, Continued

SACOG Reports the Following General Fund:

Planning and Administration Fund

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

SACOG Reports the Following Major Special Revenue Funds:

SACOG Financing Corporation Fund

Used to account for the proceeds received from the sale of the Meridian Plaza building and for annual interest earned on the funds.

Sacramento Emergency Clean Air and Transportation Program Fund (SECAT)

Accounts for the revenues and expenditures associated with SACOG's administration of the Traffic Congestion Relief Program (TCRP), funded by the State of California.

Public Transportation, Modernization, Improvement & Service Enhancement Account

Used to account for restricted funds from Public Transportation, Improvement & Service Enhancement Account (PTMISEA) Regional Funds. SACOG is the grant recipient for these funds and will pass the funding to transit agencies for approved transit projects. SACOG Board approval is required for the subrecipient funding Agreements.

State Transit Assistance Fund

Created pursuant to the Transportation Development Act (TDA) to account for the allocations received from the State restricted 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 7-1/2 percent retail sales tax collected within the following counties. These restricted funds are administered by SACOG on behalf of each County and used to fund various transportation related activities as authorized by California Law, under the Transportation Development Act.

- 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 and 511 operations within the counties of El Dorado, Sacramento, San Joaquin, Sutter, Yolo and Yuba. Revenues are derived from the vehicle

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE A, Continued

registration fee imposed pursuant to the provisions of Chapter 14 of Division 3 of the Streets and Highways Code.

Glenn County SAFE Fund

Used to account for 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. Revenues are derived from the vehicle registration fee imposed pursuant to the provisions of Chapter 14 of Division 3 of the Streets and Highways Code.

**IV. ASSETS, LIABILITIES AND NET ASSETS OR FUND
BALANCE**

Investments

Investments are recorded at fair value, which is the quoted market price.

Accounts Receivable/Payable

These amounts represent receivables/payables with other agencies, vendors, employees and other miscellaneous transactions due at June 30, 2011.

Due from/to Other Funds

These represent the current portion of inter-fund loans due at June 30, 2011.

Due from/to Other Governments

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

Interest Receivable

Investment income available but not yet received at June 30, 2011.

Prepaid Items

Payments for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items.

Capital Assets (including Intangible Assets)

Capital and intangible 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 Sacramento Area Council of Governments date of donation. Capital and intangible assets are defined by SACOG, as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital and intangible assets used in operations are depreciated/amortized using the straight-line method over their estimated useful lives in the government-wide statements of net assets. The estimated useful lives for furniture and equipment are 3 to 15 years.

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE A, Continued

Compensated Absences

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

Interfund Transfers

Interfund transfers typically report the amounts provided to SACOG for planning and administrative services performed by the four Local Transportation Funds.

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.

Fund Balance Policy

The Fund Balance Policy establishes the procedures for reporting fund balance in SACOG's financial statements for its various government funds. Certain commitments and assignments of fund balance will help ensure that there are adequate financial resources to protect the agency against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures. The policy also authorizes and directs management to prepare financial reports which accurately categorize fund balance as per Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The general policies applicable to all SACOG funds are as follows:

1. Maintaining adequate fund balance reserves is an essential part of sound financial management. SACOG realizes the importance of reserves in providing reliable service to its members, financing its operations, and funding emergencies should the need arise.
2. For committed fund balances, the highest level of decision-making authority is the Board of Directors; a Board resolution or motion is required to formally establish, modify, or rescind a fund balance commitment.

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE A, Continued

3. The Board delegates to the Chief Executive Officer and/or the Chief Operations Officer authority to assign, change, and manage unassigned fund balance transactions going in and out of the funds where SACOG's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.
4. It is the policy of SACOG that when an expenditure is incurred, and both restricted and unrestricted fund balance is available for the expenditure, that the expenditure reduces the restricted balance first and the unrestricted balance second.
5. It is the policy of SACOG that when an expenditure is incurred, and committed, assigned, or unassigned fund balance is available for the expenditure, that the expenditure reduces the committed balance first, the assigned fund balance second, and the unassigned fund balance last.
6. SACOG's Fund Balance Policy will be reviewed as a part of the annual budget process.

Fund Balance

Nonspendable – This category represents amounts that cannot be spent because they are either (a) not in a spendable form, such as prepaid items, inventories of supplies, or loans receivable; or (b) legally or contractually required to be maintained intact, such as the principal portion of endowment. This category was traditionally reported as a “reserved” fund balance under the old standard.

Restricted Fund Balance – 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.

Committed – This category represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority and remain binding unless removed in the same manner. This category was traditionally reported as “designated” fund balance under the old standard.

- *Board and Advocacy* – represents a portion of fund balance segregated for that portion of discretionary revenue available to support activities of the Board of Directors.
- *Community Design Grantees* – represents a portion of the SACOG Managed Fund balance segregated for grantee commitments that are contracted for, but services have not yet been acted on by the grantee.

Assigned – This category represents amounts that are constrained by the government's intent to be used for specific purposes, but that are neither restricted nor committed. Such intent need to be established at either the highest level of decision making or by an official designated for that purpose. This category was traditionally reported as a “designated” fund balance under the previous standard.

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE A, Continued

Unassigned Fund Balance – This category includes amounts that do not fall into one of the above four categories. The general fund is the only fund that should report this category of fund balance. This category was traditionally reported as an “undesigned” fund balance under the old standard. These funds are the amounts in the Planning and Administration Fund not classified as nonspendable, restricted, committed, or assigned.

The unassigned fund balance also includes funds previously reported in the SACOG Managed Fund. The SACOG Managed Fund has been used to accumulate funds from local agencies for reimbursement of projects originally expected to have been completed with local funds, but were instead funded with available Federal Funds. Through these reimbursement arrangements, SACOG has been able to accumulate flexible local funds, without the burden of state and federal restrictions and processes. The SACOG Managed Fund has been used to provide financing and cash flow to benefit local agency projects. Historically, the Fund has been treated as a separate special revenue fund and was consolidated with the Planning and Administration Fund in accordance with GASB 54.

Current Year Restatements

This is restatement of the SACOG Planning and Administration Fund due to the new reporting requirement of GASB 54.

	Planning & Administrative Fund
Beginning Fund balance, as of June 30, 2010, as previously reported	\$ 3,473,395
Consolidated SACOG Managed Fund into the Planning and Administration Fund in accordance with GASB 54	11,129,929
Beginning Fund Balance, as of July 1, 2010, as restated	\$14,603,324

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE A, Continued

New Accounting Pronouncements Adopted in Current Year

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was issued in February 2009. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 improves the financial reporting by providing fund balance categories and classifications that will be more easily understood. The reserve component of fund balance will be eliminated and replaced with a restricted classification to enhance the consistency between information reported in the government-wide and the governmental fund financial statements to avoid confusion about the relationship between reserved fund balance and restricted net assets. The fund balance disclosures will give users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated.

In June 2010, the GASB issued Statement No. 59, *Financial Instruments Omnibus*. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

NOTE B — Budgetary Information

The Board adopts an annual budget for the SACOG Planning and Administration and Capitol Valley SAFE Special Revenue funds based on anticipated projects at the beginning of the year.

SACOG reports its primary activities through the Planning and Administrative General Fund. The budget is approved in two phases. One phase is the Overall Work Program (OWP) budget which is the plan for transportation related projects which is a major portion of the Planning and Administration fund budget, is approved by the California Department of Transportation (Caltrans), Federal Highway Administration (FHWA), and Federal Transit Administration (FTA) after adoption by the Board of Directors. The second phase of the budget process is the adoption of the operating budget. This includes the OWP, Board of Directors and Advocacy, capital assets, and can include other related functions not associated with the OWP.

The Annual budgets are adopted on a basis consistent with generally accepted accounting principles and are presented on the modified accrual basis of accounting. Within the Overall Work Program budget the level of budgetary control is at the element level. Board approval is needed if costs are expected to exceed the element total, or if new projects are added to the element.

No annual adopted budget is prepared for the remaining special revenue funds as they are special purpose funds whose ending fund balance at June 30 becomes the amount available for the next fiscal year.

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE B, Continued

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 investments types that are authorized by the California Government Code Section 53601, which constitutes SACOG's investment policy, for funds held with the Sacramento County Pooled Investment Fund. The following articles, in order of supremacy, govern the Pooled Investment Fund

1. California Government Code
2. Annual Investment Policy of the Pooled Investment Fund
3. Current Investment Guidelines

Authorized Investment Type	Maximum Maturities	Maximum Concentrations	Maximum Investment in One Issuer	Minimum Rating
U.S. Treasury Notes and Agency Obligations	5 years	100%	--	None
Bonds Issued by Local Agencies	5 years	80%	--	None
Registered State Warrants and Municipal Notes	5 years	80%	--	None
Bankers' Acceptances	180 days	40%	10%	None
Commercial Paper	270 days	40%	10%	A1/P1
Negotiable Certificates of Deposit	180 days	30%	10%	A
CRA Bank Deposits/Certificates of Deposit	1 Year	20%	--	AA
Repurchase Agreements	1 year	30%	10%	None
Reverse Repurchase Agreements	92 days	20%	10%	None
Medium Term Corporate Notes	180 days	30%	10%	None
Shares of Money Market Mutual fund	SEC regs	20%	10%	None
Collateralized Mortgage Obligations	180 days	20%	10%	None
Local Agency Investment Fund (LAIF)	---	Per state limit	10%	None

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE C, Continued

The ultimate maximum maturity of any investment shall be five (5) years. The dollar-weighted average maturity of all securities shall be equal to or less than three (3) years.

No more than 80 percent of the portfolio may be invested in issues other than United States Treasuries and Government Agencies. No more than 10 percent of the portfolio, except Treasuries and Agencies, may be invested in securities of a single issuer including its related entities.

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. SACOG manages its exposure to interest rate risk by investing a significant portion of its investments in investment pools not subject to such risk and by purchasing investments with maturity dates evenly distributed over time. SACOG's investments and maturities are as follows:

	Maturity		
	No Maturity	0-5 Years	Fair Values Balance at June 30, 2011
Petty cash	\$ 300	\$ --	\$ 300
Deposits in banks	32,928	--	32,928
County of Sacramento investment pool	--	40,162,726	40,162,726
County of Yuba investment pool	--	184,817	184,817
County of Sutter investment pool	--	34,254	34,254
County of Yolo investment pool	--	4,238,790	4,238,790
Total cash and investments	\$ 33,228	\$ 44,620,587	\$ 44,653,815

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 Sutter, County of Yolo and County of Yuba's investment pools are not rated.

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

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE C, Continued

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 primarily invests in external investment pools. 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 state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. At year-end the carrying amount of SACOG's cash deposits was \$6,934 which was fully insured and collateralized.

CONCENTRATION OF CREDIT RISK

SACOG is not exposed to this risk as a majority of its investments are in external investment pools 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 Sutter, County of Yolo and County of Yuba investment pools because, 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 Treasuries. The Counties are restricted by State code in the types of investments they can make. Further, the County Treasurers 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 Counties have investment committees, which perform regulatory oversight for their pools. At June 30, 2011, SACOG's investment in county investment pools is \$44,620,587. The value of the pool shares in the counties, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of SACOG's position in the pools.

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE D — Receivables

Receivables as of June 30, 2011, for SACOG are as follows:

Fund Name	Accounts Receivable	Due from Other Governments	Interest Receivable	Misc. A/R	Total
Planning and Administration	\$ --	\$ 7,113,181	\$ 7,459	\$ 262,914	\$ 7,383,554
SACOG Financing Corporation	--	--	2,778	--	2,778
PTMISEA	--	--	10,757	--	10,757
State Transit Assistance	--	--	629	--	629
Sacramento County Local Transportation Fund	--	7,110,800	4,449	--	7,115,249
Yuba County Local Transportation Fund	--	204,459	412	--	204,871
Sutter County Local Transportation Fund	--	539,400	--	--	539,400
Yolo County Local Transportation Fund	--	1,325,100	--	--	1,325,100
Capitol Valley Regional SAFE	296,296	--	2,699	--	298,995
Glenn County SAFE	3,925	--	82	--	4,007
Total Receivables – Governmental Activities	\$ 300,221	\$ 16,292,940	\$ 29,265	\$ 262,914	\$ 16,885,340

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE E — Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	July 1, 2010	Additions	Deletions	June 30, 2011
SACOG				
Computers	216,121	16,816	-	232,937
Furniture and Equipment	677,230	-		677,230
Phones	35,360			35,360
Intangible Assets - Software	139,921	-		139,921
Total for SACOG	<u>\$ 1,068,632</u>	<u>\$ 16,816</u>	<u>\$ -</u>	<u>\$ 1,085,448</u>
Capitol Valley SAFE				
SAFE Equipment	5,202,240			5,202,240
Total for Capitol Valley SAFE	<u>\$ 5,202,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,202,240</u>
Glenn County SAFE - SAFE Equipment				
	<u>\$ 195,659</u>			<u>\$ 195,659</u>
Total Capital Assets	<u>\$ 6,466,531</u>	<u>\$ 16,816</u>	<u>\$ -</u>	<u>\$ 6,483,347</u>
Less Accumulated Depreciation/Amortization for:				
SACOG				
Computers	\$ 186,773	\$ 18,552	\$ -	\$ 205,325
Furniture and Equipment	618,712	19,074		\$ 637,786
Phones	35,360	-		\$ 35,360
Intangible Assets - Software	118,373	8,218		\$ 126,591
Total for SACOG	<u>\$ 959,218</u>	<u>\$ 45,844</u>	<u>\$ -</u>	<u>\$ 1,005,062</u>
Capitol Valley SAFE				
SAFE Equipment	\$ 4,062,885	\$ 471,457		\$ 4,534,342
Total for Capitol Valley SAFE	<u>\$ 4,062,885</u>	<u>\$ 471,457</u>	<u>\$ -</u>	<u>\$ 4,534,342</u>
Glenn County SAFE - SAFE Equipment				
	<u>\$ 161,702</u>	<u>\$ 13,144</u>		<u>\$ 174,847</u>
Total Accumulated Depreciation/Amortization	<u>\$ 5,183,805</u>	<u>\$ 530,445</u>	<u>\$ -</u>	<u>\$ 5,714,251</u>
Net Book Value of Assets				
SACOG				
Computers	29,348	(1,736)	-	27,612
Furniture and Equipment	58,518	(19,074)	-	39,445
Phones	0	-	-	0
Intangible Assets - Software	21,548	(8,218)	-	13,330
Total for SACOG	<u>\$ 109,414</u>	<u>\$ (29,028)</u>	<u>\$ -</u>	<u>\$ 80,386</u>
Capitol Valley SAFE				
SAFE Equipment	1,139,355	(471,457)	-	667,898
Total for Capitol Valley SAFE	<u>\$ 1,139,355</u>	<u>\$ (471,457)</u>	<u>\$ -</u>	<u>\$ 667,898</u>
Glenn County SAFE - SAFE Equipment				
	<u>\$ 33,956</u>	<u>\$ (13,144)</u>	<u>\$ -</u>	<u>\$ 20,812</u>
Total Net Book Value of Capital Assets	<u>\$ 1,282,726</u>	<u>\$ (513,629)</u>	<u>\$ -</u>	<u>\$ 769,096</u>

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE E, Continued

Depreciation expense was charged to the governmental activities as follows:

Planning and Administration	\$ 45,844
Capitol Valley Regional SAFE	471,457
Glenn County SAFE	13,145
Total depreciation expense	\$ 530,445

Note F — Payables

Payables as of June 30, 2011 for SACOG are as follows:

Fund Name	Accounts Payable	Accrued Liabilities	Due to Other Governments	Total
Planning and Administration	\$ 1,840,089	\$ 148,038	46,039	\$ 2,034,166
Sacramento Emergency Clean Air and Transportation Program		--	544	544
PTMISEA		--	74,514	74,514
State Transit Assistance Fund	--	--	889,665	889,665
Sacramento County Local Transportation Fund	--	--	1,768,131	1,768,131
Yolo County Local Transportation Fund	--	--	3,409,157	3,409,157
Capitol Valley Regional SAFE	232,957	--	--	232,957
Glenn County SAFE	6,974	--	--	6,974
Total Payables – Governmental Activities	\$2,080,020	\$ 148,038	\$ 6,188,050	\$8,416,108

NOTE G — Operating Lease

In July 2002, SACOG entered into a lease agreement to lease office space in the Meridian Plaza office building. SACOG moved into the building on August 18, 2003 and the lease commitment was for 10.5 years with early termination available after 7 years if the landlord sells the property within the first 5 years after completion. That lease was amended effective October 1, 2010. The lease term was extended for ten years through September 30, 2019, with new lease rates.

Rental expenditures for the fiscal year ended June 30, 2011 were \$585,660.

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE G, Continued

As of June 30, 2011, SACOG minimum lease payments required under the lease are as follows:

Year ending June 30	
2012	\$ 573,947
2013	591,517
2014	597,373
2015	614,943
2016	620,800
Remaining	2,111,304
Total	\$ 5,109,884

NOTE H — Compensated Absences

Compensated absences activity for the fiscal year ended June 30, 2011, was as follows:

	July 1, 2010	Additions	Deletions	June 30, 2011	Due within One year
Compensated absences	<u>\$903,419</u>	<u>\$ 658,412</u>	<u>\$ (554,023)</u>	<u>\$ 1,007,808</u>	<u>\$ 50,390</u>

A portion of the ending balance is expected to be paid out in the next fiscal year so is categorized as due within one year. The Planning and Administration fund is used to liquidate the compensated absences liability.

NOTE I — 401(a) Money Purchase Plans

The Board of Directors has established three defined contribution plans (IRC Section 401(a)) for the employees. The plans are fully vested. As a defined contribution plan, benefits are dependent solely on amounts contributed to the plan plus investment earnings.

The Special Pay Plan contains two plan features, one of which is the FICA-Alternative Plan. This plan is for temporary employees and interns. These employees are exempt from the Old Age and Survivors Disability portion of Social Security and contribute 7.5 percent of their gross pay to the plan. Total contributions to this plan were \$16,313 for the year. The other plan feature involves year-end PTO hours and employees who terminate employment, and is more fully explained in Note K. Total contributions to this plan were \$118,036 for the year. SACOG maintains two other money purchase

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE J — Contingent Liabilities, Commitments and Long Term Liabilities

plans, where contributions are voluntary by employer contributions to either plan. Total employee voluntary contributions to both plans were \$101,338 for the year.

SACOG has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, SACOG believes such disallowance, if any, will be immaterial.

Commitments generally represent open consultant contracts, whereby the goods and services for which the contracts were set up, were not received or provided by the end of the year, and are expected to be liquidated in the following year(s). In some cases, certain longer term consultant contract amounts (commitments) are shown at their total amount, even though the work to be performed will cover multiple future years' activity.

Commitments were \$4,551,087 for the Planning and Administration Fund and \$7,638,984 for the PTMISEA Fund totaling \$12,190,071.

In 2010 SACOG incurred a long term severance liability (in lieu of an OPEB benefit) of \$129,814 (that is separate from the OPEB CERBT information found in Note N) as a result of an agreement with an employee who retired from SACOG. Payments approximate \$12,981 per year, over 10 years. The balance of this liability is \$115,775 at June 30, 2011.

NOTE K — Special Pay Plan

In December 2004, the Board of Directors established a Special Pay Plan (IRS Section 401(a) allowing the annual transfer of the cash value of accumulated sick leave and separation leave hours under certain conditions to SACOG's Special Pay Plan, subject to IRS limitations. Effective July 1, 2006, the negotiated agreement with the SACOG Employee Association effected an amendment to the contract provisions such that the cash value of Paid Time Off (PTO) leave in excess of 592 hours for those employees over age 50 is deposited to the Special Pay Plan. In addition, any employee who separates from SACOG employment will have the cash value of accumulated PTO hours over 80 hours deposited to the Special Pay Plan, subject to IRS limitation. In May 2010 the plan was amended to include contract employees under age 50 that have a leave balance over 592 hours.

Total SACOG contributions to the Plan totaled \$118,036 for the fiscal year ended June 30, 2011.

A separate provision of the Special Pay Plan is that temporary and intermittent employees and student interns contribute 7.5 percent of their gross salary to the Special Pay Plan. These funds are fully vested to the employee. Under this program, neither SACOG nor the employee contributes to Social Security.

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE L — 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 are as 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
Products and Completed Operations	5,000	5,000,000
Policy Property Limit	1,000	350,000
Insured Property Limit	1,000	1,689,746
Maximum per occurrence, for all coverages combined		5,000,000

SACOG obtains insurance coverage relating to workers' compensation claims through Employers Compensation Insurance Company. SACOG makes one annual payment toward the premium. There is no deductible paid by SACOG regarding workers' compensation. The Planning and Administration Fund is used to record any worker's compensation claims.

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

NOTE M — Employee Retirement Plan

PLAN DESCRIPTION

SACOG contributes to the California Public Employees Retirement System (CalPERS), a cost sharing 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

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE M, Continued

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

The contribution requirements of plan members and SACOG are established and may be amended by CalPERS. SACOG's employer rate is based on a CalPERS actuarially-determined rate and was 16.014 percent of covered payroll cost in fiscal year 2010-11. The required member contribution is 8 percent of the employee's annual covered salary and is determined by state statute.

**Miscellaneous Plan
Employer Portion**

Fiscal Year Ended	Required Contribution	Percentage of Required Contribution Made
6/30/09	\$ 708,131	100%
6/30/10	\$ 668,449	100%
6/30/11	\$ 720,532	100%

SACOG contributes 6.848 percent of the employees' contribution on their behalf and for their account; the employee contributes the remaining 1.152 percent. SACOG's required contribution in dollars and the percentage of that amount contributed for the current year and each of the two preceding years is as follows:

**Miscellaneous Plan
Employee Portion Paid by SACOG**

Fiscal Year Ended	Required Contribution	Percentage of Required Contribution Made
6/30/09	\$ 313,266	100%
6/30/10	\$ 301,933	100%
6/30/11	\$ 306,542	100%

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE N — Other Post-Employment Health Benefits (OPEB)

SACOG POST-RETIREMENT MEDICAL BENEFIT PLAN

(A) Plan Description

SACOG provides three-tier post-retirement health insurance coverage, in accordance with the Public Employees' Medical and Hospital Care Act (PEMHCA), Chapter One, Article 8 of the California Public Employees Retirement Law, to employees who retire under the Public Employee's Retirement System on or after attaining the age of 50.

- Tier I employees receive 100 percent of their health premiums up to the maximum amount of the Kaiser Bay Area/Sacramento Family rate, currently \$1,363.73 per month.
- Tier II employees, those hired after November 1, 2005 and before June 30, 2006, are funded based on the vesting schedule identified in Article 8 of the PEMHCA. Employees who have five years of SACOG service and five years of other PERS service shall receive the premium value of 50 percent of the Kaiser Bay Area/Sacramento Family rate. Tier II employees will also receive an additional 5 percent of the premium for each year up to 20 years of service which will entitle them to 100 percent of the Kaiser Bay Area/Sacramento Family rate.
- Tier III employees, those hired on or after July 1, 2006, are subject to the same vesting schedule as Tier II employees, however, their benefit is limited to the Kaiser Bay Area/Sacramento Two-Party Basic premium, currently \$1,049.02 per month

In addition, employees hired prior to July 1, 2006, may "opt out" of any retiree health benefits in exchange for monthly cash payments, net of OASDI and Medicare premiums, equal to the Kaiser Bay Area/Sacramento Two-Party Basic premium as of the retirement date, for ten years from the date of retirement. As of June 30, 2011, 31 retirees and their spouses met the Tier I eligibility requirements; there are no Tier II or Tier III retirees.

SACOG provides post-retirement health benefits to spouses, surviving spouses and dependent children (up to age 26) of eligible retirees.

SACOG's policy is to contribute the cost of retiree and dependent medical coverage based on the limits identified above. Once the eligible retiree has reached the age of 65 the retiree is required to enroll in Medicare and the cost to SACOG decreases.

In an effort to further secure the future funding of the OPEB liability, in 2006 SACOG Board of Directors directed that the funds in the SACOG Financing Corporation fund be designated for the future costs of the employee post-retirement health benefits. At the time, the Board noted that its action was a policy only and, if at some future date is determined there is a better use for these funds, the policy could be modified or reversed. At June 30, 2011, the amount available in the fund is \$3,847,516. Authority to establish and amend the benefit provisions of the plan resides with the SACOG Board of Directors. This amount was reduced by \$1,042,000 as a result of the Board

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE N, Continued

conditionally assigning \$1,042,000 of the total, to be available to fund the 2011-2012 Planning & Administration budget deficit, should it be necessary.

In July 2008, SACOG established an Other Post Employment Health Benefit (OPEB) irrevocable trust with the California Employer's Retiree Benefit Trust Program (CERBT) administered by the California Public Employees' Retirement System (CalPERS) as an agent multiple-employer plan. This trust is used to accumulate resources to fund future benefits, however, it does not represent the activities of the plan. Financial statements of CERBT are included in the CalPERS CAFR. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

(B) Funding Policy

The contribution rate is determined on an annual basis by an independent actuary and is authorized by the SACOG Board of Directors. The contribution rate is based on the Annual Required Contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (for funding excess) over a period not to exceed thirty years. The ARC for the fiscal year ended June 30, 2011 was 8.35 percent of annual covered payroll.

(C) Annual OPEB Cost and Net OPEB Obligation

For the fiscal year ended June 30, 2011 SACOG's annual OPEB cost (expense) was \$375,806, however only \$255,941 was actually contributed based on the pay-as-you go method, leaving a Net OPEB Obligation of \$119,865. This is the first year that SACOG has had a Net OPEB Obligation.

Description	Amount
Annual Required Contribution (ARC)	\$375,806
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost	\$375,806
Contributions made	255,941
Increase in Net OPEB	\$119,865
Net OPEB Obligation at beginning of year	-
Net OPEB Obligation at end of year	\$119,865

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE N, Continued

SACOG's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for June 30, 2011, 2010, and 2009 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$390,706	100%	-
2010	\$405,800	100%	
2011	\$375,806	68%	\$119,865

(D) Funded Status & Funding Progress

As of June 30, 2011, the plan was 47 percent funded. The actuarial accrued liability (AAL) for benefits was \$5,494,630 and the actuarial value of assets was \$ 2,578,675, resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$2,915,955. The covered payroll (annual payroll of active employees covered by the plan) was \$4,499,386 and the ratio of the UAAL to the covered payroll was 65 percent. Actuarial valuations of an ongoing plan involve estimates of the value and reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(E) Actuarial Methods and Economic Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by SACOG and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between SACOG and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2011 valuation, the entry age normal actuarial cost method was used.

A discount rate is required to calculate the present value of future benefits payments which are used to determine financial statement expense. GASB Statement No. 45 specifies that the selected rate should be the "long term investment yield on investments that are expected to be used to finance the payments of benefits."

Notes to the Basic Financial Statements (Continued)

For the Fiscal Year Ended June 30, 2011

NOTE N, Continued

SACOG participates in the California Employers Retiree Benefit Trust (CERBT) and the SACOG Board of Directors in October 2011 approved using Asset Strategy #1. The long term investment goal of Strategy No. 1 is a 7.61 percent annual rate of return and as a result this valuation is based on a 7.61 discount rate. SACOG intends to continue with the pay-as-you go approach to funding the annual CERBT amount, which means that it will not fully fund the annual CERBT amount, but still pay a significant portion of it. Through June 30, 2011 SACOG has contributed to the CERBT substantially more than the cumulative ARC's through that date, by several years of ARC.

The health care cost rate is projected to increase an average of 6.6 percent per year, for the next six years. The health care cost rate recognizes the following influences on health care: pure medical inflation, utilization changes, technological changes, regulatory requirements, and Medicare cost shifting. The actuarial assumptions also include demographic assumptions, estimates for retirement and withdrawal dates, and baseline premium health cost increases by SACOG. The valuation assumes a 3.25 percent annual rate of increase in the payroll. The UAAL is being amortized as a level percentage of payroll on an open basis. This valuation assumes three years of amortization have occurred and 27 years remain.

NOTE O — Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA)

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of state general obligation bonds authorized, \$3.6 billion was set aside by the State as instructed by statute into the PTMISEA account. These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement. PTMISEA activity for SACOG for the fiscal years ended June 30, 2010 and 2011 are as follows:

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE O, Continued

	PTMISEA
Cash Balance at July 1, 2009	\$ 4,060,255
Receipts: Interest	180,845
Receipts: PTMISEA Funding	15,319,020
Expenses: Replace Paratransit vehicle	(3,416)
Expenses: CNG Bus Replacement	(1,612,245)
Expenses: Light Rail Crossing & ADA Imp	(135,126)
Expenses: Bus Replacement for Unitrans	(2,310,000)
Cash Balance at June 30, 2010	\$ 15,499,333
Receipts: Interest	102,385
Receipts: PTMISEA Funding	800,000
Expenses: Capital Service Enhancements	(371,012)
Expenses: Commuter Bus Fleet Replacements	(378,371)
Expenses: Universal Fare Care Implementation	(84,338)
Expenses: Vehicles for Agriculture Worker Transportation	(100,000)
Expenses: ADA Transition Improvements	(110,572)
Expenses: Ahern 12st Street Improvements	(38,744)
Expenses: Light Rail Crossing Enhancement Program	(298,492)
Expenses: CNG Fueling Facility	(655,897)
Expenses: Transit Operations Expansion	(148,642)
Cash Balance at June 30, 2011	\$14,215,650

NOTE P — New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has released the following new standards:

GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The Governmental Accounting Standards Board (GASB) issued Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. Statement 60 addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The requirements for Statement 60 are effective for financial statements for periods beginning after December 15, 2011.

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE P, Continued

GASB Statement No. 61, The Financial Reporting Entity: Omnibus—An amendment of GASB Statements No. 14 and No. 34. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged.

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the “FASB and AICPA pronouncements.” This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged.

GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets

Sacramento Area Council of Governments
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

NOTE P, Continued

and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged.

GASB Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53. Some governments have entered into interest rate swap agreements and commodity swap agreements in which a swap counterparty, or the swap counterparty’s credit support provider, commits or experiences either an act of default or a termination event as both are described in the swap agreement. Many of those governments have replaced their swap counterparty, or swap counterparty’s credit support providers, either by amending existing swap agreements or by entering into new swap agreements. When these swap agreements have been reported as hedging instruments, questions have arisen regarding the application of the termination of hedge accounting provisions in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Those provisions require a government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income.

The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011. Earlier application is encouraged.

Sacramento Area Council of Governments
Required Supplementary Information –
Schedule of Funding Progress
 For the Fiscal Year Ended June 30, 2011

OTHER POST-EMPLOYMENT BENEFIT PLAN

	A	B	C (B-A)	D (A/B)	E	F (C/E)
Actual Valuation Date	Actual Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) (B-A)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
1/1/2008	\$1,844,000	\$5,051,163	\$3,207,163	37%	\$4,503,505	71%
7/1/2010	\$2,066,438	\$5,342,380	\$3,275,942	39%	\$4,344,807	75%
6/30/2011	\$2,578,675	\$5,494,630	\$2,915,955	47%	\$4,499,386	65 %

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

BUDGET AND ACTUAL –
PLANNING AND ADMINISTRATION FUND
 For the Fiscal Year Ended June 30, 2011

		Actual - Funding Sources						
Work Element #	Budget	FHWA - PL Grant	FTA 5303	FTA 5304	FTA Discretionary Jarc/ New Freedom Grants	State Planning & Research Partnership/ Sp Studies	HUD Grant Federal Earmarks	
Revenues:								
Intergovernmental:								
Federal	\$ 38,467,267	\$ 2,986,249	\$ 777,498	250,364	\$ 1,707,548	\$ 656,272	\$ 1,338,425	
State	14,083,264	-	-		-	-	-	
Local	1,012,523	-	-		-	-	-	
Charges for services	677,402	-	-		-	-	-	
Member assessments	284,270	-	-		-	-	-	
Investment earnings	64,000							
In-kind	1,317,910	-	-	-	-	-	-	
Other	329,247							
Total revenues	<u>56,235,883</u>	<u>2,986,249</u>	<u>777,498</u>	<u>250,364</u>	<u>1,707,548</u>	<u>656,272</u>	<u>1,338,425</u>	
Expenditures:								
Government Relations, Public Affairs & Administration	11-001 1,379,456	765,944	112,993		-	-	-	
Long Range Transportation Planning Studies	11-002 2,370,293	337,719	45,383			223,975	-	
Continuing Transportation Implementation	11-003 2,740,003	41,715	26,477	6,613		-	-	
Land Use & Housing Planning	11-004 14,775,025	315,931	190,375		41,015	-	-	
Public Services	11-005 2,772,046	477,783	116,000		-	-	453,249	
Member & Agency Services	11-006 4,185,837	656,295	74,161		-	-	885,176	
Pass-Through to Other Agencies	11-007 13,935,770	390,862	212,109		-	17,074	-	
Miscellaneous Other Funding	11-008 1,484,692	-	-	243,751		415,223	-	
FTA New Freedom & Jobs Access	11-008 8,885,494							
Services to other Agencies	11-012 5,742,094	-	-		1,666,533	-	-	
SAC County GIS	11-015 134,355	-	-		-	-	-	
Capital Assets	11-016 79,000	-	-			-	-	
Board of Director and Advocacy	11-021 399,246	-	-			-	-	
Community Design Grantees								
Non-cash expenditures (depreciation, compensated absences, etc.)		-	-		-	-	-	
Non-cash expenditures - indirect cost computation		-	-		-	-	-	
Total expenditures	<u>58,883,311</u>	<u>2,986,249</u>	<u>777,498</u>	<u>250,364</u>	<u>1,707,548</u>	<u>656,272</u>	<u>1,338,425</u>	
Excess (deficiency) of revenues over (under) expenditures	(2,647,428)	-	-	-	-	-	-	
Other Financing Sources (Uses):								
Transfers in	2,066,266				-	-	-	
	<u>2,066,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net change in fund balances	<u>\$ (581,162)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

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

BUDGET AND ACTUAL –
PLANNING AND ADMINISTRATION FUND
 For the Fiscal Year Ended June 30, 2011

Actual - Funding Sources										
CMAQ	STIP RIP PPM/ RSTP	Regional Blueprint	State/ Caltrans/ PTMISEA/Prop 84 Grants/ PTA Acct	TDA Administration & Planning	Capitol Valley Regional SAFE and Glen County SAFE	Placer County Transportaiton Planning Agency & El Dorado Transportaiton Commission	Other Governmental Agencies	SACOG	Other	Total
\$ 5,712,575		\$ 206,622	\$ 2,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,637,674
-	1,062,995	-	1,999,992	-	-	-	25,236	-	-	3,088,223
-	-	-	-	-	161,812	323,595	43,250	-	116,563	645,220
-	-	-	-	-	141,086	-	155,685	-	-	296,771
-	-	-	-	-	-	-	-	284,270	-	284,270
-	-	-	-	-	-	-	-	56,532	-	56,532
-	-	-	-	-	-	-	-	-	649,531	649,531
-	-	-	-	-	-	-	27,500	213,169	48,309	288,978
5,712,575	1,062,995	206,622	2,002,113	-	302,898	323,595	251,671	553,971	814,403	18,947,199
169,172	-	-	-	143,834	-	308,595	-	2,873	-	1,503,411
-	-	142,622	115,916	162,335	-	-	25,236	121,232	87,377	1,261,795
62,665	-	-	1,689,230	35,636	-	15,000	-	-	-	1,877,336
436,762	471,410	-	93,160	214,267	-	-	-	-	-	1,762,920
-	-	-	-	309,398	-	-	155,685	190	16,500	1,528,805
190,000	-	64,000	-	685,671	-	-	-	130	-	2,555,433
4,853,976	591,585	-	103,807	564,447	161,812	-	43,250	-	665,465	7,500,580
-	-	-	-	8,987	-	-	-	-	45,061	816,829
-	-	-	-	-	-	-	-	-	-	1,666,533
-	-	-	-	-	-	141,086	-	-	-	141,086
-	-	-	-	-	-	-	40,000	554	-	40,554
-	-	-	-	-	-	-	-	16,816	-	16,816
-	-	-	-	-	-	-	-	337,531	-	337,531
-	-	-	-	-	-	-	-	390,310	-	390,310
-	-	-	-	-	-	-	-	(620,843)	-	(620,843)
-	-	-	-	-	-	-	-	(349,582)	-	(349,582)
5,712,575	1,062,995	206,622	2,002,113	2,124,575	302,898	323,595	264,171	(100,789)	814,403	20,429,514
-	-	-	-	(2,124,575)	-	-	(12,500)	654,760	-	(1,482,315)
-	-	-	-	2,124,575	-	-	-	-	-	2,124,575
-	-	-	-	2,124,575	-	-	-	-	-	2,124,575
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,500)	\$ 654,760	\$ -	\$ 642,260

Sacramento Area Council of Governments
Schedule of Revenues and Expenditures
Board of Directors and Advocacy

BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Member assessments	\$ 284,270	\$ 284,270	\$ 284,270	\$ -
Investment earnings	64,000	64,000	11,227	(52,773)
Funds from Board and Advocacy Reserve	49,976	49,976	42,034	(7,942)
Other	1,000	1,000		(1,000)
	<u>399,246</u>	<u>399,246</u>	<u>337,531</u>	<u>(61,715)</u>
Total revenues				
Expenditures:				
Current:				
Meetings	30,500	30,500	38,742	(8,242)
Directors Fees	75,000	75,000	57,152	17,848
Consultant	173,796	173,796	163,922	9,874
Other	2,000	2,000	7,341	(5,341)
Memberships	51,450	51,450	23,797	27,653
Vehicle parking reimbursement	2,000	2,000		2,000
Awards	500	500		500
Salaries and Benefits	64,000	64,000	46,577	17,423
	<u>399,246</u>	<u>399,246</u>	<u>337,531</u>	<u>61,715</u>
Total expenditures				
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Sacramento Area Council of Governments
Schedule of Indirect Service Costs
 For the Fiscal Year Ended June 30, 2011

DIRECT COSTS:

Salaries and benefits	\$ 5,768,505
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INDIRECT COSTS:

Allocated Indirect Costs (61.8%):	
Service costs	3,564,936

Actual Indirect Costs:

Building expenses	582,991
Career Development Program	46,247
Consultants	45,655
Depreciation	45,844
Insurance	68,376
Legal	245,404
Office Equipment	4,520
Office Equipment Maintenance	6,762
Meetings	8,737
Memberships	28,795
Miscellaneous	4,660
Mileage	13,749
Parking	10,200
Postage	10,462
Publications/Periodicals	2,686
Salaries and benefits	1,475,280
Computer Software and Maintenance	86,315
Supplies	56,512
Accounting Services	12,943
Telecommunications	40,350
Unemployment costs	4,279
Temporary labor services	403
Printing costs	(18,297)

Total indirect costs	2,782,873
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Over-absorbed indirect costs	\$ 782,063
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Sacramento Area Council of Governments

Statistical Section

For the Fiscal Year Ended June 30, 2011

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 the Eight Years Ended June 30, 2011

	2004	2005	2006	2007
GOVERNMENTAL ACTIVITIES:				
Invested in capital assets, net of related debt	\$ 2,988,957	\$ 2,484,597	\$ 2,005,015	\$ 1,508,043
Restricted for Transportation Claimants	8,720,699	11,247,159	12,214,496	5,197,396
Unrestricted	<u>8,636,370</u>	<u>9,274,954</u>	<u>9,812,898</u>	<u>11,573,273</u>
Total governmental activities net assets	<u>\$ 20,346,026</u>	<u>\$ 23,006,710</u>	<u>\$ 24,032,409</u>	<u>\$ 18,278,712</u>

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

2001-2003 information was not available at the time the report was prepared.

Sacramento Area Council of Governments
Net Assets by Component
 For the Eight Years Ended June 30, 2011

2008	2009*	2010	2011
\$ 2,624,670	\$ 2,062,372	\$ 1,282,726	\$ 769,096
7,119,396	11,681,253	13,895,556	34,088,672
13,203,519	27,759,660	35,583,893	17,851,804
<u>\$ 22,947,585</u>	<u>\$ 41,503,285</u>	<u>\$ 50,762,175</u>	<u>\$ 52,709,572</u>

Sacramento Area Council of Governments
Statement of Activities & Changes in Net Assets
For the Eight Years Ended June 30, 2011

	2004	2005	2006	2007
EXPENSES				
Transportation Claimants	\$ 58,475,601	\$ 62,623,327	\$ 72,411,224	\$ 92,928,882
Planning and Administration	9,201,031	9,882,280	11,794,482	14,015,459
Sacramento Emergency Clean Air & Transportation Program	8,973,934	2,345,417	5,889,595	12,250,196
SACOG Managed Fund		N/A		
PTM ISEA		N/A		
Capitol Valley SAFE	2,141,184	2,665,920	2,125,367	2,274,985
Glenn County SAFE	39,494	39,111	21,705	35,230
Total Expenses	\$ 78,831,244	\$ 77,556,055	\$ 92,242,373	\$ 121,504,752
PROGRAM REVENUES				
Operating Grants and Contributions:	\$ 13,952,654			
Planning and Administration		\$ 6,371,323	\$ 7,499,794	\$ 10,313,252
Sacramento Emergency Clean Air & Transportation Program		\$ 2,345,417	\$ 5,889,595	\$ 12,250,196
PTM ISEA				
Charges for Services:	2,605,097			
Planning and Administration		479,474	1,088,718	1,156,341
SACOG Managed Fund				
PTM ISEA				
Capitol Valley SAFE		2,166,838	2,194,802	2,215,115
Glenn County SAFE		28,977	30,086	30,515
Total Program Revenues	16,557,751	11,392,029	16,702,995	25,965,419
Net Expense	\$ (62,273,493)	\$ (66,164,026)	\$ (75,539,378)	\$ (95,539,333)
General Revenues and Other Changes in Net Assets				
State Shared Revenue - Sales and Use Taxes	\$ 62,316,677	\$ 67,078,282	\$ 75,218,223	\$ 87,759,141
Investment Earnings	259,479	441,575	911,839	1,640,450
In-Kind Revenue	-	-	-	-
Other	241,407	192,557	435,015	489,765
Special Item - Sale of Meridian Plaza	-	1,112,296	-	-
Loss on Disposal of Capital Assets	-	-	-	(103,720)
Total General Revenues	\$ 62,817,563	\$ 68,824,710	\$ 76,565,077	\$ 89,785,636
Change in Net Assets	544,070	2,660,684	1,025,699	(5,753,697)
Net Assets - Beginning	19,801,956	20,346,026	23,006,710	24,032,409
Net Assets - Ending	\$ 20,346,026	\$ 23,006,710	\$ 24,032,409	\$ 18,278,712

*2009 numbers have been restated

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

**2011. The SACOG Managed Fund activity was transferred into the SACOG Planning and Administration Fund due to GASB 54 reporting requirements.

1. There were prior period adjustments to the Local Transportation Funds. See Note XX on page XX.

2001-2003 information was not available at the time the report was prepared.

Sacramento Area Council of Governments
Statement of Activities & Changes in Net Assets
For the Eight Years Ended June 30, 2011

2008	2009*	2010	2011**
\$ 71,889,819	\$ 62,570,554	\$ 62,176,903	\$ 51,508,069
11,103,987	14,959,542	17,283,003	20,668,754
5,926,133	8,984,793	2,494,831	1,313
	1,941,314	1,068,276	n/a
	68,584	4,742,226	1,579,144
5,431,978	2,302,480	2,431,941	2,293,278
10,189	30,311	33,236	16,061
\$ 94,453,814	\$ 90,857,578	\$ 90,230,416	\$ 76,066,619
\$ 12,260,257	16,900,076	14,153,990	17,371,115
\$ 5,926,133	11,437,452		0
	4,060,255	15,319,020	800,000
1,237,811	1,190,472	430,347	581,041
	3,051,000		
2,208,656	2,195,851	2,145,307	2,081,247
30,876	30,243	29,386	28,722
21,663,733	38,865,349	32,078,050	20,862,125
\$ (72,790,081)	\$ (51,992,229)	\$ (58,152,366)	\$ (55,204,494)
\$ 75,580,640	\$ 63,210,973	\$ 66,132,449	\$ 55,894,683
1,168,227	766,571	529,002	261,290
-	-	627,948	649,531
710,086	653,710	121,857	346,387
-	-	-	-
\$ 77,458,953	\$ 64,631,254	\$ 67,411,256	\$ 57,151,891
4,668,872	12,639,025	9,258,890	1,947,397
18,278,712	28,864,260	41,503,285	50,762,175
\$ 22,947,584	\$ 41,503,285	\$ 50,762,175	\$ 52,709,572

Sacramento Area Council of Governments
Planning and Administration Fund
Changes in Fund Balance
For the Eight Years Ended June 30, 2011

	2004	2005	2006	2007
REVENUES				
Federal	\$ 3,035,594	\$ 4,207,117	\$ 4,839,847	\$ 7,552,527
State	463,309	437,559	1,162,528	137,739
Local	1,246,816	1,726,647	1,157,419	1,278,986
Charges for Services	226,891	227,724	793,758	841,255
Member Assessments	246,559	251,750	294,960	315,086
Investment Earnings	61,631	64,346	90,589	176,007
In-Kind				
Other	191,702	127,945	342,912	449,382
Total Revenues	<u>5,472,502</u>	<u>7,043,088</u>	<u>8,682,013</u>	<u>10,750,982</u>
EXPENDITURES				
Planning and Administration	7,793,808	8,578,040	10,284,677	11,693,873
Community Design Grants		-	-	-
Planning Grants	1,144,781	1,313,135	900,201	1,121,115
Capital Outlay	612,880	55,671	47,506	45,758
Total Expenditures	<u>9,551,469</u>	<u>9,946,846</u>	<u>11,232,384</u>	<u>12,860,746</u>
Deficiency of Revenues under Expenditures	<u>(4,078,967)</u>	<u>(2,903,758)</u>	<u>(2,550,371)</u>	<u>(2,109,764)</u>
OTHER FINANCING SOURCES				
Transfers in	2,038,333	2,150,443	2,372,141	2,918,782
Transfers out				
Change in Fund Balance	<u>(2,040,634)</u>	<u>(753,315)</u>	<u>(178,230)</u>	<u>809,018</u>
Fund Balance - Beginning	<u>5,765,495</u>	<u>3,724,861</u>	<u>2,971,546</u>	<u>2,793,316</u>
Fund Balance - Ending	<u>\$ 3,724,861</u>	<u>\$ 2,971,546</u>	<u>\$ 2,793,316</u>	<u>\$ 3,602,334</u>
RESERVATIONS OF FUND BALANCE				
Reserved for Prepaid Items	\$ 15,159	\$ 65,492	\$ 66,488	\$ 69,377
Reserved for Unrecovered indirect costs	180,716	-	-	-
Unreserved, Designated for:				
Contingencies	700,000	700,000	700,000	700,000
Land Use Blueprint	339,614	-	-	-
Operating Cash Reserve	-	-	-	-
Encumbrances	-	-	1,187,915	1,553,754
Fund Balance Categories under GASB 54				
Nonspendable - prepaid Items	-	-	129,903	129,903
Restricted:				
Committed:				
Board and Advocacy				
Community Design Grantees				
Assigned:				
Legal Defense				
Self Insurance				
Project Specific Carryover Funds				
GIS Receipts				
Unassigned:				
Unassigned Fund Balance	2,489,372	2,206,054	709,010	1,149,300
Total Ending Fund Balance	<u>\$ 3,724,861</u>	<u>\$ 2,971,546</u>	<u>\$ 2,793,316</u>	<u>\$ 3,602,334</u>

*2009 was restated by \$71,320

2001-2003 information was not available at the time the report was prepared

**2011B beginning Fund Balance was restated as the SACOG Managed Fund was transferred into the Planning and Administration, in accordance with the new GASB 54 Reporting requirements.

Sacramento Area Council of Governments
Planning and Administration Fund
Changes in Fund Balance
For the Eight Years Ended June 30, 2011

	2008	2009*	2010	2011**
\$	6,240,742	\$ 7,463,171	\$ 12,157,504	\$ 13,637,674
	841,536	1,406,497	1,204,156	3,088,223
	1,072,500	1,012,580	743,493	645,220
	922,725	840,987	146,077	296,771
	315,086	349,485	284,270	284,270
	109,952	80,243	12,696	56,532
			625,448	649,531
	614,434	622,954	86,467	288,978
	<u>10,116,975</u>	<u>11,775,917</u>	<u>15,260,111</u>	<u>18,947,199</u>
	11,219,835	13,155,044	16,981,392	20,022,388
	-			390,310
	1,343,608	1,188,305		
	77,311	48,806	42,278	16,816
	<u>12,640,754</u>	<u>14,392,155</u>	<u>17,023,670</u>	<u>20,429,514</u>
	<u>(2,523,779)</u>	<u>(2,616,238)</u>	<u>(1,763,559)</u>	<u>(1,482,315)</u>
	2,468,402	2,301,584	2,033,399	2,124,575
	<u>(28,748)</u>			
	<u>(84,125)</u>	<u>(314,654)</u>	<u>269,840</u>	<u>642,260</u>
	<u>3,602,334</u>	<u>3,518,209</u>	<u>3,203,555</u>	<u>14,603,324</u>
	<u>\$ 3,518,209</u>	<u>\$ 3,203,555</u>	<u>\$ 3,473,395</u>	<u>\$ 15,245,584</u>
\$	70,833	\$ 18,876	\$ 68,505	
	-	-	-	-
	700,000	700,000	700,000	-
	-	-	-	-
	-	1,500,000	1,500,000	-
	1513,569			
	168,856	212,056	151,573	58,725
				-
				109,539
				1,412,071
				500,000
				200,000
			194,065	194,065
			75,451	62,397
	1,064,951	672,623	783,801	12,708,787
	<u>\$ 3,518,209</u>	<u>\$ 3,203,555</u>	<u>\$ 3,473,395</u>	<u>\$ 15,245,584</u>

Sacramento Area Council of Governments
Fund Balances – Governmental Funds
For the Eight Years Ended June 30, 2011

	2004	2005	2006	2007
REVENUES				
Sales and Use Taxes	\$ 62,316,677	\$ 67,078,282	\$ 75,218,223	\$ 87,759,141
Vehicle registration fees and traffic fines	2,131,647	2,195,815	2,224,888	2,245,630
Intergovernmental:				
Federal	3,035,594	4,207,117	4,839,847	7,552,527
State	9,437,244	2,782,976	7,052,123	12,387,935
Local	1,246,816	1,726,647	1,497,419	2,622,986
Charges for services	226,891	227,724	793,758	841,255
Member assessments	246,559	251,750	294,960	315,086
Investment earnings	259,479	441,575	911,839	1,640,450
In-Kind				
Other	241,407	192,557	435,015	489,765
Total Revenues	79,142,314	79,104,443	93,268,072	115,854,775
EXPENDITURES				
City of Elk Grove	2,978,696	3,831,141	4,632,607	6,083,245
City of Citrus Heights	3,198,260	3,360,116	3,687,554	4,355,157
City of Davis	2,223,713	2,292,909	3,019,992	4,031,515
City of Folsom	2,231,525	2,466,249	2,793,722	3,417,484
City of Galt	779,673	847,737	938,840	1,141,920
City of Isleton	30,725	32,348	35,204	40,834
City of Live Oak	260,718	273,466	230,696	306,102
City of Marysville	37,015	-	-	8,856
City of Sacramento	307,672	327,543	358,463	384,147
City of West Sacramento	1,192,595	1,277,508	1,731,037	2,381,012
City of Rancho Cordova	-	54,242	60,604	46,767
City of Wheatland	42,984	42,386	72,235	113,644
City of Winters	217,781	230,686	313,194	413,239
City of Woodland	1,742,224	1,782,559	2,391,065	3,161,298
City of Yuba City	1,303,315	1,372,310	756,991	1,116,305
County of Sacramento	1,050,351	1,500,333	1,608,953	1,489,561
County of Sutter	975,378	885,085	610,546	729,615
County of Yolo	758,313	803,658	1,033,415	1,353,669
County of Yuba	477,513	299,254	405,905	699,670
Sacramento Regional Transit District	35,517,690	37,375,999	43,195,816	56,002,015
Yolo County Transportation District	32,833	28,997	61,544	171,433
Yuba-Sutter Transit Authority	1,346,774	1,669,312	2,435,831	3,338,658
Paratransit, Inc	1,767,003	1,866,539	2,037,010	2,142,736
SAFE services	685,549	964,254	837,072	408,988
Freeway service patrol	645,000	645,000	635,000	665,000
Equipment and maintenance	461,417	657,208	654,137	726,099
Insurance and DMV fees	11,300	62,641	20,513	20,567
Planning and Administration (includes planning grants)	8,943,734	9,894,343	11,185,228	13,923,774
SACOG Managed Fund				
Public Transportation Modernization Improvement & Service Enhancement		-	-	-
Community Design Grants				
SECAT grants	8,973,934	2,345,417	5,889,595	12,250,196
Capital outlay	651,715	55,671	47,506	45,758
Total Expenditures	78,845,400	77,244,911	91,680,275	120,969,264
Excess of Revenues over Expenditures	296,914	1,859,532	1,587,797	(5,114,489)
OTHER FINANCING USES				
Transfers in	2,038,333	2,150,443	2,372,141	2,918,782
Transfers out	(2,038,333)	(2,150,443)	(2,372,141)	(2,918,782)
Total other financing uses	-	-	-	-
Special Item	-	3,112,296	-	-
Net Change in Fund Balances	296,914	4,971,828	1,587,797	(5,114,489)
Fund Balance - Beginning	15,618,264	15,915,178	20,887,006	22,474,803
Fund Balance - Ending	\$ 15,915,178	\$ 23,999,302	\$ 22,474,803	\$ 17,360,314

*2009 was restated.

2001-2003 information was not available at the time the report was prepared

Source: Individual internal fund statements

Sacramento Area Council of Governments
Fund Balances – Governmental Funds
For the Eight Years Ended June 30, 2011

	2008	2009*	2010	2011
\$	75,580,640	\$ 63,210,973	\$ 66,132,449	\$ 56,694,683
	2,239,532	2,226,094	2,174,693	2,109,969
	6,240,742	7,463,171	12,157,504	13,637,674
	6,768,648	20,445,532	16,523,176	3,088,223
	5,410,000	7,540,080	792,331	645,220
	922,725	840,987	146,077	296,771
	315,086	349,485	284,270	284,270
	1,168,227	766,571	529,002	261,290
		524,413	627,948	649,531
	710,086	129,297	12,1857	346,387
	99,355,686	103,496,603	99,489,307	78,014,018
	4,961,671	4,816,070	4,453,961	3,855,576
	3,261,077	3,030,674	2,718,195	2,387,142
	3,060,636	2,742,094	2,875,410	2,054,718
	2,611,488	2,469,833	2,342,024	1,936,048
	863,102	817,643	745,182	657,899
	31,365	29,461	25,426	22,299
	364,421	128,846	236,516	464,676
	48,781	39,846	67,049	-
	517,112	314,308	253,973	270,420
	1,970,250	1,850,226	1,952,997	1,487,468
	38,710	39,750	32,551	34,747
	109,987	57,047	73,562	45,266
	313,752	283,631	292,099	219,278
	2,416,275	2,226,637	2,317,034	1,755,475
	1,634,398	135,202	508,249	2,787,330
	974,665	1,145,801	1,109,664	1,051,691
	906,757	232,880	538,880	1,232,138
	1,041,769	953,893	969,937	735,302
	895,991	311,142	549,293	374,072
	41,280,919	37,381,148	36,298,222	27,382,646
	95,753	67,986	143,020	-
	2,764,093	1,765,555	2,268,254	1,264,700
	1,726,847	1,730,882	1,405,405	1,489,178
	368,075	348,682	403,004	384,153
	697,525	791,631	814,681	834,494
	517,207	573,455	443,720	450,983
	19,719	19,666	17,365	21,255
	13,605,568	14,912,347	17,118,422	20,156,239
		1,941,314	1,068,276	
	-	68,584	4,742,226	1,579,144
				390,310
	5,926,133	8,984,793	2,494,831	1,313
	2,500,319	48,806	42,278	16,816
	95,524,365	90,259,833	89,321,706	75,342,776
	3,831,321	13,236,770	10,167,601	2,671,242
	2,497,150	2,301,584	2,033,399	2,124,575
	(2,497,150)	(2,301,584)	(2,033,399)	(2,124,575)
	-	-	-	-
	-	-	-	-
	3,831,321	13,236,770	10,167,601	2,671,242
	17,360,315	27,108,311	40,345,081	50,512,682
	\$ 21,191,636	\$ 40,345,081	\$ 50,512,682	\$ 53,183,924

Sacramento Area Council of Governments
Changes in Fund Balances
For the Eight Years Ended June 30, 2011

	2004	2005	2006	2007
MAJOR FUNDS				
Reserved	\$ 210,502	\$ 79,663	\$ 76,893	\$ 71,523
Unreserved, designated for:				
Contingencies	1,099,614	700,000	760,000	760,000
Operating Cash Reserve		-	-	-
Encumbrances		-	1,187,915	1,553,754
Glenn County SAFE				
Board and Advocacy		-	129,903	129,903
Project Specific Carryover Funds				
Community Design Grantees				
Reserved for GIS recipients				
Post Retirement Health Benefits		-	-	3,543,559
Total unreserved, designated	<u>1,099,614</u>	<u>700,000</u>	<u>2,077,818</u>	<u>5,987,216</u>
Unreserved, undesignated	<u>14,605,062</u>	<u>20,107,343</u>	<u>20,320,092</u>	<u>11,301,575</u>
Fund Balance Categories under GASB 54				
Reserved for prepaid items				
Restricted:				
SECAT Program				
PTMISEA Funds				
State Transit Assistance Funds				
Local Transportation Funds - Sacramento County				
Local Transportation Funds - Yuba County				
Local Transportation Funds - Sutter County				
Local Transportation Funds - Yolo County				
Capitol Valley Regional SAFE				
Glenn County SAFE				
Committed:				
Board and Advocacy				
Community Design Grantees				
Assigned:				
Legal Defense				
Self Insurance				
Project Specific Carryover Funds				
GIS Recipients				
Post Employment Benefits (OPEB)				
Planning and Administration Fund				
Assigned:				
Unassigned Fund Balance				
Total Fund Balance	<u>\$ 15,915,178</u>	<u>\$ 20,887,006</u>	<u>\$ 22,474,803</u>	<u>\$ 17,360,314</u>

Unassigned Fund Balance

* 2009 was restated.

2001-2003 information was not available at the time the report was prepared.

Format conforms with GASB 54 guidelines.

Source: Agency Annual Reports

Sacramento Area Council of Governments
Changes in Fund Balances
For the Eight Years Ended June 30, 2011

2008	2009*	2010	2011
\$ 73,143	\$ 121,026	\$ 70,656	
760,000	760,000	700,000	
-	1,500,000	2,542,000	
1,513,569			
168,856	212,056	151,573	
		194,065	
		1,660,260	
		75,451	
<u>3,699,737</u>	<u>3,789,940</u>	<u>2,785,847</u>	
<u>6,142,162</u>	<u>6,261,996</u>	<u>8,109,196</u>	<u>-</u>
<u>14,976,331</u>	<u>33,999,177</u>	<u>42,332,830</u>	
			60,877
			11,959
			14,151,893
			113,418
			13,017,462
			389,688
			573,654
			2,154,733
			3,571,169
			104,696
			109,539
			1,412,071
			500,000
			200,000
			194,065
			62,397
			2,805,516
			1,042,000
			12,708,787
<u>\$ 21,191,636</u>	<u>\$ 40,382,199</u>	<u>\$ 50,512,682</u>	<u>\$ 53,183,924</u>

Sacramento Area Council of Governments
Total Population by Jurisdiction
 For Years 2001 to 2011

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

Source: State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State, California Department of Finance, Demographic Research Unit, as of of January 1, of each year.

Sacramento Area Council of Governments
Total Population by Jurisdiction
 For Years 2000 to 2011

2006	2007	2008	2009	2010	2011
2,229,940	2,268,620	2,304,411	2,323,112	2,312,406	2,333,271
176,204	178,674	179,722	180,185	180,682	182,498
10,171	10,237	10,271	10,373	10,371	10,452
23,594	23,704	23,725	23,896	21,346	21,557
142,439	144,733	145,726	145,916	148,965	150,489
316,508	324,495	333,401	339,577	347,133	352,380
12,975	13,112	13,273	13,432	13,300	13,410
1,825	1,838	1,855	1,878	1,957	1,971
33,589	37,410	39,758	40,060	42,633	43,248
6,480	6,529	6,624	6,677	6,416	6,475
50,920	51,951	53,843	54,754	56,737	57,901
104,655	106,266	109,154	112,343	118,233	120,593
106,064	107,389	108,894	110,433	107,857	108,782
1,385,607	1,406,804	1,424,415	1,433,187	1,417,259	1,428,355
86,883	87,017	87,321	87,565	83,267	83,618
130,874	136,318	139,542	141,430	152,925	154,594
69,445	70,835	72,590	71,018	72,201	72,439
22,982	23,469	23,913	24,133	23,641	23,767
813	815	817	818	804	808
56,355	59,056	60,975	61,817	64,613	65,502
457,514	467,343	475,743	481,097	466,279	469,566
560,741	561,951	563,514	565,309	553,529	558,061
91,450	93,919	95,878	96,554	94,765	95,800
7,475	8,126	8,539	8,571	8,428	8,586
60,507	62,083	63,338	63,647	64,929	65,569
23,468	23,710	24,001	24,336	21,408	21,645
190,344	193,983	199,066	200,709	200,484	201,759
64,585	64,938	65,814	66,005	65,547	65,915
43,183	44,928	47,068	47,782	48,597	49,160
6,867	6,885	7,052	7,052	6,618	6,624
52,972	54,060	55,867	56,399	55,362	55,549
22,737	23,172	23,265	23,471	24,360	24,511
69,827	70,745	71,929	72,900	72,083	72,479
12,591	12,713	12,719	12,838	12,357	12,233
3,465	3,513	3,510	3,548	3,542	3,503
53,771	54,519	55,700	56,514	56,184	56,743

Sacramento Area Council of Governments
Total Households by County
 For Years 2001 to 2011

	2001		2002		2003	
	Total Units	Vacant	Total Units	Vacant	Total Units	Vacant
SACOG Region	785,851	41,650	803,709	42,597	825,586	43,756
El Dorado County	73,013	3,870	74,942	3,972	76,617	4,061
Placer County	115,043	6,097	120,773	6,401	127,634	6,765
Sacramento County	483,592	25,630	492,048	26,079	503,175	26,668
Sutter County	28,559	1,514	28,947	1,534	29,566	1,567
Yolo County	62,945	3,336	64,126	3,399	65,412	3,467
Yuba County	22,699	1,203	22,873	1,212	23,182	1,229

	2004		2005		2006	
	Total Units	Vacant	Total Units	Vacant	Total Units	Vacant
SACOG Region	848,411	44,966	863,254	57,137	887,241	58,463
El Dorado County	78,351	4,153	79,448	13,486	81,478	13,757
Placer County	132,672	7,032	134,896	14,867	140,330	15,220
Sacramento County	516,104	27,354	524,648	22,505	535,788	22,916
Sutter County	30,496	1,616	31,175	1,403	32,472	1,459
Yolo County	67,039	3,553	68,537	2,510	70,542	2,454
Yuba County	23,749	1,259	24,550	2,366	26,631	2,657

	2007		2008		2009	
	Total Units	Vacant	Total Units	Vacant	Total Units	Vacant
SACOG Region	903,731	60,424	916,203	60,780	922,560	63,442
El Dorado County	82,695	13,992	83,275	14,024	83,871	14,107
Placer County	144,207	15,603	147,408	15,701	149,265	16,061
Sacramento County	545,287	23,720	551,219	23,627	553,916	23,874
Sutter County	33,069	1,485	33,491	1,503	33,681	1,506
Yolo County	71,755	2,533	73,138	2,563	73,811	4,347
Yuba County	26,718	3,091	27,672	3,362	28,016	3,547

	2010		2011	
	Total Units	Vacant	Total Units	Vacant
SACOG Region	932,323	90,378	935,759	90,071
El Dorado County	88,121	17,926	88,272	17,957
Placer County	152,422	20,003	153,730	20,107
Sacramento County	555,335	41,944	556,973	42,060
Sutter County	33,846	2,421	33,920	2,426
Yolo County	74,984	4,178	75,326	4,192
Yuba County	27,615	3,906	27,538	3,329

Source: California Department of Finances E-5 City/County Population and Housing Estimates (Annual) (<http://www.dof.ca.gov/HTML/DEMOGRAPH/ReportsPapers/ReportsPapers.php>)
 Note: Counts as of July 1, of each year.

Sacramento Area Council of Governments
Labor Force & Unemployment by County
 For Years 2001 to 2010

	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

	2005				2006			
	Labor Force	Employment	Unemployment	Rate	Labor Force	Employment	Unemployment	Rate
SACOG Region	1,090,700	1,034,300	56,400	5.2	1,107,500	1,052,900	54,600	4.9
El Dorado County	92,100	87,700	4,400	4.8	93,600	89,300	4,300	4.6
Placer County	166,300	159,100	7,200	4.3	169,000	161,900	7,100	4.2
Sacramento County	672,300	639,000	33,300	5.0	682,600	650,300	32,300	4.7
Sutter County	40,500	36,600	3,900	9.7	41,100	37,400	3,700	8.9
Yolo County	93,500	88,300	5,200	5.6	94,700	89,800	4,900	5.2
Yuba County	26,000	23,600	2,400	9.1	26,500	24,200	2,300	8.8

Sacramento Area Council of Governments

Labor Force & Unemployment by County (Continued)

For Years 2001 to 2010

	2007				2008			
	Labor Force	Employment	Unemployment	Rate	Labor Force	Employment	Unemployment	Rate
SACOG Region	1,126,700	1,063,100	63,600	6.0	1,128,600	1,045,200	83,400	7.4
El Dorado County	94,500	89,600	4,900	5.2	92,400	85,900	6,400	6.9
Placer County	174,400	165,900	8,500	4.9	176,200	164,700	11,500	6.5
Sacramento County	690,900	653,100	37,800	5.5	690,400	640,800	49,600	7.2
Sutter County	42,400	38,300	4,100	9.6	42,000	36,900	5,200	12.3
Yolo County	96,700	91,000	5,700	5.9	99,500	92,200	7,300	7.4
Yuba County	27,800	25,200	2,600	9.3	28,100	24,700	3,400	12.0

	2009				2010			
	Labor Force	Employment	Unemployment	Rate	Labor Force	Employment	Unemployment	Rate
SACOG Region	1,128,400	997,800	130,600	11.6	1,111,000	966,700	144,500	13.0
El Dorado County	91,800	81,500	10,300	11.3	90,800	79,400	11,500	12.6
Placer County	179,000	160,100	18,900	10.6	177,100	156,800	20,300	11.5
Sacramento County	687,600	609,600	78,000	11.3	674,900	588,600	86,300	12.8
Sutter County	42,100	34,900	7,200	17.0	42,100	33,800	8,300	19.8
Yolo County	99,200	88,000	11,200	11.3	98,000	85,300	12,700	13.0
Yuba County	28,700	23,700	5,000	17.3	28,100	22,800	5,400	19.1

Source: Labor Force Data for Sub-County Areas (Annual), State of California Employment Development Department Labor Market Information Division (<http://www.labormarketinfo.edd.ca.gov/>)

Sacramento Area Council of Governments
Largest Employment Centers by County*
For Fiscal Year Ended June 30, 2011

El Dorado County

Employer	2010		2011*	
	# of Employees	Percentage	# of Employees	Percentage
El Dorado County	1,800	3.4%	1,583	3.4%
Red Hawk Casino	1,780	3.3%	Data not available	
Blue Shield of California	1,543	2.9%	1,719	3.7%
DST Output	1,300	2.4%	850	1.8%
Marshall Medical Center	1,040	2.0%	1,145	2.5%
Barton Healthcare System	948	1.8%	495	1.1%
State of California	866	1.6%	685	1.5%
Sierra at Home Inc	635	1.2%	752	1.6%
El Dorado County Office of Education	340	0.6%	Data not available	
Camp Richardson Resort			400	0.9%
Roebbelen Contracting, Inc.			263	0.6%
Raleys Family of Fine Stores			540	1.2%
El Dorado Irrigation District	270	0.5%	Data not available	
County Employment Estimate	53,300	100.0%	46,600	100.0%

Placer County

Employer	2010		2011*	
	# of Employees	Percentage	# of Employees	Percentage
Kaiser Permanente	3,281	2.3%	3,147	2.5%
Placer County	2,400	1.7%	2,400	1.9%
Sutter Health	2,270	1.6%	2,144	1.7%
Hewlett-Packard Inc	2,000	1.4%	3,500	2.8%
Union Pacific Railroad	2,000	1.4%	2,000	1.6%
Thunder Valley Casino	1,651	1.2%	2,025	1.6%
PRIDE Industries Inc	1,352	1.0%	Data not available	
Northstar at Tahoe	1,250	0.9%	1,950	1.6%
City of Roseville	1,100	0.8%	1,205	1.0%
Placer County Office of Education			1,004	0.8%
Raleys Family of Fine Stores			1,000	0.8%
Dry Creek Joint Elementary School District	1,088	0.8%	Data not available	
County Employment Estimate	140,400	100.0%	124,500	100.0%

*2011 information. The list of large employers for El Dorado, Placer, Sacramento and Yolo Counties is based on Sacramento Business Journal lists throughout 2011. The list of the major employers for Sutter and Yuba Counties is taken from the EDD website showing large employers but only has employment spans available (ex 100-249 employees, 250-499 employees, etc.). SACOG has used some other data to bolster the specific employment numbers in those two counties, so they are likely reasonable assumptions of employment, but may not be representative of the specific number of employees. The total employment number for each county is the EDD 2010 Annual Average employment.

Sacramento Area Council of Governments
Largest Employment Centers by County* (Continued)
 For Fiscal Year Ended June 30, 2011

Sacramento County

Employer	2010		2011*	
	# of Employees	Percentage	# of Employees	Percentage
State of California	73,273	11.8%	70,937	13.0%
Sacramento County	13,304	2.1%	11,300	2.1%
UC Davis Health System	8,496	1.4%	8,580	1.6%
Kaiser Permanente	7,979	1.3%	6,367	1.2%
Sutter Health Sacramento Sierra Region	7,314	1.2%	6,958	1.3%
Sacramento City Unified School District	6,500	1.0%	4,500	0.8%
Elk Grove Unified School District	6,391	1.0%	5,619	1.0%
Intel Corp	6,000	1.0%	6,515	1.2%
Mercy/Catholic Healthcare West	5,922	1.0%	6,942	1.3%
San Juan Unified School District	5,190	0.8%	4,600	0.8%
County Employment Estimate	623,000	100.0%	547,500	100.0%

Sutter County

Employer	2010		2011	
	# of Employees	Percentage	# of Employees	Percentage
Oceanspray/Sunsweet Growers	1,200	4.1%	Data not available	
Fremont Medical Center	600	2.1%	1,850	8.0%
Sysco Food Service	460	1.6%	Data not available	
Environmental Pro Assoc	400	1.4%	Data not available	
Wal-Mart	400	1.4%	525	2.3%
Sunset Moulding Co	380	1.3%	Data not available	
Home Depot	300	1.0%	Data not available	
Alta California Regional Center	300	1.0%	Data not available	
Sutter North Surgery Center	290	1.0%	575	2.5%
Yuba City Unified School District			1,316	5.7%
Sutter County			970	4.2%
Sunsweet Growers			670	2.9%
City of Yuba City			325	1.4%
Sam's Club			198	0.9%
Raley's Family of Fine Stores			185	0.8%
Winco Foods			150	0.6%
Landstar Ranger Inc	275	0.9%	Data not available	
County Employment Estimate	29,000	100.0%	23,200	100.0%

Sacramento Area Council of Governments
Largest Employment Centers by County* (Continued)
For Fiscal Year Ended June 30, 2011

Yolo County

Employer	2010		2011	
	# of Employees	Percentage	# of Employees	Percentage
University of California, Davis	12,651	12.2%	11,704	13.1%
Cache Creek Casino Resort	2,400	2.3%	Data not available	
State of California	2,279	2.2%	2,214	2.5%
Yolo County	1,568	1.5%	1,245	1.4%
Raley's Family of Fine Stores	891	0.9%	831	0.9%
Woodland Healthcare	536	0.5%	994	1.1%
Nugget Market Inc	500	0.5%	500	0.6%
Pacific Gas & Electric Co	477	0.5%	623	0.7%
City of Davis	462	0.4%	Data not available	
Coventry Health Care	450	0.4%	Data not available	
US Postal Service			1,794	2.0%
Davis Joint Unified School District			792	0.9%
Target Corporation			782	0.9%
County Employment Estimate	103,500	100.0%	89,300	100.0%

Yuba County

Employer	2010		2011	
	# of Employees	Percentage	# of Employees	Percentage
Rideout Memorial Hospital	2,000	11.3%	Data not available	
Beale AFB	1,300	7.3%	5,721	43.7%
Yuba Community College	600	3.4%	700	5.3%
Wal-Mart	450	2.5%	300	2.3%
Baldwin Contracting Co	450	2.5%	Data not available	
Yuba County	600	3.4%	805	6.1%
Sierra Kiwi Inc	250	1.4%	250	1.9%
Bishop's Pumpkin Farm	200	1.1%	250	1.9%
Frank Booth Inc	200	1.1%	Data not available	
Marysville Joine Unified School District	170	1.0%	1,000	7.6%
California Transportation Department			650	5.0%
Appeal Democrat			150	1.1%
Elite Universal Security			150	1.1%
County Employment Estimate	17,700	100.0%	13,100	100.0%

Sacramento Area Council of Governments
Public School Enrollment by County
 For the 2001-02 to 2009-10 School Years

	2001	2002	2003	2004	2005
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

	2006	2007	2008	2009	2010
SACOG Region	394,681	395,240	397,285	398,098	399,127
El Dorado	29,332	29,417	29,662	29,336	29,972
Placer	63,742	64,401	65,708	67,088	68,278
Sacramento	239,026	238,233	238,346	237,722	236,936
Sutter	17,771	19,137	19,599	20,020	20,652
Yolo	29,460	29,493	29,507	29,591	29,366
Yuba	15,350	14,559	14,463	14,341	13,923

Source: County Reports (Annual), California Department of Education
 (<http://www.ed-data.k12.ca.us/Navigation/fsTwoPanel.asp?bottom=%2Fprofile.asp%3Flevel%3D05%26reportNumber%3D16>)

Sacramento Area Council of Governments
Total Acreage by County

	Total Acreage
SACOG Region	4,199,415
El Dorado	1,145,825
Placer	959,744
Sacramento	637,640
Sutter	389,537
Yolo	654,720
Yuba	411,950

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

Sacramento Area Council of Governments
Average Annual Wages by County
 For Years 2003 – 2010

	2003		2004		2005	
	Average Weekly Wages	Average Annual Wages ¹	Average Weekly Wages	Average Annual Wages ¹	Average Weekly Wages	Average Annual Wages ¹
SACOG Region	\$696	\$36,187	\$718	\$37,358	\$751	\$39,041
El Dorado County	\$598	\$31,114	\$617	\$32,092	\$658	\$34,200
Placer County	\$704	\$36,618	\$740	\$38,477	\$764	\$39,717
Sacramento County	\$730	\$37,953	\$749	\$38,961	\$784	\$40,786
Sutter County	\$507	\$26,357	\$531	\$27,612	\$545	\$28,319
Yolo County	\$640	\$33,285	\$674	\$35,063	\$699	\$36,326
Yuba County	\$582	\$30,268	\$572	\$29,741	\$616	\$32,008

	2006		2007		2008	
	Average Weekly Wages	Average Annual Wages ¹	Average Weekly Wages	Average Annual Wages ¹	Average Weekly Wages	Average Annual Wages ¹
SACOG Region	\$782	\$40,638	\$808	\$41,992	\$833	\$43,316
El Dorado County	\$693	\$36,049	\$719	\$37,384	\$742	\$38,584
Placer County	\$797	\$41,431	\$822	\$42,770	\$824	\$42,848
Sacramento County	\$816	\$42,418	\$842	\$43,773	\$867	\$45,084
Sutter County	\$580	\$30,183	\$590	\$30,687	\$608	\$31,616
Yolo County	\$719	\$37,396	\$753	\$39,170	\$776	\$40,352
Yuba County	\$627	\$32,627	\$663	\$34,454	\$701	\$36,452

	2009		2010	
	Average Weekly Wages	Average Annual Wages ¹	Average Weekly Wages	Average Annual Wages ¹
SACOG Region	\$842	\$43,784	\$861	\$44,772
El Dorado County	\$748	\$38,896	\$736	\$38,272
Placer County	\$839	\$43,628	\$861	\$44,772
Sacramento County	\$875	\$45,500	\$899	\$46,748
Sutter County	\$629	\$32,708	\$628	\$32,656
Yolo County	\$777	\$40,404	\$790	\$41,080
Yuba County	\$716	\$37,232	\$750	\$39,000

2011 information was not available at the the time the report was prepared.

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 District 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

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

BY FUNCTION & PROGRAM
 For Seven Years Ended June 30, 2011

FUNCTION	2005	2006	2007	2008	2009	2010	2011
Executive Director	1	1	1	1	1	1	1
Administration	8	6	6	6	9	8	9
Finance	6	5	5	5	5	4	4
Research Analysts*	6	8	11	13	9	10	12
Information Technology	2	2	1	2	2	2	2
Planning	19	21	20	18	19	19	19
Public Affairs and Communications	4	4	5	5	5	5	5
Interns	3	1	1	1	1	2	2
Total Approved Full-Time Positions	49	48	50	51	51	51	54

* Formerly called Geographic Information Systems

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

BY PROJECT

For Fiscal Years Ended June 30, 2011

	2004	2005	2006	2007
Direct Projects				
Interagency Relations and Program Management	0.8	0.9	1.2	1.4
Project Delivery and Programming	4.0	3.4	3.7	3.0
Multimodal Transportation Planning and Coordination	1.9	2.9	6.1	6.1
Air Quality Planning, Analysis and Coordination	0.7	0.7	0.8	2.0
Transit Planning and Coordination	4.9	4.2	4.0	4.0
Housing and Land Use	6.3	3.8	3.3	0.6
Regional Monitoring and Forecasting	4.5	6.8	10.5	5.7
Geographic Information Systems	7.8	5.1	n/a	n/a
Public Information/Outreach and Advocacy Services	5.9	5.6	4.0	3.8
Special Projects and Local Technical Assistance/NEPA Linkages	2.2	2.8	1.2	1.5
Regional Blueprint Programming	0.0	0.1	0.7	1.0
Metropolitan Transportation Plan	n/a	n/a	0.6	n/a
Services to Other Agencies (pass-through)	n/a	n/a	n/a	9.1
Board and Advocacy	n/a	n/a	0.6	0.8
Government Relations, Public Affairs & Administration	n/a	n/a	0.3	0.5
Long-Range Transportation Planning	n/a	n/a	n/a	n/a
Short-Range Transportation Planning & Studies	n/a	n/a	n/a	n/a
Continuing Transportation Implementation	n/a	n/a	n/a	n/a
Land Use & Housing Planning	n/a	n/a	n/a	n/a
Public Services	n/a	n/a	n/a	n/a
Member & Agency Services	n/a	n/a	n/a	n/a
Services to Other Agencies	n/a	n/a	n/a	n/a
Board and Advocacy	n/a	n/a	n/a	n/a
Subtotal - Direct Projects	<u>39.0</u>	<u>36.3</u>	<u>37.0</u>	<u>39.5</u>
Indirect	<u>12.0</u>	<u>12.3</u>	<u>11.8</u>	<u>11.1</u>
Total FTEs Based on Total Hours	<u><u>51.0</u></u>	<u><u>48.6</u></u>	<u><u>48.8</u></u>	<u><u>50.6</u></u>

Sacramento Area Council of Governments
Planning & Administration Fund

INDIRECT SERVICE COST COMPARISON
 For Fiscal Years Ended June 30, 2004 – 2011

	2004	2005	2006	2007
INDIRECT COSTS				
Building Costs	\$ 329,317	\$ 573,947	\$ 573,947	\$ 641,863
Career Development Program	-	-	-	49,690
Consultants	104,646	80,810	57,038	39,071
Depreciation	158,250	168,452	156,390	136,081
Insurance	6,418	15,828	68,658	67,478
Legal	96,444	88,481	178,649	257,799
Maintenance	22,416	15,579	44,048	6,176
Meetings	59,634	40,664	19,059	12,099
Memberships	44,765	21,219	42,139	42,794
Miscellaneous	2,618	3,157	12,265	676
Mileage	13,760	17,120	13,862	11,408
Office Equipment	-	-	-	16,825
Parking	4,700	5,950	6,525	7,400
Postage	25,540	30,458	24,197	22,605
Printing	7,528	-	-	16,671
Publications	4,422	5,013	3,425	4,227
Salaries and Benefits	936,415	1,130,960	1,186,651	1,164,671
Software & Maintenance	41,489	58,531	41,206	36,601
Supplies	70,335	72,979	75,394	38,499
Accounting Services	-	-	7,723	8,169
Unemployment Costs	-	-	8,469	-
Telephone/Telcommunications	32,486	29,356	28,693	32,906
Temporary services	681	6,673	580	2,119
Printing Cost offset	-	-	(71,048)	-
OPEB ARC				
Total Indirect Costs	<u>\$ 1,961,864</u>	<u>\$ 2,365,177</u>	<u>\$ 2,477,870</u>	<u>\$ 2,615,828</u>

2001-2003 information was not available at the time the report was prepared

Sacramento Area Council of Governments
Planning & Administration Fund

INDIRECT SERVICE COST COMPARISON
 For Fiscal Years Ended June 30, 2004 – 2011

	2008	2009	2010	2011
\$	638,875	\$ 677,089	\$ 601,854	\$ 582,991
	52,408	89,195	42,699	46,247
	116,034	269,661	100,131	45,655
	133,337	86,257	82,426	45,844
	69,959	68,903	68,251	68,376
	320,942	259,557	242,566	245,404
	13,295	11,580	14,590	6,762
	5,300	12,187	7,269	8,737
	25,377	25,511	17,246	28,795
	2,530	3,719	4,664	4,660
	14,093	12,915	14,171	13,749
	19,591	11,044	2,823	4,520
	7,550	9,450	10,376	10,200
	21,367	9,014	17,998	10,462
	1,762	9,081	(1,931)	(18,297)
	4,869	3,567	2,264	2,686
	1,337,701	1,423,539	1,496,208	1,475,280
	49,921	51,418	62,364	86,315
	45,429	53,275	70,105	56,512
	17,065	9,420	9,844	12,943
	-	-	-	4,279
	34,114	39,244	37,349	40,350
	409	132	384	403
	-	-	-	-
			405,800	-
\$	2,931,928	\$ 3,135,758	\$ 3,309,451	\$ 2,782,873

Sacramento Area Council of Governments
Capital Assets – by Fund*
For Fiscal Years Ended June 30, 2004 – 2011

	2004	2005	2006	2007
Planning and Administration Fund:				
Furniture/equipment/computers	\$ 708,192	\$ 579,541	\$ 470,401	\$ 379,209
Capital Valley Regional SAFE:				
Call boxes	2,214,249	1,857,102	1,505,224	1,118,006
Glenn County SAFE:				
Call boxes	<u>66,516</u>	<u>47,954</u>	<u>29,390</u>	<u>10,828</u>
Total	<u>\$ 2,988,957</u>	<u>\$ 2,484,597</u>	<u>\$ 2,005,015</u>	<u>\$ 1,508,043</u>

2001-2003 information was not available at the time the report was prepared

*Net of accumulated depreciation

Sacramento Area Council of Governments
Capital Assets – by Fund
 For Fiscal Years Ended June 30, 2004 – 2011

2008	2009	2010	2011
\$ 313,598	\$ 235,902	\$ 109,415	\$ 80,386
2,250,826	1,779,369	1,139,355	667,898
<u>60,245</u>	<u>47,101</u>	<u>33,956</u>	<u>20,812</u>
<u><u>\$ 2,624,669</u></u>	<u><u>\$ 2,062,372</u></u>	<u><u>\$ 1,282,726</u></u>	<u><u>\$ 769,096</u></u>

*Net of accumulated depreciation

Sacramento Area Council of Governments

Miscellaneous Statistics

For Fiscal Year Ended June 30, 2011

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	Government Relations & Public Affairs; Land Use & Air Quality; Transportation; 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	Provide leadership and a dynamic, collaborative public forum for achieving an efficient regional transportation system, innovative and integrated regional planning, and a high quality of life within the greater Sacramento region.
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
Designated Recipient for Sacramento Large Urbanized Area	FTA Section 5316 Job Access Reverse Commute and Section 5317 New Freedom Programs

Source: SACOG

Sacramento Area Council of Governments
Schedule of Expenditures of Federal Awards
For Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grant Award Number	Expenditures
<u>U.S. Department of Transportation</u>			
Highway Planning & Construction Cluster:			
Passed through the State of California, Department of Transportation			
Planning	20.205		\$ 2,986,249
CMAQ - Pedestrian and Bicycle Planning	20.205		62,665
CMAQ - Connect Card Implementation	20.205		436,762
CMAQ - Transportation Demand Management	20.205		1,585,458
CMAQ - SECAT Program	20.205		3,622,137
CMAQ - 511 Trip Planning	20.205		5,553
Earmark - Boxer Earmark	20.205		848,904
FHWA Partnership Planning	20.205		24,667
SAFE Routes to School	20.205		2,121
Subtotal - Highway Planning and Construction Cluster ¹		03-6085R 74A0135	<u>\$ 9,574,516</u>
Direct Metropolitan Planning Program - FTA	20.505		1,027,862
Direct Federal Transit Administration - - State Planning and Research	20.515		838,227
Direct Transit Services Programs Cluster:			
Federal Transit Administration - JARC Funds ¹	20.516		1,457,972
Federal Transit Administration - New Freedom ¹	20.521		<u>249,576</u>
Subtotal: Transit Services Programs Cluster:			<u>1,707,548</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct:			
Sustainable Communities Regional Planning Grant Program	14.703		489,821
Total Expenditures of Federal Awards			<u>\$ 13,637,974</u>

¹Denotes major program

Notes to the Schedule of Expenditures of Federal Awards

For Fiscal Year Ended June 30, 2011

NOTE A - GENERAL

The accompanying schedule of expenditures of federal awards for the year ended June 30, 2011, presents the activity of all federal award programs of the Sacramento Area Council of Governments. Federal awards received directly from federal agencies, as well as federal awards passed through to other governmental agencies, are included in the schedule.

NOTE B - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which recognizes revenue in the accounting period in which it becomes measurable and available to finance expenditures of the current accounting period. Expenditures are recognized in the period in which the liability is incurred (when goods are received or services rendered).

NOTE C - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)

The CFDA numbers included in the accompanying schedule of expenditures of federal awards were determined based on program name, review of grant contract information and Office of Management and Budget's Catalog of Federal Domestic Assistance.

NOTE D - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, SACOG provided federal awards to subrecipient as follows:

Federal Program	Federal CFDA Number	Amount Provided to Subrecipients
Highway Planning and Construction	20.205	\$ 591,290
Federal Transit Administration – JARC Funds	20.516	1,416,957
Federal Transit Administration – New Freedom Funds	20.521	<u>249,576</u>
Total		<u>\$ 2,257,823</u>



**INDEPENDENT AUDITORS' 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**

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sacramento Area Council of Governments (SACOG) as of and for the year ended June 30, 2011, which collectively comprise SACOG's basic financial statements and have issued our report thereon dated January 30, 2012. Our report was modified to include a reference to other auditors and refers to SACOG's adoption of the provisions GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Instruments Omnibus* as of July 1, 2010. 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. Other auditors audited the fund financial statements of the County of Sacramento Local Transportation Special Revenue Fund, the County of Yuba Local Transportation Special Revenue Fund, the County of Sutter Local Transportation Special Revenue Fund, the County of Yolo Local Transportation Fund and the State Transit Assistance Special Revenue Fund for the year ended June 30, 2011, as described in our report on SACOG's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of SACOG is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered SACOG's internal control over financial reporting as a basis for designing for the purpose of expressing an opinion on the effectiveness of SACOG's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SACOG's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

We noted certain matters that we reported to management of the SACOG in a separate letter dated January 30, 2012.

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

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
January 30, 2012



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the Sacramento Area Council of Government's (SACOG) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of SACOG's major federal programs for the year ended June 30, 2011. SACOG's major federal programs are 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 each of its major federal programs is the responsibility of the 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 of SACOG's compliance with those requirements.

In our opinion SACOG complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-1 through 2011-5.

Internal Control Over Compliance

Management of SACOG is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SACOG's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-3 and 2011-5. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

SACOG's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit SACOG's responses and, accordingly, we express no opinion on the responses.

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

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
January 30, 2012

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	
Identification of major programs:	<u>Yes</u>

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205</u>	<u>Highway Planning & Construction Cluster</u>
<u>20.516 / 20.521</u>	<u>Transit Services Program Cluster</u>
<u>14.703</u>	<u>Sustainable Communities Regional Planning Grant Program</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 409,139</u>
Auditee qualified as low-risk auditee?	<u>No</u>

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

II. FINANCIAL STATEMENT FINDINGS

None reported.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2011-01

Program: Highway Planning and Construction Cluster
CFDA No.: 20.205
Federal Grantor: US Department of Transportation
Passed-through: California Department of Transportation
Award Year: FY 2010-2011
Compliance Requirement: Subrecipient Monitoring

Criteria:

The *March 2011 OMB Circular A-133 Compliance Supplement* requires Federal agencies to require recipients to identify to each subrecipient, and document at the time of subaward, CFDA title and number; award name and number; if the award is research and development; and the name of the Federal awarding agency and applicable compliance requirements.

Condition Found:

Instance of Non-Compliance - As a result of our audit of subrecipient contracts we noted for 2 of the 2 subrecipient contracts tested, SACOG did not communicate the CFDA title and number to the subrecipients.

Questioned Costs:

No questioned costs were identified as a result of the procedures performed.

Context:

The contracts made with subrecipients do not specifically identify all of the required elements as required by OMB Circular A-133. SACOG is required to identify to each subrecipient and document at the time of the subaward, the CFDA title and number; award name and number; if the award is research and development; and the name of the Federal awarding agency and applicable compliance requirements.

Effect:

Not properly disclosing the Federal award number and CFDA title and number, at the time of subaward to subrecipients could increase the risk of the subrecipients not knowing the Federal nature of their funding; and other related compliance requirements such as performing the Single Audit.

Cause:

SACOG did not maintain procedures to ensure that the Federal award number and CFDA title and number, to the subrecipients at the time of award.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Recommendation:

We recommend SACOG to implement policies and procedures to ensure that the necessary information required by OMB Circular A-133 is disclosed to the subrecipients at the time of award of funds.

View of Responsible Official and Planned Corrective Actions:

SACOG concurs with the audit finding and recommendation. SACOG has implemented policies and procedures to ensure that all the necessary information required by OMB Circular A-133 is disclosed to the subrecipients at the time of the award of the funds.

FINDING 2011-02

Program: Transit Services Programs Cluster

CFDA No.: 20.516 and 20.521

Federal Grantor: US Department of Transportation

Award Year: FY 2010-2011

Compliance Requirement: Subrecipient Monitoring

Criteria:

The *March 2011 OMB Circular A-133 Compliance Supplement* requires Federal agencies to require recipients to identify to each subrecipient, and document at the time of subaward, CFDA title and number; award name and number; if the award is research and development; and the name of the Federal awarding agency and applicable compliance requirements.

Condition Found:

Instance of Non-Compliance - As a result of our audit of subrecipient contracts we noted for 3 of the 3 subrecipient contracts tested, SACOG did not communicate the CFDA title and number to the subrecipients.

Questioned Costs:

No questioned costs were identified as a result of the procedures performed.

Context:

The contracts made with subrecipients do not specifically identify all of the required elements as required by OMB Circular A-133. The Council must identify to each subrecipient and document at the time of the subaward, CFDA title and number; award name and number; if the award is research and development; and the name of the Federal awarding agency and applicable compliance requirements.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Effect:

Not properly disclosing the Federal award number and CFDA title and number, at the time of subaward to subrecipients could increase the risk of the subrecipients not knowing the Federal nature of their funding; and other related compliance requirements such as performing the Single Audit.

Cause:

SACOG did not maintain procedures to ensure that the Federal award number and CFDA title and number, to the subrecipients at the time of award.

Recommendation:

We recommend SACOG to implement policies and procedures to ensure that the necessary information required by OMB Circular A-133 is disclosed to the subrecipients at the time of award of funds.

View of Responsible Official and Planned Corrective Actions:

SACOG concurs with the audit finding and recommendation. SACOG has implemented policies and procedures to ensure that all the necessary information required by OMB Circular A-133 is disclosed to the subrecipients at the time of the award of the funds. SACOG information did not reflect the CFDA number, but did reflect FTA and JARC or New Freedom language, but not in the exact format required by the OMB Circular.

FINDING 2011-03

Program: Transit Services Program Cluster

CFDA No.: 20.516 and 20.521

Federal Grantor: US Department of Transportation

Award Year: FY 2010-2011

Compliance Requirement: Reporting

Criteria:

The *Federal Funding Accountability and Transparency Act* requires prime awardees awarded a Federal contract to file a Federal Funding Accountability and Transparency Act (FFATA) subaward report by the end of the month following the month in which the prime awardees awards any subaward greater than \$25,000 on or after October 1, 2010.

Condition Found:

Significant Deficiency, Instance of Non-Compliance - As a result of our audit of reporting requirements we noted for 1 out of 1 subrecipient award tested with FFATA requirements, SACOG awarded a subaward, effective October 1, 2010 for \$125,000. SACOG had not filed a Federal Funding Accountability and Transparency Act subaward report at the time of the audit.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Questioned Costs:

No questioned costs were identified as a result of the procedures performed.

Context:

SACOG did not report on Federal subawards made greater than \$25,000 as required by The Federal Funding Accountability and Transparency Act. SACOG is required to file a Federal Funding Accountability and Transparency Act subaward report by the end of the month following the month in which they are the prime awardees granting a subaward greater than \$25,000.

Effect:

Not properly reporting the Federal subawards under the Federal Funding Accountability and Transparency Act prevents SACOG from being in compliance with OMB reporting requirements.

Cause:

SACOG did not maintain procedures to ensure that the reporting requirements related to Federal subawards greater than \$25,000 were met.

Recommendation:

We recommend SACOG to implement policies and procedures to ensure that the necessary information required by the Federal Funding Accountability and Transparency Act is reported accurately and timely.

View of Responsible Official and Planned Corrective Actions:

SACOG concurs with the audit finding and recommendation. SACOG has implemented policies and procedures to ensure that all the necessary information required by the Federal Funding Accountability and Transparency Act is acted upon with the reporting timeframes.

FINDING 2011-04

Program: Sustainable Communities Regional Planning Grant Program

CFDA No. 14.703

Federal Grantor: US Department of Housing and Urban Development

Award Year: FY 2010-2011

Compliance Requirement: Subrecipient Monitoring

Criteria:

The *March 2011 OMB Circular A-133 Compliance Supplement* requires Federal agencies to require recipients to identify to each subrecipient, and document at the time of subaward, CFDA title and number; award name and number; if the award is research and development; and the name of the Federal awarding agency and applicable compliance requirements.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Condition Found:

Instance of Non-Compliance - As a result of our audit of subrecipient contracts we noted for 2 of the 2 subrecipient contracts tested, the Council did not communicate the CFDA title and number to the subrecipients.

Questioned Costs:

No questioned costs were identified as a result of the procedures performed.

Context:

The contracts made with subrecipients do not specifically identify all of the required elements as required by OMB Circular A-133. The Council must identify to each subrecipient and document at the time of the subaward, CFDA title and number; award name and number; if the award is research and development; and the name of the Federal awarding agency and applicable compliance requirements.

Effect:

Not properly disclosing the Federal award number and CFDA title and number, at the time of subaward to subrecipients could increase the risk of the subrecipients not knowing the Federal nature of their funding; and other related compliance requirements such as performing the Single Audit.

Cause:

SACOG did not maintain procedures to ensure that the Federal award number and CFDA title and number, to the subrecipients at the time of award.

Recommendation:

We recommend the Council implement policies and procedures to ensure that the necessary information required by OMB Circular A-133 is disclosed to the subrecipients at the time of award of funds.

View of Responsible Official and Planned Corrective Actions:

SACOG concurs with the audit finding and recommendation. SACOG has implemented policies and procedures to ensure that all the necessary information required by OMB Circular A-133 is disclosed to the subrecipients at the time of the award of the funds. Although the subrecipient agreements did refer to the federal grants, they did not include the CFDA number, and the federal grant information was not in the exact format required by the OMB Circular.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2011-05

Program: Sustainable Communities Regional Planning Grant Program

CFDA No.: 14.703

Federal Grantor: US Department of Housing and Urban Development

Award Year: FY 2010-2011

Compliance Requirement: Reporting

Criteria:

The *Federal Funding Accountability and Transparency Act* requires prime awardees awarded a Federal contract to file a Federal Funding Accountability and Transparency Act (FFATA) subaward report by the end of the month following the month in which the prime awardees awards any subaward greater than \$25,000 on or after October 1, 2010.

Condition Found:

Significant Deficiency, Instance of Non-Compliance - As a result of our audit of reporting requirements we noted for 3 of the 3 subrecipient awards tested, SACOG awarded subawards effective after October 1, 2010 for amounts greater than \$25,000. SACOG had not filed a Federal Funding Accountability and Transparency Act subaward report at the time of the audit.

Questioned Costs:

No questioned costs were identified as a result of the procedures performed.

Context:

The contracts made with subrecipients do not specifically identify all of the required elements as required by OMB Circular A-133. The Council must identify to each subrecipient and document at the time of the subaward, CFDA title and number; award name and number; if the award is research and development; and the name of the Federal awarding agency and applicable compliance requirements.

Effect:

Not properly reporting the Federal subawards under the Federal Funding Accountability and Transparency Act prevents SACOG from being in compliance with OMB reporting requirements.

Cause:

SACOG did not maintain procedures to ensure that the reporting requirements related to Federal subawards greater than \$25,000 were met.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Recommendation:

We recommend SACOG to implement policies and procedures to ensure that the necessary information required by the Federal Funding Accountability and Transparency Act is reported accurately and timely.

View of Responsible Official and Planned Corrective Actions:

It should be noted that this was a new program for U.S. Department of Housing and Urban Development (HUD) in FY 10-11, and SACOG could not have timely input the required information into the Federal Funding Accountability and Transparency Act (FFATA) system. HUD is responsible for reporting prime award information in the Federal Assistance Awards Data System, relating to the FFATA, and HUD did not input prime award information into the FFATA reporting system for SACOG until December 20, 2011, well after the required 30-day period after the award in January 2011. Nevertheless, SACOG has policies and procedures to ensure that all the necessary information required by the FFATA is acted upon with the reporting timeframes.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011**

None reported.

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 region-wide 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 completed the Blueprint Project which links transportation and land development more closely.

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