COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR 2014–15

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

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Phil Serna (Vice Chair), Sacramento County

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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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www.sacog.org

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
1415 L Street, Suite 300
Sacramento, California 95814

Prepared by:
Finance Department
Stacy Niccum, Finance Manager

Sacramento Area Council of Governments

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Sacramento Area Council of Governments

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February 22, 2016

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, 2015.

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, 2015, are

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

free of 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 unmodified (clean) opinion that the basic financial statements of SACOG for the fiscal year ended June 30, 2015, 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 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 & Natural Resources; and Transportation. The SACOG Board of Directors also meets as the Board of Directors for Capitol Valley SAFE; and the Airport Land Use Commission (ALUC) for Sacramento, Sutter, Yolo and Yuba counties. The Government Relations & Public Affairs Committee meets 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 budget that contains the costs related to the Board of Directors and Advocacy, capital 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 OWP budget, 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 preliminary budget is presented in March, with final approval in May or June, 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 48th in acreage, ahead of Connecticut, Rhode Island, and Delaware, and 36th 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), from which SACOG receives an administrative and a transportation-planning fee. SACOG also has agreements with the transportation planning agencies in El Dorado and Placer counties to designate a portion of their LTF revenues in return for the transportation planning SACOG performs on their behalf.

In December 2015, President Obama signed into law the FAST Act, a five year federal transportation reauthorization bill that succeeds Moving Ahead for Progress in the 21st Century (MAP-21). The FAST Act maintained funding programs that SACOG relies on and provided a one-time increase in 2016, followed by inflationary increases in the final four years of the law. Funds from federal agencies are primarily determined by formula and subject to Congressional appropriation.

Notwithstanding the overall positive fiscal health of the State of California, state funding for transportation is flat or declining, which puts pressure on cities and counties to maintain existing infrastructure.

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. However, the risk is much lower than it was historically. Proposition 25 passed in 2010, which now requires only a simple majority of the state legislature to approve the budget. Since its passage, the legislature has approved the budget on time every year.

In January 2016, the Sacramento Business Review reported that the Sacramento region has finally recovered all the jobs that were lost in the great recession. However, the negative side to this is the job recovery has occurred through jobs that are traditionally filled by unskilled and lower-wage labor. The sources of the region's job growth have shifted from segments that have traditionally been associated with skilled labor and higher wages, such as Manufacturing, Healthcare, and Finance, to segments that are less so, such as Retail and Leisure.

The Sacramento Region was compared to 17 different regional economies across the Western United States to understand the recovery process on a relative basis. Unfortunately, the Sacramento region ranks near the bottom in almost every category. Despite the recovery of jobs, the region still has the fourth highest unemployment at 5.5%, trailing behind Reno, Bakersfield, and Fresno. The latter reaching an unemployment rate of 9.2%. Job growth in the region has been unbalanced, with only Retail and Leisure seeing large spikes at 6,100 jobs, a 4.1% change, and 11,200 jobs, a 12.3% changes respectively. Although not with major changes, there are additional markets that experienced job growth from the previous year. Healthcare increased by 300 jobs, showing a 0.2% change. Finance and Education, both increased by 700 jobs each, showing a 1.4% and 0.5% change respectively. Professional Services added 1200 new jobs, showing a 1.2% change. Construction gained 2,000 jobs, a 4.3% change. Government grew by 2,400 jobs, a 1.0% change. The only market that declined was manufacturing, losing 200 jobs and marking a -0.6% change.

In order to accurately assess the health of the regional labor market, it is important to understand the rate and sources of job creation. Sacramento's labor force growth has been stagnant as net job creation has been negligible. Despite a strong small business sector, the region is still in need of large employers. With increase of lower wage and unskilled labor, it is to no surprise that the average hourly earnings (AHE) in the region is less in comparison to peer regions. Comparatively, Reno has seen a large amount of economic activity and has the highest AHE amongst the 17 regions. Despite the region's low AHE, it is doing well in the category of median household income, coming in at $50,000 per household. This is likely due to being located in a higher-cost state, where the labor force is more expensive to employ.

Despite the job recovery that the region has experienced, the underlying markets have unfortunately not changed much, and actually might have slightly deteriorated in comparison to the previous year. The Sacramento region has many attractive qualities that are desirable to broader employer based companies and organizations, but until this market grows, projections for 2016 include moderate job growth and unemployment to stabilize.

Major Initiatives during the Year

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

SACOG worked on research, modeling and analysis, and outreach related to the 2016 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) update. An MTP/SCS is a required project for Metropolitan Planning Organizations (MPOs) every four years. The 2016 MTP/SCS update is an implementation-focused update that builds upon the current MTP/SCS that was adopted in 2012. The 2016 MTP/SCS is scheduled to be adopted in February 2016.

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.

Staff continued work on the Rural-Urban Connections Strategy (RUCS). 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 has received two grants from the California Strategic Growth Council, a partnership between state agencies, to advance the RUCS project.

Those grants resulted in an economic analysis of the viability of food hubs that would function as an aggregation and processing point for locally grown food. The analysis showed that a prototypical hub could be economically viable at wholesale prices and could be an important part of expanding a local food system beyond farmers markets, community supported agriculture and a few restaurants, which in total make up less than two percent of food consumption in the region. Given the growing demand for locally grown food, particularly by institutions such as schools and hospitals, this report is an important foundation for efforts to capitalize on these new market opportunities.

Building from this food hub analysis, SACOG also conducted a case study for Yuba County to look at a range of agriculture opportunities for this predominately agricultural county. The scenarios SACOG tested looked at a range of possible future market and production conditions, including expanded specialty crop production for a food hub. The scenarios help demonstrate how important metrics such as water demand, labor demand, trucking and economic viability change as cropping patterns change. The report also reinforces that importance of food hubs and the role they can play in creating new market opportunities for growers.

SACOG also completed a case study that examined the possible impacts from cap-and-trade requirements from AB 32, which requires Pacific Coast Producers (PCP) tomato processing facility in Woodland to invest in emissions reduction technologies or buy carbon credits. Managers at asked SACOG to look at the possible impact of these added costs, which could make PCP plant operations too expensive to continue the business. SACOG's analysis showed that continued

tomato production in Yolo County without PCP there to process those tomatoes would resulted in enough trucking to other processing facilities that emissions savings would be offset by truck emissions. The analysis also showed how cropping changes could lead to reduced emissions, but that required resources inputs or unfavorable economic outcomes would make those cropping changes challenging to implement.

Connect Card implementation is a continuing project involving the planning, procurement, and deployment of a regional electronic transit fare system. The new system is expected to simplify and integrate transit operations, improve system connectivity, contribute to regional air quality goals, and increase transit ridership. The primary activities this year were system testing and software development. A pilot test was conducted in the spring on hardware installed in the field.

Subsequently, various corrective actions were taken by the vendor as well as additional development for website and customer hardware. The year ended with a full system integration test. A second pilot and full deployment is anticipated for the spring of 2016.

The 511/STARNET Capital Improvement project completed all developmental work and the contract was closed out. As the project deliverables continue to gain regional interest and provide services, it has become more focused on operations and maintenance. The project provides real-time sharing of data and video feeds, and has facilitated the refinement of joint procedures for operations of roadways and public transportation safety activities. The project is providing timely and accurate multi-modal information for travelers via the region's 511 website, smart phone apps, and interactive phone services. Customization of routes, which when completed on the website, allows users to control information provided by the telephone system.

The SACOG Board of Directors adopted the regional PEV Readiness and Infrastructure plan in December 2013. Since then, staff has been working on implementing the infrastructure plan. This has included work on siting PEV charging equipment, purchasing and installing chargers through a California Energy Commission grant, and updating the TakeChargeSac.org website. SACOG staff has worked with the local civic technology sector to create a smartphone application that PEV drivers can use to identify preferred charging locations. Data from this tool will be used in conjunction with SACOG's modeling data to identify priority charging stations locations throughout the region.

SACOG has been working with the City of West Sacramento and Code for America (CfA) on a project looking at access to local food. The CfA Fellows spent several months figuring out how residents of West Sacramento can gain access to local healthy food, and how growers can easily identify local markets and connect with their community. After working with city staff, community members, and growers, the Fellows began using their expertise to design and create an application that could be used. The final product will be showcased in September at the annual CfA Symposium.

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

SACOG also administers programs that allocate flexible federal funds to regional jurisdictions for capital projects. These projects are anticipated to be under construction between 2012 and 2017. Local governments obtain their federal funds by seeking reimbursement directly from Caltrans.

SACOG also administers many pass-through grants on behalf our member jurisdictions and local transit agencies.

This is 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, which preserves the quality of life in the region.

Financial Information

The government-wide financial statements for this year include for the first time the effects of the implementation of the Governmental Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statements No. 27*. issued June 2012. The provisions of Statement 68 were effective as of July 1, 2014.

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This new pension reporting only impacts the Government Wide financial statement reporting. Essentially, a long term pension liability (with related Deferred Inflows and Deferred Outflows) now appears in the Statement of Net Position. Since these amounts are of a long term nature, they are not reflected in SACOG Planning Fund's Fund Financial Statements or in the Planning Funds Administration Budget to Actual financial statement. See the Notes to the Financial Statement for more detail on this and the prior period adjustment to record the pension liability.

The Planning and Administration Fund is where the majority of SACOG's operational activities are recorded (except for GASB Statement No. 68 Pension entries and other long term amounts). The final combined budgets of the Planning and Administration Fund, Board and Advocacy Fund, and SACOG Managed Fund was a negative $2,103,858. The total actual change in the calculation of the combined balance was a decrease of $482,379 for the year, per the Statement of Revenues, Expenditures, and Changes in Fund Balance–Budget to Actual.

The decrease of $482,379 is a combination of four activities:

- The SACOG Managed fund decreased by $647,705 for expenditures to grant recipients.
- The Board and Advocacy fund balance decreased by $139,260, as expenditures exceeded the annual member assessments.

- The Planning and Administration fund increased by $282,086, because SACOG staff was able to work on specific grant funded projects; so SACOG did not need to use all of its annual TDA planning funds.

- The GIS fund balance increased by $22,500 as additional revenues were received during the year and there were no GIS expenditures.

SACOG Planning and Administration Fund operations can be impacted by 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 and under-absorption of indirect expenses in the current year, and revenues collected and reported as revenue in the current year with related expenditures occurring in future years. The Planning and Administration Fund activities encompass the many projects and programs for which SACOG is responsible. The SACOG Managed Fund activity is accounted for separately within the Planning and Administration Fund.

The SACOG Financing Corporation had a small decrease in fund balance due to a prior year over-allocation of interest income by Sacramento County. The Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Special Revenue Fund received $10.8 million vs $170,197 and expenditures to grantees were $9.4 million compared to $10.9 million last year. The annual PTMISEA funding is volatile and depends on different factors. The STA revenue decreased by $775,370 (5 percent). All four of the Local Transportation Funds (LTFs) had increased sales tax revenue as compared to last year. Payments to jurisdictions were higher also, as more funds were available for distribution.

The Sacramento Emergency Clean Air and Transportation Program (SECAT) Special Revenue Fund, supported by TCRP funding, was designed to fund inefficient engine replacements in order to reduce the nitrogen oxide emissions in the area. Program funds are zero; however, refunds of prior expenditures continue to come to SACOG, and Caltrans has requested that the refunds be returned to them directly.

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. The original Capitol Valley SAFE budget had projected excess revenues over expenditures, but some expenses did not occur as planned. As a result, the actual fund balance increased by $255,119.

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 auditors' 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

STACY NICCUM
Finance

Manager Special acknowledgement goes to:
Kirk Trost, Chief Operating Officer & General Counsel
Matt Carpenter, Director of Transportation Services
Erik Johnson, Manager of Policy & Administration
Jeri Krajewski, Accountant
Jeff Brown, Accountant
Debra Overton, Accounting Specialist
Scott Overton, Administrative Assistant I

MANAGEMENT TEAMS

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Erik Johnson
Kacey Lizon
Mike McKeever
Rebecca Sloan
Kirk Trost

Operations
Matt Carpenter
Monica Hernandez
Erik Johnson
Kacey Lizon
Stacy Niccum
Kirk Trost

PROJECT TEAMS

511/STARNET
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Stacy Niccum

Active Transportation
Lacey Symons-Holtzen

Airport Land Use Commission
Greg Chew

Climate and Energy
Raef Porter

Connect Card

Education and Outreach
Monica Hernandez

Government Affairs
Erik Johnson

Housing
Greg Chew

Member and Shared Services
Rebecca Sloan

Model Development
Bruce Griesenbeck

Metropolitan Transportation Improvement Program (MTIP)
José Luis Cáceres

Metropolitan Transportation Plan/ Sustainable Communities Strategy
Kacey Lizon

Performance Monitoring
Joe Concannon

Planning Tools
Raef Porter

Programming and Project Delivery
Renée DeVere-Oki

Regional Air Quality Planning
Renée DeVere-Oki

Road/Highway/Bridge Planning
Sam Shelton

Rural-Urban Connections Strategy (RUCS)
David Shabazian

Service Authority for Freeways and Expressways (SAFE)
Mark Heiman

Short Range Transit Plans
Sharon Sprowls

Transportation Development Act (TDA)

Transportation Demand Management
Sabrina Bradbury

Transit Planning and Funding
Azadeh Doherty and Sharon Sprowls

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statement of the governmental activities and each major fund of the Sacramento Area Council of Governments (SACOG), and the related notes to the financial statements, which collectively comprise SACOG's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the 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 38 percent, 29 percent, and 74 percent, respectively, of the assets, net position, and revenues of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for 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, is based solely on the report 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 required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

2151 River Plaza Drive, Suite 308 Sacramento, CA 95833 Tel: 916.570.1880 www.vtdcpa.com Fax: 916.570.1875

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of SACOG as of June 30, 2015, 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 accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, SACOG adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB 68*, effective July 1, 2014. Our opinion is not modified with respect to this matter.

***Other* Matters**

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions and the schedule of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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, supplementary information and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2016, 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 described the scope of our testing of internal control over financial reporting and compliance and that results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SACOG's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
February 22, 2016

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, 2015. 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 update of the 2016 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) was a major focus of the year. This plan covers the six-county region.

Metropolitan Planning Organizations (MPOs) are required to prepare a new MTP every four years. The Board of Directors adopted the last MTP/SCS in April 2012, and work began in 2014 to develop the next MTP/SCS, which is projected to be adopted in early 2016. In 2008, 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, streamlined environmental review under CEQA, and greenhouse gas emission reductions. With respect to the latter, the MTP/SCS forecasts greenhouse gas emission reductions of 10 percent by 2020 and 16 percent by 2035, if the MTP/SCS is implemented.

The work on the 2016 MTP/SCS update over the year has been focused on technical analysis and research to inform the transportation project list and land use forecast, which together with the policies and strategies are the technical assumptions of the plan. Three transportation and land use scenarios were created and analyzed. The analysis was used to inform public workshops and outreach that was conducted in accordance with SACOG's adopted Public Participation Plan. In addition to the scenarios, analysis around the timing of a number of transportation projects was also completed. Together, the public outreach, scenario development and analysis and transportation project analysis led to development of a Draft Preferred Scenario that was endorsed by the Board in April 2015. This Preferred Scenario was used to update the 2016 MTP/SCS and conducted the environmental impact analysis on the plan (pursuant to CEQA).

Rural-Urban Connections Strategy (RUCS) work continues. 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.

The Connect Card implementation continues, with full system application expected in 2016. 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. The project involves the implementation planning, procurement, and deployment of a regional universal transit fare card system.

The 511/STARNET Capital Improvement project completed all developmental work as was anticipated by June 30, 2015, and has now moved into an operations and maintenance phase. The project enables 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 provides more timely and accurate information for travelers via the region's 511 website and interactive phone services.

SACOG's work in Plug-In Electric Vehicle planning continues, with work between various local jurisdictions in order to plan for plug-in electric vehicle infrastructure around California. These efforts will continue into the next year.

The Sacramento Emergency Clean Air and Transportation (SECAT) program continues to provide for the retrofitting of diesel engines with cleaner, fuel-efficient engines.

SACOG's Project Delivery/Programming Team administers the program that approves federal funds to regional jurisdictions for capital types of projects. SACOG also administers many pass-through grants on behalf our member jurisdictions, and local transit agencies.

Financial Highlights

The overall net position of SACOG is $43,636,986, which is a decrease of $9,929,726 compared to June 30, 2014.

The decrease is primarily attributable to at $10.5 million prior period adjustment to the governmental activities for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. For the first time, The Statement of Net Position (under the noncurrent section), includes a liability amount of $8.9 million for the net pension liability. Also included are Deferred Outflows and Deferred Inflows of resources related to pensions. See Notes to the Financial Statements for more information.

The Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) fund accounts for the activities related the bond proceeds from the State of California's Proposition 1B to fund transportation/transit projects. The PTMISEA fund balance increased $1.3 million from last year. The PTMISEA fund received $10.9 million compared to $170,197 last year and payments to grantees were $9.4 million compared to $10.9 million last year. The annual funding is volatile and depends on different factors.

The combined four LTFs fund balance decreased by only $1.3 million. All of the four counties had increased sales tax revenue again, over the prior year. Payments to jurisdictions also were higher, as more funds were available for distribution. Sacramento County's fund balance decreased by $0.9 million, Yolo County decreased by $1 million, Yuba County increased by $0.2 million, and Sutter County increased by $0.4 million. Fund balance changes can fluctuate from year to year depending on actual sales tax revenues received and how much of the previous fund balance was included in the annual apportionment (distribution). What each county planned to pay out of the

previous year's fund balance is often time less than originally planned due to the higher sales tax received during the year.

The STA fund balance increased by $0.5 million to $0.9 million, even though actual revenue was less than last year. Payments out to jurisdictions were about $0.9 million lower than last year because of less revenue and less allocated out for the year. This year's ending fund balance amount can be apportioned out next year.

The SACOG Planning and Administration Fund, which includes the SACOG Planning Fund, Board and Advocacy, and SACOG Managed funds, decreased $0.5 million for the year. The decrease is a combination of four operational activities. Planned expenditures to grant recipients of the SACOG Managed Fund amounted to $647,705. The Board and Advocacy fund balance decreased by $139,260, as expenditures exceeded the annual member assessments. The Planning and Administration fund increased by $0.3 million. The GIS fund balance increased by $22,500 as additional revenues were received during the year.

The SACOG Financing Corporation's fund balance decreased by $13,905 due to an over allocation of prior year interest revenue by Sacramento County. The over allocated amount is scheduled to be repaid in fiscal year 2016.

The Capitol Valley SAFE fund continues to be fiscally strong, with a reliable stream of vehicle registration revenue. The budget projected a $18,528 increase in fund balance, but the actual fund balance increased by $255,119. The difference was attributed to higher revenues approximating $125,943 and lower than expected expenditures approximating $110,648.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to SACOG's basic financial statements. SACOG's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the basic financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of SACOG's finances, in a manner similar to private-sector businesses.

The statement of net position presents information on all of SACOG's assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SACOG is improving or deteriorating.

The statement of activities presents information showing how SACOG's net position changed during the last fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods (e.g., unused vacation leave).

FUND FINANCIAL STATEMENTS

SACOG has 11 governmental funds used to account for the activities supported by grants, sales taxes, intergovernmental revenues, member assessments, charges for services, administrative 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 separate annual budgets for the Planning and Administration Fund and the Board and Advocacy Fund, the latter of which is accounted for separately within the Planning and Administration Fund. The Board of Directors also adopts a separate capital budget. Much of the Planning and Administration fund budget is formulated through the OWP to comply with state and federal grant budgeting requirements. The OWP identifies the revenue sources and planned program expenditures for each of the project elements. The California Department of Transportation (Caltrans), Federal Highway Administration, and Federal Transit Administration also review and approve the OWP.

The SECAT and PTMISEA funds do not have annual budgets, as they are grant funded and used only for their ongoing specific programs. 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 necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages A-31 through A-59 of this report.

Government-Wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator or a government's financial position. In the case of SACOG, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $43,636,986, at the close of the most recent fiscal year.

CONDENSED STATEMENT OF NET POSITION
For the Years Ended June 30, 2015 and 2014

	Governmental Activities		
	2015	2014	Increase (Decrease)
ASSETS			
Current and other assets	$ 75,478,636	$ 78,792,375	$ (3,313,739)
Capital Assets	174,906	148,847	26,059
Total Assets	75,653,542	78,941,222	(3,287,680)
DEFERRED OUTFLOWS			
Deferred outflows related to pensions	1,114,411	-	1,114,411
LIABILITIES			
Other Liabilities	20,517,038	24,177,543	(3,660,505)
Long Term Liabilities	10,120,367	1,196,967	8,923,400
Total Liabilities	30,637,405	25,374,510	5,262,895
DEFERRED INFLOWS			
Deferred inflows related to pensions	2,493,562	-	2,493,562
NET POSITION			
Net Investment in Capital Assets	174,906	148,847	26,059
Restricted:			
Transportation Projects	700,946	917,880	(216,934)
Transportation Claimants	37,546,082	36,701,567	844,515
Unrestricted	5,215,052	15,798,418	(10,583,366)
Total Net Position	$ 43,636,986	$ 53,566,712	$ (9,929,726)

Total current, other assets, and capital assets decreased by $3.3 million as a result of the following significant activity that occurred in each of SACOG's major funds:

- The combined assets of the four LTFs, decreased by $2.8 million for the year. Balances can fluctuate, depending on when reimbursement claims are submitted and paid. Yolo County had the largest decrease of $2.3 million followed by Sutter County at $553,000. Both Sacramento County and Yuba County had minor increases.

- The SACOG Planning and Administration assets decreased by $2.2 million, primarily because Due from other Governments was lower than last year at this time.

- The PTMISEA fund assets increased by $1.5 million to $20.7 million at year-end, as actual revenues for 2015 were higher than last year.

- Capitol Valley SAFE's assets were higher by $160,149. This is a combination of increased revenues of $125,943 and lower than expected expenses totaling $110,648.

Total capital assets increased by $26,056 due to additions of $75,716 and deletions of $55,655. Depreciation expense was $49,660 for the year.

Deferred outflows related to pensions and amortization was $1,114,411 and is the result of the implementation of GASB 68.

Total liabilities increased by $5.3 million due to the following significant activity:

Other Liabilities decreased by $3.7 million due to:

- The Planning and Administration Fund Liabilities decreased by $1.8 million.

- Liabilities for the combined four LTFs decreased by $1.5 million for the year. The largest decrease was for Yolo County by $1.4 million followed by Sutter County at $918,249, and Sutter County increased by at $898,131. Sacramento County increased by $898,131. Liabilities can fluctuate if jurisdictions do not file timely claims to receive their LTF monies.

- Liabilities for the STA fund decreased by $606,464. This balance typically varies from year to year depending on when claim requests are submitted.

Long Term Liabilities increased by $8.9 million due to the implementation of GASB 68, and the recognition of SACOG's net pension liability.

Deferred inflows related to pension is $2,493,562, and is the result of the implementation of GASB 68. This is from the GASB Statement No. 68 Pension adjustment calculation for 2015. GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", revises the treatment of a variety of transaction previously reported as either assets or liabilities on the statement of financial position to a classification as either deferred outflows/inflow of resources or recognition as revenue for expense.

Net Position decreased by $9.9 million as result of:

- Net Investment in Capital Assets increased by $26,056, primarily due to asset additions of $75,716 offset by current year depreciation and asset deletions.

- Restricted net position for Transportation Projects decreased by $216,934 to $700,946. This balance represents revenues received during the year (or in past years) that were

recognized as revenue; however, no offsetting costs were incurred during year. As a result, the on-going balance is shown as restricted net position, to be used to fund future expenses for these specific grants.

- Restricted Transportation Claimants net position, increased by $844,515. This category includes PTMISEA, STA, the Four LTF Funds, Capitol Valley SAFE and Glenn SAFE. Six of the funds had increases in their restricted balances, with the largest being PTMISEA at $1.3 million, followed by STA at $564,236. Largest decrease was the Yolo County LTF decreasing by $990,305.

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- Unrestricted net position decreased by $10.6 million to $5.2 million. This decrease is due to the implementation of GASB 68 in the current year and the recording of SACOG's net pension liability.

CONDENSED STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2015 and 2014

	Governmental Activities		
	2015	2014	Increase (Decrease)
Revenues			
Program Revenues:			
Charges for services	$ 2,944,251	$ 2,724,330	$ 219,921
Operating Grants and contributions	26,601,357	22,180,934	4,420,423
General revenues:			
State shared revenue - sales /use tax	82,089,764	79,607,818	2,481,946
Investment earnings	(49,608)	81,680	(131,288)
Other and In-Kind	58,562	687,141	(628,579)
Total Revenues	$ 111,644,326	$ 105,281,903	$ 6,362,423
Expenses			
Planning and Administration	19,462,387	23,478,952	(4,016,565)
Transportation Claimants	80,040,856	82,519,242	(2,478,386)
PTMISEA	9,424,005	10,872,693	(1,448,688)
Capitol Valley Regional SAFE	2,091,288	1,955,345	135,943
Glenn County SAFE	16,712	23,781	(7,069)
Total expenses	111,035,248	118,850,013	(7,814,765)
Change in Net Position	609,078	(13,568,110)	14,177,188
Net- Position Beginning (as restated)	43,027,908	67,134,822	(24,106,914)
Net - Position Ending	$ 43,636,986	$ 53,566,712	$ (9,929,726)

Total revenue increased by $6.4 million as a result of the following significant activity:

- Operating Grants and Contributions revenue reflects a net increase of $4.4 million, primarily due to PTMISEA revenue increasing by $10.6 million over last year.

PTMISEA funding this year was $10.8 million compared to $170,197 last year. PTMISEA funding can vary significantly, and is dependent on state bond sales, which can vary from year to year, depending on the state's financial circumstances. The PTMISEA increase was offset by decrease of $6.1 million in revenue reimbursements from the Planning and Administration Fund. SACOG operations are typically reimbursement based, but revenues and expenditures can fluctuate from year to year, depending on what projects are completed by staff, and the dollar amount of pass-through project activity that SACOG manages/oversees for the year

- State Shared Revenue – Sales and Use Tax (which includes STA and the four LTF Funds) increased by $2.5 million. All LTF funds had higher sales tax revenues over the prior year. The Sacramento County LTF sales tax revenue increased by $2.7 million (3.4 percent), Yolo County LTF sales tax revenue increased by $220,491 (2.3 percent), Sutter County LTF sales tax revenue increased by $191,051 (5.2 percent), and Yuba County LTF sales tax revenue increased by $129,853 (10.9 percent). STA sales tax revenues decreased by $775,370 (5.4 percent).

- Other and In-kind revenue decreased by $628,579, due to a change of accounting treatment in the recording of In-kind revenue and the off setting In-kind expense.

Total expenses decreased by $7.8 million based on the following significant activity:

- Planning and Administration expenses decreased by $4 million over last year. Expenses 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.

- Transportation claimants' expenses for STA and the four LTF funds increased by $0.3 million.

- PTMISEA expenses decreased by $1.4 million as a result of lower reimbursement requests. Both revenue and expenses can fluctuate from year to year, depending on the State of California's ability to sell bonds, and the grantees' ability to complete their approved projects and request reimbursement.

Fund Financial Statement Analysis

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

PLANNING AND ADMINISTRATION

The Planning and Administration Fund's fund balance decreased by $482,379 for the year. The decrease is a combination of four component activities within the four sections of the fund:

(Restricted, Committed, Assigned, and Unassigned). The final budget projection was for a $2,103,858 decrease, so the difference between actual and budget was $1,621,479 to the positive.

Restricted fund balance for Transportation Projects decreased by $216,934 to $700,946. The decrease represents expenses incurred in the current year that had the related specific income recognized in a prior year, offset by any new revenues recognized in the current year with no offsetting expenses this year.

Committed Fund balance decreased by $139,260 for use of Board and Advocacy reserve during the year. It also decreased because of SACOG Managed Fund activity. The net decrease is $459,176, which is a combination of two actions: During the year actual SACOG Managed Fund expenditures to grantees was $647,705 causing committed fund balance to decrease. Additional commitments to projects (which increases committed fund balance) were $188,529, netting to the $459,176 decrease.

Assigned Fund balance increased by $22,500 from revenues added to the GIS Recipients Fund.

Unassigned Fund balance remained flat compared to last year.

SACOG's operations are primarily reimbursement based due to its funding structure. Typically, expenditures drive the offsetting revenues, which in most cases results in a net zero effect of fund balance. However, the final year end results can be impacted by the accounting requirement to recognize certain specific grant revenues even there may not be offsetting grant expenditures in the current year.

Changes in fund balance can also depend on whether SACOG's annual source of local funds (TDA funds for planning and administration) is fully utilized, either as a match for federal grants and/or used to overmatch project costs, if deemed necessary to meet the project deliverables. The use of Unassigned fund balance can occur when SACOG uses more than its annual stream of TDA funding and dips into its cash reserves to cover operating costs. SACOG also tracks other Committed and Assigned reserve activities, which typically don't have a budget, like the SACOG Managed Fund and the GIS Recipient's reserve.

The final approved combined budgets for the Planning and Administration Fund and the Board and Advocacy Fund projected a use of reserves in the amount of $2,103,858. Actual fund balance decreased by $482,379 as explained in the bullet points above.

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 $3,881,029 at June 30, 2015.

Activity during the year consisted of the receipt of interest earnings; and an adjustment in the current year interest earnings number due to an over allocation of prior year interest revenue by Sacramento County. Over allocated interest is scheduled to be repaid in fiscal year 2016.

In 2006, the Board of Directors assigned amounts in the SACOG Financing Corporation for the potential funding of retiree health benefits. At the time, the Board noted that its actions 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.

SACRAMENTO EMERGENCY CLEAN AIR AND TRANSPORTATION PROGRAM (SECAT)

SECAT is in its 15th 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 nitrogen oxide (NOx) emissions in the region. SACOG had planned to close this fund in FY 2012-13; however, it continues to receive refunds from monies not fully utilized by the engine owners. Caltrans has directed SACOG to return these refunds to Caltrans as the administrator of the original TCRP program. SACOG is complying with the request.

During the year, more refunds and interest were received by SACOG, and the ending cash balance was $183,412, which was $151,471 higher than last year. Almost the entire amount will be paid to Caltrans.

PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT & SERVICE ENHANCEMENT ACCOUNT (PTMISEA)

The amount awarded to the PTMISEA program, now in its seventh year, was $10,780,660. Last year the program was awarded $170,197, and previous to that it was $27.7 million. The amount awarded can fluctuate dramatically from year to year. Amounts awarded are impacted by the State of California's ability to sell bonds for this program and grant requests.

Current year expenditures were $9.4 million compared to $10.9 million last year, a difference of $1.5 million. Expenditure can vary with grant reimbursement requests submitted by grantees. The SACOG Board of Directors approves all projects that receive PTMISEA funds.

There was also an adjustment in the current year interest earnings number due to a mistake by Sacramento County in computing previous interest (over a multi-year period). Sacramento County made SACOG aware of this mistake during 2014, with the stipulation that the overpayments of interest be paid back in 2016. The overpayment amount was recorded this year, and that is why interest income is a negative balance for the year, at ($54,063).

A portion of Due to other Governments liability balance ($56,420) is for the repayment of these funds. Cash balance at year-end is $20.7 versus $19.2 million last year.

The Due to other Governments liability decreased by $1,051,266 to $1,072,295 at year-end. This number can vary from year to year and is dependent on jurisdictions filing time claims so they can be paid by June 30 of each year.

Project expenditures included the Civil Track Structures, Connect Card Implementation, Downtown/Riverfront Streetcar, Southline SSCP2-Long Lead items, Commuter Bus Fleet Replacements, and Transit Facility Improvements. More detail on the expenditures can be found in the Note N section of the Notes to Basic Financial Statements.

STATE TRANSIT ASSISTANCE FUNDS (STA)

The State Transit Assistance fund was created under the Transportation Development Act (TDA) to provide funding for transportation planning, public transportation, and community transit purposes as specified by the legislature. The money is appropriated to the State Controller's Office and is then "allocated" by formula to each designated regional planning and programming agency. SACOG is responsible for the "allocation" of the STA Fund monies to the transit operators and claimants within its region.

Sales and use tax Revenues decreased by $775,370 (5%), after three straight years of annual increases. Total sales and use revenue for the year was $13,590,043.

The FY 2014-15 expenditure allocation was $13,027,713 which was a $916,093 (7%) decrease from the previous year.

Fund Balance, which usually represents cumulated unapportioned amounts, ended at $915,777 which was an increase of $564,236. The actual sales and use revenue for the year (which can be uncertain) exceeded expectations by $564,236, which increased the fund balance. This unallocated fund balance can be apportioned out next year. As always, this balance is dependent on timely claim request by jurisdictions, payment of the quarterly sales tax to SACOG by the State of California, and timely payments from SACOG for approved claims.

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. The Findings of apportionment, sometimes called findings or apportionment, is the annual process by which each county estimates its sales tax revenues, its use of prior year fund balance, and corresponding estimating disbursements to its local agencies, in a formalized process, that includes SACOG. This is formalized in February of each year, for the next fiscal year, by an action of the SACOG Board. SACOG is responsible for the administration of the LTFs to these counties. The counties can amend their findings of apportionment through SACOG's board approval process.

COUNTY OF SACRAMENTO LOCAL TRANSPORTATION FUND

Sales tax Revenue increased for the fifth year in row. This year's actual sales tax revenue increased by $2,715,921 (5%) to $53.6 million for the year. The previous year increase was $1,672,515 (3%), totaling $50.9 million. The final sales tax estimate for the apportionment (after two revisions) was $52,500,000. The difference between the actual sales tax revenue and the projection was $1.1 million (2%) higher.

Apportionment expenditures are usually expected to increase as sales tax revenue increases. The final apportionment amount for FY 2014-15 was $52.3 million, which was $2.1 million higher than last year's apportionment. The original apportionment was for $51,778,673; however, this was amended in January 2015 to $53,078,673, and then amended again in May 2015 to $54,500,000. Each amendment increase affected the sales tax and use of prior funds numbers.

Fund Balance, which represents cumulated unapportioned amounts, ended up at $11 million, which was $.9 million lower than last year. This decrease is attributed to use of prior year unobligated funds; however, not as much was used as planned due to the additional sales tax revenues. Total expected fund balance to be used was $2 million; however, the additional sales tax revenue of $1.1 million, partially offset that leaving a use of $.9 million of fund balance.

The apportionment for the FY 2015-16 year projects $55,300,000 in sales tax revenue and zero use of the fund balance reserve. The sales tax estimate for FY 2015-16 is reasonable compared to the actual sales tax revenues for 2014-15. We can expect more revisions to the FY 2015-16 apportionment because of the high fund balance reserve number at June 30, 2015.

COUNTY OF YUBA LOCAL TRANSPORTATION FUND

Sales tax Revenues increased this year by $129,853 (11%), vs last year's revenue drop of $77,909 (which was the first revenue decrease in five years). This year sales tax revenues was $1,318,133 which was $188,133 higher than the revised findings of apportionment sales tax estimate.

Apportionment expenditures were originally projected at $1,215,415; however, that amount was revised downward in August 2014 by $86,415 by Yuba County, to $1,129,000. The current year's apportionment was $757,059 lower than last year, as most of those funds were disbursed last year.

Fund Balance, which represents cumulated unapportioned amounts, ended up at $258,426; an overall increase of $190,779. The increase was higher than expected mainly because the actual sales tax was $189,133 higher than planned, and LTF recipients were all paid their apportioned amounts during the year.

The apportionment for the FY 2015-16 year projects $1,389,060 in sales tax revenue and -0- use of the fund balance reserve. The sales tax estimate for FY 2015-16 is reasonable compared to actual sales tax revenues for FY 2014-15.

COUNTY OF SUTTER LOCAL TRANSPORTATION FUND

Sales tax Revenues increased for the seventh year in a row. This year sales tax revenues increased by $191,051 (5%) to $3.9 million for the year. The previous year increase was $121,344 (5%). The sales tax projection in the finding of apportionment was $3,583,122, so the actual sales tax revenue ended up $292,932 (8%) higher than the estimate.

The FY 2014-15 apportionment expenditure was based on a sales tax estimate of $3,583,122 and the reduction of $64,262 of fund balance, netting to approximately $3.5 million. This was $595,676 less than last year apportionment, which included a significant fund balance amount from the prior year (2013).

Fund Balance, which represents cumulated unapportioned amounts, ended up at $481,406, an increase of $364,747 from last year. This increase is primarily due to the higher actual sales tax revenue (than what was planned) of $292,932 and that the projection of a reduction of $64,362 of prior year fund balance did not materialize. The two amounts equal $357,194.

The apportionment for the FY 2015-16 year projects $3,899,986 in sales tax revenue and the use of $421,511 of the fund balance reserve. The sales tax estimate for FY 2015-16 is reasonable based on the actual sales tax revenues for FY 2014-15.

COUNTY OF YOLO LOCAL TRANSPORTATION FUND

Sales tax Revenue increased again, for the sixth straight year. This year sales tax revenues increased by $220,491 (2%) to $9.7 million for the year. The previous year increase was $336,109 (4%) for a total of $9.5 million.

Apportionment expenditures increased by $440,885 (4%) over last year, to $10.7 million. The apportionment amount was based on a sales tax estimate of $9,690,101 and the use of accumulated fund balance of $996,343 million totaling $10,686,141 million.

Fund Balance, which represents cumulated unapportioned amounts, ended up at a negative $21,478.

The apportionment for the FY 2015-16 year projects $9,778.985 in sales tax revenue and $36,000 use of the fund balance reserve. The sales tax estimate for FY 2015-16 is slightly higher than actual sales tax revenues for 2014-15, so the County is optimistic about the economy.

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

The Capitol Valley SAFE remains a fiscally strong fund with a reliable stream of revenue. The SAFE fund balance increased by $255,119 for the year. The budget difference compared to Actual reflected a $236,591 increase over budget for the year. The budget difference is a combination of increased revenues of $125,943 and lower than expected expenses totaling $110,648.

Actual Vehicle registration fees increased by 3% over last year actual number, as the economy continues to improve. The costs for Equipment and Maintenance on the call boxes was higher than expected because the Call Box Component Upgrade was not implemented in FY 2014/15. The Call Box Internal Component Upgrade had budgeted expenses planned of $201,550 but no actual costs for the year because the contract for that project was not finalized in FY 2014/15. This work is expected to begin in FY 2015/16. Also, SAFE staff time for SAFE Planning and Administration costs was higher than budget by $78,389. This was because staff underestimated the amount of time needed to develop the RFP for the Call Box Modernization, Strategic Plan and 511 system M & O Contract.

The Investment earnings for the year reflect a negative number ($1,988), which is unusual. This is the result of an adjustment in the current year interest earnings number due to a mistake by Sacramento County in computing previous interest (over a multi-year period). Sacramento County made SACOG aware of this mistake during 2014, with the stipulation that the overpayment of interest be paid back in 2016. The overpayment amount was recorded this year, and that is why interest income is a negative balance for the year. A small portion of the Due to other Governments liability (Sacramento County) reflects this amount.

This restricted fund balance is 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 by $13,676 compared to last year. The previous year's fund balance increased by $6,654. Vehicle registration income has plateaued with only small increases (1% - 2%) over the past few years. Actual expenses declined by $6,420 as fewer SAFE services were needed this year.

For the five years ending June 30, 2015 annual revenues have averaged more than $7,000 higher than annual expenses, so the fund balance continues to increase. There was an adjustment in the current year interest earnings number due to a mistake by Sacramento County in computing previous interest (over a multi-year period). Sacramento County made SACOG aware of this

mistake during 2014, with the stipulation that the overpayments of interest be paid back in 2016. The overpayment amount was recorded this year.

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, 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, capital assets budget, the Board of Directors and Advocacy Budget, 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 fund original budget included the use of beginning fund balance of $1,998,166, which is a combination of the three items below:

- Use of funds from the SACOG Managed Fund of $1,797,000.
- Use of funds from the Board and Advocacy Fund of $117,630.
- Use of funds from SACOG Planning and Administration Fund of $83,536.

The total budgeted use of total fund balance was later amended by $105,692 to $2,103,858, mainly due to a change in the SACOG Planning and Administration fund amount.

The actual change in fund balance for the year, in the Planning and Administration Fund, was a decrease of $482,379. More information about this is in Note B of the Notes to the Financial Statements.

Actual revenues totaled $16,422,153 while the final budget revenue estimate was $45,929,022, leaving a difference of $29,506,869. Actual expenditures totaled $19,725,696 compared to the final budget estimate of $50,871,027, causing a difference of $31,145,332. Both revenue and expenditures reflect an approximate corresponding (offsetting) difference ranging approximating $29.5 million to $31.1 million, as the majority of SACOG revenues and expenditures are reimbursement based.

Approximately $17 million of the $29.5 million difference is attributed to less need of Federal Funding, than what was expected. Use of State funds was $1.9 million less than planned also. Approximately $9 million of the $29.5 million difference is attributed to decreased activity of $9.3 million with local grant funded projects and an increase of $0.3 million with Capitol Valley Regional SAFE (SAFE).

Approximately $1.6 million of the $29.5 million difference is attributed to a change of accounting treatment in the recording of In-kind revenue and the offsetting In-kind expenses.

Capital Assets

Total investment in capital assets at June 30, 2015, net of accumulated depreciation, was $174,906, a increase of $26,056 from the prior year. The primary reason for the decrease was depreciation expense. Capital additions were $75,716 for the year. Planning and Administration assets are primarily computers and other office equipment. SAFE assets are fixed Call box capital costs.

	Planning and Administration	Capital Valley Regional Safe	Glen County SAFE	Total Governmental Activities
Equipment, Furniture, Phones, Computers and Software	$ 1,230,332	$ -	$ -	$ 1,230,332
SAFE Equipment		5,202,240	195,659	5,397,899
Less Accumulated Depreciation	(1,055,426)	(5,202,240)	(195,659)	(6,453,325)
Capital Assets, Net	$ 174,906	$ -	$ -	$ 174,906

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

Economic Factors and Next Year's Budget

One of the ongoing challenges for SACOG over the last several years has been the loss of revenues from the close out of certain multi-year discretionary earmarks/grants and finding new revenues to replace them. To address these challenges, SACOG has focused on four main strategies: cost containment measures related to staffing, overhead costs, and legal expenses; concessions from a cooperative Employees Association; discretionary grant awards through SACOG staff's entrepreneurial efforts with state and federal agencies; and increasing federal, state, and local funds.

SACOG is fortunate to have benefitted from a fiscally-sound labor Memorandum of Understanding (MOU) that the Board approved seven 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. The SEA has proactively worked with management to identify and implement additional savings through amendments to the MOU, including foregoing cost-of-living adjustments, assuming a greater share of retirement contributions, implementing a three-tier retirement system with reduced benefits, and modifying the formula for calculating retirement benefits.

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 cent sales tax collected within each county for transportation. The last five years have seen increases in sales tax revenues throughout the SACOG region, which effects SACOG's funding.

In the long term, we expect funding levels to continue to increase as the economy improves. The number of discretionary grants which SACOG typically receives each year for various transportation and transit planning functions is subject to change, but the state financial outlook is improved. A five year authorization bill passed in December 2015 that increased funding overall in federal fiscal year 15-16, with inflationary growth.

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. Since state budget reform was enacted in 2012 that allows for a simple majority of the Legislature to pass the budget, there have been no budget delays

In May 2015, the SACOG Board of Directors adopted a final FY 2015-16 budget of $49,837,412. This budget projects the use of reserve funds in categories similar to that of the previous year. Reserve funds planned usage includes $1,797,000 for projects for the SACOG Managed Fund, $38,974 for the Board of Director's and Advocacy Fund, and $141,551 for equipment. The budget includes the Overall Work Program (OWP), of which includes expenditures to fund the transportation planning projects for the year, of which a significant portion includes rollover grant funding or pass-through to other agencies. The OWP continues a focus on the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS), with particular emphasis on implementation now that the MTP/SCS 2035 was approved in April 2012.

This focus will include strategies to fund early year plan priorities and support local jurisdictions interested in pursuing SB375 CEQA benefits that became available with the adoption of the MTP/SCS. SACOG will also continue to complete work related to the RUCS project as part of, and in concert, with implementation of the MTP/SCS. Continuing projects include the next phase implementation of the Connect Card and the Intelligent Transportation Systems' STARNET project, and the Plug-In Electric Vehicle work.

SACOG and its component units remain fiscally stable. 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. 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 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 Position

June 30, 2015

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	$ 53,084,229
Receivables	22,318,478
Other assets	75,929
Non-current assets:	
Capital assets, net	174,906
Total Assets	75,653,542
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pensions	1,114,411
LIABILITIES	
Current liabilities:	
Payables	20,456,080
Long term liabilities - Due within one year	12,984
Compensated absences - Due within one year	47,974
Subtotal	20,517,038
Non-current Liabilities	
Long term liabilities	50,855
Compensated absences	911,510
Net other post employment liability	261,833
Net pension liability	8,896,169
Subtotal	10,120,367
Total Liabilities	30,637,405
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	2,493,562
NET POSITION	
Net Investment in Capital Assets	174,906
Restricted for Transportation Projects	700,946
Restricted for Transportation Claimants	37,546,082
Unrestricted	5,215,052
Total Net Position	$ 43,636,986

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, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary Government:				
Governmental Activities:				
Planning and administration	$ 19,462,387	$ 586,896	$ 15,820,697	$ (3,054,794)
Transportation claimants	80,040,856	-	-	(80,040,856)
PTMISEA	9,424,005	-	10,780,660	1,356,655
Capitol Valley Regional SAFE	2,091,288	2,326,565	-	235,277
Glenn County SAFE	16,712	30,790	-	14,078
Total Governmental Activities	$ 111,035,248	$ 2,944,251	$ 26,601,357	$ (81,489,640)

General revenues:	
State shared revenue - sales and use tax	82,089,764
Investment earnings	(49,608)
Other	58,562
Total General Revenue	82,098,718
Change in net position	609,078
Net Position - Beginning (as restated)	43,027,908
Net Position - Ending	$ 43,636,986

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

Sacramento Area Council of Governments

Balance Sheet

GOVERNMENTAL FUNDS

June 30, 2015

	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	$ 9,470,509	$ 3,881,029	$ 183,412	$ 20,661,752	$ 3,153,337
Accounts receivable	-	-	-	-	-
Miscellaneous receivable	1,587	-	-	-	-
Due from other governments	7,005,982	-	-		3,480,126
Interest receivable	26,548	9,318	286	45,837	9,822
Prepaid items	75,929	-	-	-	-
Total assets	$ 16,580,555	$ 3,890,347	$ 183,698	$ 20,707,589	$ 6,643,285
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 2,856,334	$ -	$ -	$ 1,072,295	$ -
Accrued liabilities	74,318	-	-	-	-
Due to other governments	48,720	15,056	183,698	56,420	5,727,508
Total liabilities	2,979,372	15,056	183,698	1,128,715	5,727,508
Fund Balances:					
Nonspendable:					
Prepaid Items	75,929	-	-	-	-
Restricted:					
PTMISEA Funds	-	-	-	19,578,874	-
State Transit Assistance Funds	-	-	-	-	915,777
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	-	-	-	-	-
Restricted for Transportation Projects	700,946	-	-	-	-
Committed:					
Board & Advocacy	27,063	-	-	-	-
SACOG Managed Fund Grantees	797,670	-	-	-	-
Assigned:					
Legal Defense	500,000	-	-	-	-
Unemployment Self Insurance	200,000	-	-	-	-
Project Specific Carryover Funds	193,182	-	-	-	-
GIS Recipients	162,397	-	-	-	-
Post Employment Benefits (OPEB)	-	3,875,291	-	-	-
Unassigned:					
Unassigned Fund Balance	10,943,996	-	-	-	-
Total fund balances	13,601,183	3,875,291	-	19,578,874	915,777
Total liabilities and fund balances	$ 16,580,555	$ 3,890,347	$ 183,698	$ 20,707,589	$ 6,643,285

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

Sacramento Area Council of Governments

Balance Sheet

GOVERNMENTAL FUNDS

June 30, 2015

Special Revenue						
Local Transportation Funds				Capitol Valley Regional SAFE	Glenn County SAFE	Total Governmental Funds
Sacramento County	Yuba County	Sutter County	Yolo County			
$ 7,720,723	$ 19,517	$ 467	$ 2,934,079	$ 4,904,503	$ 154,901	$ 53,084,229
-	-	-	-	422,533	5,174	427,707
-	-	-	-	-	-	1,587
8,777,800	238,400	653,100	1,611,700	-	-	21,767,108
17,820	509	-	-	11,586	350	122,076
-	-	-	-	-	-	75,929
$ 16,516,343	$ 258,426	$ 653,567	$ 4,545,779	$ 5,338,622	$ 160,425	$ 75,478,636
$ -	$ -	$ -	$ -	$ 141,074	$ 9,088	$ 4,078,791
-	-	-	-	-	-	74,318
5,518,150	-	172,161	4,567,257	13,574	427	16,302,971
5,518,150	-	172,161	4,567,257	154,648	9,515	20,456,080
-	-	-	-	-	-	75,929
-	-	-	-	-	-	19,578,874
-	-	-	-	-	-	915,777
10,998,193	-	-	-	-	-	10,998,193
-	258,426	-	-	-	-	258,426
-	-	481,406	-	-	-	481,406
-	-	-	(21,478)	-	-	(21,478)
-	-	-	-	5,183,974	-	5,183,974
-	-	-	-	-	150,910	150,910
-	-	-	-	-	-	700,946
-	-	-	-	-	-	27,063
-	-	-	-	-	-	797,670
-	-	-	-	-	-	500,000
-	-	-	-	-	-	200,000
-	-	-	-	-	-	193,182
-	-	-	-	-	-	162,397
-	-	-	-	-	-	3,875,291
-	-	-	-	-	-	10,943,996
10,998,193	258,426	481,406	(21,478)	5,183,974	150,910	55,022,556
$ 16,516,343	$ 258,426	$ 653,567	$ 4,545,779	$ 5,338,622	$ 160,425	$ 75,478,636

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

Fund balances - total governmental funds	$ 55,022,556
Amounts reported for governmental activities in the statement of net position are different because:	
Net OPEB Obligation.	(261,833)
Long term liability, not due in the current period, therefore, not reported in the funds.	(63,839)
Capital assets used in government activities are not financial resources, and are not reported in the funds.	174,906
Compensated absences not due and payable in the current period, and not reported in the funds.	(959,484)
Net Pension Liability	(8,896,169)
Deferred Inflows related to Pension	(2,493,562)
Deferred Outflows related to Pension	1,114,411
Net position of governmental activities	$ 43,636,986

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, 2015

	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	$ -	$ -	$ -	10,780,660	$ 13,590,043
Vehicle registration fees and traffic fines	-	-	-	-	-
Intergovernmental:					
Federal	10,486,272	-	-	-	-
State	4,420,149	-	-	-	-
Local	914,276	-	-	-	-
Charges for services	302,626	-	-	-	-
Member assessments	284,270	-	-	-	-
Investment earnings	(22,172)	(13,905)	-	(54,063)	1,906
Other	36,732	-	-	-	-
Total revenues	16,422,153	(13,905)	-	10,726,597	13,591,949
Expenditures:					
Current:					
Transportation Claimants					
City of Elk Grove	-	-	-	-	887,911
City of Citrus Heights	-	-	-	-	414,423
City of Davis	-	-	-	-	467,916
City of Folsom	-	-	-	-	380,320
City of Galt	-	-	-	-	118,831
City of Isleton	-	-	-	-	4,004
City of Live Oak	-	-	-	-	-
City of Marysville	-	-	-	-	-
City of Sacramento	-	-	-	-	-
City of West Sacramento	-	-	-	-	247,932
City of Rancho Cordova	-	-	-	-	-
City of Wheatland	-	-	-	-	-
City of Winters	-	-	-	-	34,266
City of Woodland	-	-	-	-	279,613
City of Yuba City	-	-	-	-	-
County of Sacramento	-	-	-	-	149,818
County of Sutter	-	-	-	-	-
County of Yolo	-	-	-	-	123,750
County of Yuba	-	-	-	-	-
Sacramento Regional Transit District	-	-	-	-	8,869,049
Yuba-Sutter Transit Authority	-	-	-	-	909,292
Yolo County Transportation District	-	-	-	-	140,588
Paratransit, Inc	-	-	-	-	-
SAFE services	-	-	-	-	-
Freeway service patrol	-	-	-	-	-
Equipment and maintenance	-	-	-	-	-
Insurance and DMV fees	-	-	-	-	-
Planning and administration	19,002,274	-	-	-	-
Public Transportation Modernization Improvement & Service Enhancement	-	-	-	9,424,005	-
Payments to SMF grantees	647,705	-	-	-	-
Capital outlay	75,716	-	-	-	-
Total expenditures	19,725,695	-	-	9,424,005	13,027,713
Excess (deficiency) of revenues over (under) expenditures	(3,303,542)	(13,905)	-	1,302,592	564,236
Other Financing Sources (Uses):					
Transfers in	2,821,163	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	2,821,163	-	-	-	-
Net change in fund balances	(482,379)	(13,905)	-	1,302,592	564,236
Fund balances - beginning	14,083,562	3,889,196	-	18,276,282	351,541
Fund balances - ending	$ 13,601,183	$ 3,875,291	$ -	$ 19,578,874	$ 915,777

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, 2015

Special Revenue						
Local Transportation Funds				Capitol Valley Regional SAFE	Glenn County SAFE	Total Governmental Funds
Sacramento County	Yuba County	Sutter County	Yolo County			
$ 53,623,390	$ 1,318,133	$ 3,876,054	$ 9,682,144	$ -	$ -	$ 92,870,424
-	-	-	-	2,326,565	30,790	2,357,355
-	-	-	-	-	-	10,486,272
-	-	-	-	-	-	4,420,149
-	-	-	-	-	-	914,276
-	-	-	-	-	-	302,626
-	-	-	-	-	-	284,270
17,820	1,646	7,553	13,997	(1,988)	(402)	(49,608)
-	-	-	-	21,830	-	58,562
53,641,210	1,319,779	3,883,607	9,696,141	2,346,407	30,388	111,644,326
5,752,923	-	-	-	-	-	6,640,834
3,050,342	-	-	-	-	-	3,464,765
-	-	-	3,305,906	-	-	3,773,822
2,614,518	-	-	-	-	-	2,994,838
874,652	-	-	-	-	-	993,483
29,474	-	-	-	-	-	33,478
-	-	293,500	-	-	-	293,500
-	-	-	-	-	-	-
353,082	-	-	-	-	-	353,082
-	-	-	2,509,606	-	-	2,757,538
49,906	-	-	-	-	-	49,906
-	51,472	-	-	-	-	51,472
-	-	-	346,849	-	-	381,115
-	-	-	2,830,294	-	-	3,109,907
-	-	1,289,439	-	-	-	1,289,439
1,518,039	-	-	-	-	-	1,667,857
-	-	641,138	-	-	-	641,138
-	-	-	1,257,614	-	-	1,381,364
-	359,374	-	-	-	-	359,374
36,098,555	-	-	-	-	-	44,967,604
-	672,081	1,151,193	-	-	-	2,732,566
-	-	-	-	-	-	140,588
1,963,186	-	-	-	-	-	1,963,186
-	-	-	-	348,934	15,401	364,335
-	-	-	-	857,834		857,834
-	-	-	-	584,818	-	584,818
-	-	-	-	21,313	149	21,462
-	-	-	-	278,389	1,162	19,281,825
-	-	-	-	-	-	9,424,005
-	-	-	-	-	-	647,705
-	-	-	-	-	-	75,716
52,304,677	1,082,927	3,375,270	10,250,269	2,091,288	16,712	111,298,556
1,336,533	236,852	508,337	(554,128)	255,119	13,676	345,770
-	-	-	-	-	-	2,821,163
(2,195,323)	(46,073)	(143,590)	(436,177)	-	-	(2,821,163)
(2,195,323)	(46,073)	(143,590)	(436,177)	-	-	-
(858,790)	190,779	364,747	(990,305)	255,119	13,676	345,770
11,856,983	67,647	116,659	968,827	4,928,855	137,234	54,676,786
$ 10,998,193	$ 258,426	$ 481,406	$ (21,478)	$ 5,183,974	$ 150,910	$ 55,022,556

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

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, 2015

Net change in fund balances - total governmental funds (page A-26)	$	345,770
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		75,716
Depreciation expense for Planning & Administrative Fund		(49,658)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in OPEB Liability		12,984
Change in compensated absences for the Planning & Administrative Fund		(39,218)
Pension Expense		263,484
Change in net position of governmental activities (page A-23)	$	609,078

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, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Intergovernmental:				
Federal	$ 25,689,853	$ 27,355,790	$ 10,486,272	$ (16,869,518)
State	3,614,433	6,330,056	4,420,149	(1,909,907)
Local	4,552,907	10,271,387	914,276	(9,357,111)
Charges for services	2,359	2,325	302,626	300,301
Member assessments	284,270	284,270	284,270	-
Investment earnings	10,000	10,000	(22,172)	(32,172)
In-kind	1,341,626	1,598,730	-	(1,598,730)
Other	76,464	76,464	36,732	(39,732)
Total revenues	35,571,912	45,929,022	16,422,153	(29,506,869)
Expenditures:				
Current:				
Planning and administration	40,150,039	50,711,027	19,649,979	31,061,048
Capital outlay	160,000	160,000	75,716	84,284
Total expenditures	40,310,039	50,871,027	19,725,695	31,145,332
Deficiency of revenues under expenditures	(4,738,127)	(4,942,005)	(3,303,542)	1,638,463
Other Financing Sources:				
Transfers in	2,739,961	2,838,147	2,821,163	(16,984)
Total Other Financing Uses	$ 2,739,961	$ 2,838,147	$ 2,821,163	$ (16,984)
Change in fund balances	$ (1,998,166)	$ (2,103,858)	(482,379)	$ 1,621,479
Fund balance - beginning			14,083,562	
Fund balance - ending			$ 13,601,183	

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Vehicle registration fees	$ 2,178,964	$ 2,178,964	$ 2,326,565	$ 147,601
Investment earnings	10,000	10,000	(1,988)	(11,988)
Other	31,500	31,500	21,830	(9,670)
Total revenues	2,220,464	2,220,464	2,346,407	125,943
Expenditures:				
Current:				
SAFE services	442,500	442,500	348,934	93,566
Freeway Service Patrol	891,116	891,116	857,834	33,282
Equipment and maintenance	445,770	445,770	584,818	(139,048)
Insurance and DMV fees	21,000	21,000	21,313	(313)
Planning and administration	200,000	200,000	278,389	(78,389)
Call Box Internal Component Upgrade	201,550	201,550	-	201,550
Total expenditures	2,201,936	2,201,936	2,091,288	110,648
Change in fund balance	$ 18,528	$ 18,528	255,119	$ 236,591
Fund balance - beginning			4,928,855	
Fund balance - ending			$ 5,183,974	

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

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. Title 26 of the Internal Revenue Code, Section 115, states that income derived from a governmental function is tax exempt. Since SACOG's members are all governmental entities and SACOG exercises the common powers of its members, SACOG exercises governmental functions. Therefore, SACOG's income is exempt from federal taxation.

SACOG is an association of local governments formed by six 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.

NOTE A — Summary of Significant Accounting Policies, 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 organizations 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 (i) either SACOG's ability to impose its will on the organization or (ii) the potential for the organization to provide a financial benefit to or impose a financial burden on SACOG.

Blended Component Units:

The Sacramento Area Council of Governments Financing Corporation (Corporation) was established on April 9, 2002, and is governed by SACOG's Board of Directors 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, which was to benefit SACOG. 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:

NOTE A — Summary of Significant Accounting Policies, Continued

II. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and statement of activities report information on all of the activities of SACOG. SACOG is engaged only 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 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, with the exception of LTF revenues which is 60 days. 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.

NOTE A — Summary of Significant Accounting Policies, 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. Included in it are the transactions for the Board and Advocacy Fund and the SACOG Managed Fund.

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. The Financing Corporation is a blended component unit and its general fund is reported as a special revenue fund of SACOG.

Sacramento Emergency Clean Air and Transportation Program Fund (SECAT)

Accounts for the revenues and expenditures restricted for 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 7.5 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

NOTE A — Summary of Significant Accounting Policies, Continued

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 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 POSITION 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, 2015.

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, 2015.

Prepaid Items

Payments for services that will benefit periods beyond June 30, 2015.

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 position. The estimated useful lives for furniture and equipment are 3 to 15 years.

NOTE A — Summary of Significant Accounting Policies, 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure until then. SACOG reports deferred outflows related to pensions which are the result of the implementation of GASB 68.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. SACOG reports deferred inflows related to pensions as a result of the implementation of GASB 68.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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*.

NOTE A — Summary of Significant Accounting Policies, Continued

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 SACOG Board resolution or motion is required to formally establish, modify, or rescind a fund balance commitment.
3. The Board delegates to the Chief Executive Officer and/or the Chief Operating 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 (i) not in a spendable form, such as prepaid items, inventories of supplies, or loans receivable; or (ii) legally or is contractually required to be maintained intact, such as the principal portion of endowment.

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.

'Restricted for Transportation Projects' relates to specific grant funds, for specific projects, that were received in advance of work performed. The revenue was recognized in the current year; however, fund balance is be restricted for the expenditures for these project activities, as they are expected to occur in future years.

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. SACOG's Board of

NOTE A — Summary of Significant Accounting Policies, Continued

Directors is the highest level of decision-making authority. Any formal actions to establish (and modify or rescind) a fund balance commitment would have to be approved the Board of Directors through Board resolution or motion.

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.

SACOG Managed Fund 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 needs to be established at either the highest level of decision-making or by an official designated for that purpose. The SACOG Board of Directors has designated the Chief Executive Officer for this purpose.

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. 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 in fiscal year 2011. As of June 30, 2015 the approximate amount of unassigned fund balance that is attributable to the SACOG Managed fund is $7.8 million. Management continues work on developing an official Board policy for these funds.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government of Example's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE A — Summary of Significant Accounting Policies, Continued

New Accounting Pronouncements Adopted in Current Year

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards that may have a significant impact on SACOG's financial reporting process. The following pronouncements were implemented for the year ended June 30, 2015.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement was implemented as of July 1, 2014.

GASB Statement No. 71 – In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. This Statement addresses an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement should be applied simultaneously with the provisions of GASB Statement No. 68. This Statement was implemented as of July 1, 2014.

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 OWP 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.

NOTE B — Budgetary Information, Continued

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.

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: (i) the uncertain nature of grant awards from other entities, and (ii) conversion of grant budgets to a fiscal year basis.

The detail below provides more detail related to SACOG's operations for the year. The summary amounts are found on page A-29 Statement of Revenues, Expenditures, and Changes in Fund Balances. The actual fund balance decreased by $482,379.

Planning and Administration Fund

	Original Budget	*Final Budget*	*Actual Amounts*	*Final Budget Positive (Negative)*
SACOG Operations - Unassigned Fund Balance	$ -	$ (105,692)	$ 375,170	$ 480,862
Unassigned Fund Balance - Capital Expenses	(83,536)	(83,536)	(75,716)	7,820
Subtotal for SACOG Planning and Administration Fund	(83,536)	(189,228)	299,454	488,682
Use of SACOG Managed Fund	(1,797,000)	(1,797,000)	(647,705)	1,149,295
Interest for SACOG Managed Fund			(17,368)	(17,368)
Subtotal Use of SACOG Managed Fund	(1,797,000)	(1,797,000)	(665,073)	1,131,927
GIS Recipients Fund	-	-	22,500	22,500
Board and Advocacy Fund	(117,630)	(117,630)	(139,260)	(21,630)
Totals	$ (1,998,166)	$ (2,103,858)	$ (482,379)	$ 1,621,479

NOTE C — Cash and Investments

AUTHORIZED INVESTMENTS

The table below identifies the investments types that are authorized by the California Government Code Section 53601 et seq. and 53635 et seq.; which constitutes SACOG's investment policy, for funds held with the Sacramento County Pooled Investment Fund. The Pooled Investment Fund investors are comprised of Sacramento County, school and community college districts, districts directed by the Sacramento County Board of Supervisors, and independent special districts (SACOG being a JPA) whose "Treasurer" is the Sacramento County Director of Finance. The following articles, in order of supremacy, govern the Pooled Investment Fund.

1. California Government Code
2. Sacramento County Annual Investment Policy of the Pooled Investment Fund
3. Current Investment Guidelines
4. Approved Lists of banks, note issuers, money market funds, and firms as broker/dealers

The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes.

The specific objectives for the Pooled Investment Fund are ranked in order of importance.

1. Safety of Principal
2. Liquidity
3. Public Trust
4. Maximum Rate of Return

	Maximum Maturities	Maximum Concentrations	Maximum Investment in One Issuer	Minimum Rating
U.S. Treasury Notes and Agency Obligations	5 years	100%	--	SP-1/MIGI
Bonds Issued by Local Agencies	5 years	80%	--	SP-1/MIGI
Registered State Warrants and Municipal Notes	5 years	80%	--	None
Bankers' Acceptances	180 days	40%	10%	A-1
Commercial Paper	270 days	40%	10%	A1/P1
Negotiable Certificates of Deposit	180 days	30%	10%	A-1
CRA Bank Deposits/Certificates of Deposit	1 Year	30%	--	A-2/P-2
Repurchase Agreements	1 year	30%	10%	None
Reverse Repurchase Agreements	92 days	20%	10%	None
Medium Term Corporate Notes	180 days	30%	10%	A-1
Shares of Money Market Mutual fund	SEC regs	20%	10%	None
Collateralized Mortgage Obligations	180 days	20%	10%	None
Local Agency Investment Fund (LAIF)	---	$50 million per account	10%	None

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.

NOTE C — Cash and Investments, Continued

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	Total Fair Values Balance at June 30, 2015
Petty Cash	$ 300	$ -	$ 300
Deposits in banks	174,282	-	174,282
County of Sacramento investment pool	-	49,955,584	49,955,584
County of Sutter investment pool	-	467	467
County of Yolo investment pool	-	2,934,079	2,934,079
County of Yuba investment pool	-	19,517	19,517
Total cash and Investments	$ 174,582	$ 52,909,647	$ 53,084,229

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 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 $174,583 which was fully insured and collateralized.

NOTE D — Receivables

Receivables as of June 30, 2015 for SACOG are as follows:

Fund Name	Accounts Receivable	Due from Other Governments	Interest Receivable	Misc. A/R	Total
Planning and Administration	$ -	$ 7,005,982	$ 26,548	$ 1,587	$ 7,034,117
SACOG Financing Corporation	-	-	9,318	-	9,318
SECAT	-	-	286	-	286
PTMISEA	-	-	45,837	-	45,837
State Transit Assistance	-	3,480,126	9,822	-	3,489,948
Sacramento County Local Transportation Fund	-	8,777,800	17,820	-	8,795,620
Yuba County Local Transportation Fund	-	238,400	509	-	238,909
Sutter County Local Transportation Fund	-	653,100	-	-	653,100
Yolo County Local Transportation Fund	-	1,611,700	-	-	1,611,700
Capitol Valley Regional SAFE	422,533	-	11,586	-	434,119
Glenn County SAFE	5,174	-	350	-	5,524
Total Receivables – Governmental Activities	$ 427,707	$ 21,767,108	$ 122,076	$ 1,587	$ 22,318,478

NOTE E — Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	June 30, 2014	Additions	Deletions	June 30, 2015
SACOG				
Computers	$ 236,208	$ 53,512	$ -	$ 289,720
Furniture and Equipment	701,643	-	20,295	681,348
Phones	57,564	22,204	35,360	44,408
Intangible Assets - Software	214,855	-	-	214,855
Total for SACOG	1,210,271	75,716	55,655	1,230,332
Capitol Valley SAFE				
SAFE Equipment	5,202,240	-	-	5,202,240
Glenn County SAFE				
SAFE Equipment	195,659	-	-	195,659
Total Capital Assets	6,608,170	75,716	55,655	6,628,231
Less Accumulated Depreciation/Amortization for:				
SACOG				
Computers	209,058	17,944	-	227,002
Furniture and Equipment	655,615	9,980	20,295	645,299
Phones	35,360	4,758	35,360	4,758
Intangible Assets - Software	161,389	16,978	-	178,367
Total for SACOG	1,061,421	49,660	55,655	1,055,426
Capitol Valley SAFE				
SAFE Equipment	5,202,240	-	-	5,202,240
Glenn County SAFE				
SAFE Equipment	195,659	-	-	195,659
Total Accumulated Depreciation/Amortization	6,459,320	49,660	55,655	6,453,325
Net Book Value of Assets				
SACOG				
Computers	27,150	35,568	-	62,718
Furniture and Equipment	46,029	(9,980)	-	36,049
Phones	22,204	17,446	-	39,650
Intangible Assets - Software	53,466	(16,978)	-	36,489
Total for SACOG	148,850	26,056	-	174,906
Capitol Valley SAFE				
SAFE Equipment	-	-	-	-
Glenn County SAFE				
SAFE Equipment	-	-	-	-
Total Net Book Value of Capital Assets	$ 148,850	$ 26,056	$ -	$ 174,906

NOTE E — Capital Assets, Continued

Depreciation expense was charged to the governmental activities as follows:

Depreciation expense was charged to the governmental activities as follows:

Planning and Administration	$	49,660
Total depreciation expense	**$**	**49,660**

Note F — Payables

Payables as of June 30, 2015, for SACOG are as follows:

Fund Name	Accounts Payable	Accrued Liabilities	Due to Other Governments	Total
Planning and Administration	$ 2,856,334	$ 74,318	$ 48,720	$ 2,979,372
SACOG Financing Corporation	-	-	15,056	15,056
Sacramento Emergency Clean Air and Transportation Program	-	-	183,698	183,698
PTMISEA	1,072,295	-	56,420	1,128,715
State Transit Assistance Fund	-	-	5,727,508	5,727,508
Sacramento County Local Transportation Fund	-	-	5,518,150	5,518,150
Sutter County Local Transportation Fund	-	-	172,161	172,161
Yolo County Local Transportation Fund	-	-	4,567,257	4,567,257
Capitol Valley Regional SAFE	141,074	-	13,574	154,648
Glenn County SAFE	9,088	-	427	9,515
Total Payables – Governmental Activities	$ 4,078,791	$ 74,318	$ 16,302,971	$ 20,456,080

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, 2015 were $614,943. Credits for common area and rent costs were $19,191.

NOTE G — Operating Lease, Continued

As of June 30, 2015, SACOG minimum lease payments required under the lease are as follows:

Year ending June 30		
2016	$	620,800
2017		638,369
2018		644,226
2019		661,796
2020		166,913
Total	$	2,732,104

NOTE H — Compensated Absences

Compensated absences activity for the fiscal year ended June 30, 2015, was as follows:

	July 1, 2014	Additions	Deletions	June 30, 2015	Due within One year
Compensated Absences	$ 920,265	$ 727,982	$ 688,763	$ 959,484	$ 47,974

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 — Contingent Liabilities, Commitments and Long-Term Liabilities

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 and be funded by future revenues.

NOTE I — Contingent Liabilities, Commitments and Long-Term Liabilities, Continued

Commitments (purchase orders) for the Planning and Administration Fund are $3,470,504 at June 30, 2015. The PTMISEA Fund commitments (purchase orders) totaled $5,552,854 at June 30, 2015. These amounts are not intended to tie out to the committed fund balance sections of the financial statements.

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 $13,000 per year, over 10 years. The balance of this liability is $63,389 at June 30, 2015

NOTE J — 401(a)/ Special Pay 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 first plan 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 employees contribute 7.5 percent of their gross pay to the plan. These funds are fully vested to the employee. Under this program, neither SACOG nor the employee contributes to Social Security. SACOG does not contribute to this plan, and it is funded by the employee.

The second plan is for year-end PTO hours and employees who terminate employment. 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 age 35 and older that have a leave balance over 592 hours. Total contributions to this plan were $128,840 for the year. This plan is administered by ICMA retirement corporation.

The third plan is a voluntary 401(a) money purchase program for employees. SACOG does not contribute to the plan, and it is funded by the employee.

NOTE K — 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 Fund and Capitol Valley Regional SAFE Special Revenue Fund. SACOG purchases commercial insurance through the Golden State Risk Management Authority, a pooled risk Joint Power Authority.

SACOG's deductibles and maximum coverage are as follows:

Coverage	Deductible	Maximum per Occurrence
General liability, bodily injury and property damage liability	-	$ 25,000,000
Personal injury	-	25,000,000
Non-owned and hired automobile liability	-	25,000,000
Owned automobile liability	-	25,000,000
Public official errors and omissions	-	25,000,000
Fire damage	$ 1,000	600,000,000
Uninsured motorist	-	25,000,000
Employment practice liability	-	5,000,000
Crime policy	2,500	15,000,000
Products and Completed Operations	-	50,000,000
Policy Property Limit	1,000	600,000,000
Insured Property Limit	1,000	600,000,000

SACOG made one annual payment toward the premium. There was 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 L — Pension Plans

PLAN DESCRIPTION

All qualified permanent and probationary employees are eligible to participate in SACOG's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

BENEFITS PROVIDED

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	MISCELLANEOUS		
	Tier I	Tier II	PEPRA
Hire Date	Prior to May 1, 2011	May 1, 2011 - December 31, 2012	On or after January 1, 2013
Benefit Formula	2.5% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	55	62
Monthly benefits, as a % of annual salary	2.5%	2%	2%
Required employee contribution rates	8%	7%	6.50%
Required employer contribution rates	21.13%	11.94%	6.70%

CONTRIBUTIONS

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. SACOG is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. During the year, SACOG paid 4.10 percent of the employees' contribution on behalf of its Tier I employees and the employee contributed the remaining 3.90 percent. For Tier II, SACOG paid 3.10 percent of the employee's contribution, and the employee contributed 3.90 percent. For the PEPRA Tier, SACOG paid 2.60 percent of the employee's contribution and the employee contributes the remaining 3.90 percent.

NOTE L — Pension Plans, Continued

For the year ended June 30, 2015, contributions to the pension plan from SACOG were as follows:

	Tier I	Tier II	PEPRA	Total
Contributions - employer	$ 913,382	$ 51,457	$ 19,993	$ 984,832

PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS

As of June 30, 2015, the Local Government reported liabilities for its proportionate shares of the net pension liability of each Plan as follows:

Proportionate Share of Net Pension Liability
$ 8,896,169

SACOG's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. SACOG's proportion of the net pension liability was based on a projection of the SACOG's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. SACOG's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

Proportion - June 30, 2013	0.14255%
Proportion - June 30, 2014	0.14297%
Change - Increase (Decrease)	0.00042%

For the year ended June 30, 2015, SACOG recognized pension expense of $721,348. At June 30, 2015, SACOG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 984,832	
Changes in employer's proportion and differences between employer's contributions and proportionate share of contributions	129,579	$ (32,526)
Net differences between projected and actual earnings on plan investments		(2,461,036)
Total	$ 1,114,411	$ (2,493,562)

NOTE L — Pension Plans, Continued

$984,832 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	
2016	(580,597)
2017	(580,597)
2018	(587,530)
2019	(615,259)

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds

(1) Depending on age, service, and type of employment
(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumption and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period of 1997 to 2011. Further details of the experience study can be found on the CalPERS website.

In determining the long-term expected 7.50% rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Based on the expected benefit payments of the Public Employees' Retirement Fund, CalPERS indicated that a 19 year horizon was ideal in determining the level equivalent discount rate assumption. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long –term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long –term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation

NOTE L — Pension Plans, Continued

and best estimates of arithmetic real rates of return for each major asset class are the same for the Plan. These geometric rates of return are net of administrative expenses and are summarized in the following table:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)
	100%		

(1) An expected inflation of 2.5% used for this period
(2) An expected inflation of 3.0% used for this period

Discount Rate- The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that SACOG's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the SACOG's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what SACOG's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease		6.50%
Net Pension Liability	$	14,829,517
Current Discount Rate		7.50%
Net Pension Liability	$	8,896,169
1% Increase		8.50%
Net Pension Liability	$	3,972,053

Pension Plan Fiduciary Net Position – Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE M — 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 $1,718.50 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/Sacramento Two-Party Basic premium, currently $1,321.92 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, 2015, 35 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 funding of the OPEB obligation; in 2006 the SACOG Board of Directors directed that the funds in the SACOG Financing Corporation fund be assigned for the future costs of the employee post-retirement health benefits. At that time, the Board noted that its action was 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. At June 30, 2015, the amount available in the fund is $3,898.514. Authority to establish and amend the benefit provisions of the plan resides with the SACOG Board of Directors.

NOTE M — Other Post-Employment Health Benefits (OPEB), Continued

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, 2015, was 6.82 percent of annual covered payroll.

(C) Annual OPEB Cost and Net OPEB Obligation

For the fiscal year ended June 30, 2015, SACOG's annual OPEB cost (expense) was estimated to be $348,424; which was based on the actuarial dated June 30, 2013. SACOG contributed $348,424 for the year. The cumulative estimated Net OPEB Obligation at June 30, 2015, is $261,833.

Description	Amount
Annual Required Contribution (ARC)	$ 346,154
Interest on Net OPEB Obligation	25,294
Adjustment to Annual Required Contribution	(23,024)
Annual OPEB Cost	348,424
Contributions made	348,424
Increase in Net OPEB	-
Net OPEB Obligation at beginning of year	261,833
Net OPEB Obligation at end of year	$ 261,833

SACOG's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2015, 2014, and 2013, were as follows:

NOTE M — Other Post-Employment Health Benefits (OPEB), Continued

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$423,928	99%	$261,833
2014	$329,998	100%	$261,833
2015	$348,424	100%	$261,833

(D) Funded Status & Funding Progress

As of July 1, 2015, the most recent actuarial valuation, the plan was 62 percent funded. The actuarial accrued liability for benefits was $5,845,136 and the actuarial value of assets was $3,613,870, resulting in an unfunded actuarial accrued liability (UAAL) of $2,231,266. The covered payroll (annual payroll of active employees covered by the plan) for June 30, 2015, was $5,070,320, and the ratio of the UAAL to the covered payroll was 44 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual 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 about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

In 2006, the Board of Directors assigned amounts in the SACOG Financing Corporation for the potential funding of retiree health benefits. 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

(E) Actuarial Methods and Economic Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer 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 the employer 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 July 1, 2015, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 4 percent. Both rates include a 2.75 percent inflation assumption.

NOTE M — Other Post-Employment Health Benefits (OPEB), Continued

The actuarial value of SACOG's assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. SACOG's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2015, was twenty four years.

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 the valuation is based on a 7.61 discount rate. In November of 2014 the CALPERS Board of Administration approved the revision of the statement of Investment Policy, to reflect the recently adopted strategic asset allocation changes. The rate for Strategy No. 1 effective November 1, 2014 is a 7.28 percent annual rate of return.

The health care cost trend rate is projected to increase an average of 6.0 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 included demographic assumptions, estimates for retirement and withdrawal dates, and baseline premium health cost increases by SACOG.

Annual Health Care Cost Trend Rate Assumption

January 1, 2015	6.7%
January 1, 2016	6.4%
January 1, 2017	6.1%
January 1, 2018	5.8%
January 1, 2019	5.5%
January 1, 2020	5.2%

NOTE N — 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, 2014, and 2015 are as follows:

	PTMISEA
Cash Balance at June 30, 2013	$ 40,588,662
Receipts: Interest	42,052
Receipts: PTMISEA Funding	170,197
Disbursements: Automated Fare box Improvements	(72,765)
Disbursements: Commuter Bus Fleet Replacements	(2,821,180)
Disbursements: Connect Card Implementation	(2,751,738)
Disbursements: Transit Facilities Improvements	(935,924)
Disbursements: Southline Overcrossing & Parking Structure	(14,998,350)
Cash Balance at June 30, 2014	19,220,954
Receipts: Interest	(17,349)
Receipts: PTMISEA Funding	10,780,660
Disbursements: Mobile Acess Routers	(304,585)
Disbursements: Bus Recplacements, City of Elk Grove	(35,144)
Disbursements : Low Floor Buses, City of Folsom	(460,000)
Disbursements: Connect Card Implementation	(1,363,427)
Disbursements: Surveillance Equipment	(37,500)
Disbursements: Southline SSCP-Long Lead items	(697,310)
Disbursements: Downtown/Riverfront Streetcar	(1,023,692)
Disbursements: Civil Track Structures	(5,298,212)
Disbursements: Paratransit	(102,643)
Cash Balance at June 30, 2015	$ 20,661,752

NOTE O — New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has released the following new standards during the last fiscal year.

Governmental Accounting Standards Board Statement No. 72 –

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application.* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for periods beginning after June 15, 2015. SACOG has not determined the effect on the financial statements.

Governmental Accounting Standards Board Statement No. 73 –

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This statement is effective for periods beginning after June 15, 2016. SACOG has not determined the effect on the financial statements.

Governmental Accounting Standards Board Statement No. 74 –

In June 2015, GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement is effective for periods beginning after June 15, 2016. SACOG has not determined the effect on the financial statements.

Governmental Accounting Standards Board Statement No. 75 –

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement is effective for periods beginning after June 15, 2017. SACOG has not determined the effect on the financial statements.

NOTE O — New Accounting Pronouncements, Continued

Governmental Accounting Standards Board Statement No. 76 –

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This statement is effective for periods beginning after June 15, 2015. SACOG has not determined the effect on the financial statements.

Governmental Accounting Standards Board Statement No. 77 –

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The requirements of this statement are effective for reporting periods beginning after December 15, 2015. SACOG has not determined the effect on the financial statements

NOTE P — Restatement of Net Position

As discussed in Note A to the financial statements, SACOG adopted Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions —an amendment of GASB Statement No. 27, as of July 1, 2014 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68. The impact of the implementation on the beginning net position is as follows:

	Net Position
Balance at June 30, 2014 as previously reported	$ 53,566,712
Net pension liability as of the measurement date of June 30, 2013	(11,490,871)
Contributions after the measurement date - deferred outflows of resources	952,067
Balance at July 1, 2014 as restated	$ 43,027,908

Following is the pro forma effect of the retroactive application:

	2014 Previously Presented	Restatement	2014 Restated
Deferred outflows of resources	$ -	$ 952,067	$ 952,067
Net pension liability	-	(11,490,871)	(11,490,871)
Net Position	53,566,712	(10,538,804)	43,027,908

Sacramento Area Council of Governments

Required Supplementary Information – Schedule of Funding Progress

For the Fiscal Year Ended June 30, 2015

OTHER POST-EMPLOYMENT BENEFIT PLAN

	A	B	C (B-A)	D (A/B)	E	F (C/E)
Actual Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) (B-A)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered
6/30/2011	$2,578,675	$5,494,630	$2,915,955	47%	$4,499,386	65%
6/30/2013	$2,879,055	$5,354,655	$2,475,600	54%	$4,945,535	50%
7/1/2015	$3,613,870	$5,845,136	$2,231,266	62%	$5,070,320	44%

SCHEDULE OF SACOG'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 YEARS*

		2015
SACOG's Proportion of the net pension liability		0.14297%
SACOG's Proportionate share of the net pension liability	$	8,896,169
Covered - employee payroll	$	5,095,286
SACOG's Proportionate Share of the net pension liability as a percentage of covered-employee payroll		57.28%
Plan fiduciary net position as a percentage of the total pension liability		80.11%

Notes to Schedule:

Benefit changes - All members with membership dates on or after January 1, 2013 enter the new tiers created by the California Public Employees Pension Reform Act of 2013 (PEPRA).

* Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

Sacramento Area Council of Governments

Required Supplementary Information

For the Fiscal Year Ended June 30, 2015

SCHEDULE OF CONTRIBUTIONS
LAST 10 YEARS*

		2015
Actuarially determined contributions	$	984,832
Contributions in relation to the actuarially determined contribution		984,832
Contribution deficiency (excess)	$	-
Covered-employee payroll	$	5,070,320
Contributions as a percentage of covered-employee payroll		19.42%

Notes to Schedule

* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget (over) and under budget
	Original	Final	Amounts	
Revenues:				
Member assessments	$ 284,270	$ 284,270	$ 284,270	$ -
Investment earnings	10,000	10,000	(4,803)	(14,803)
Funds from Board and Advocacy Reserve	117,630	117,630		(117,630)
Total revenues	411,900	411,900	279,467	(132,433)
Expenditures:				
Current:				
Meetings	70,000	70,000	93,560	(23,560)
Directors Fees	60,000	60,000	53,004	6,996
Consultant	70,000	70,000	40,788	29,212
Other	7,500	7,500	15,993	(8,493)
Memberships	45,000	45,000	31,299	13,701
Salaries and Benefits	159,400	159,400	184,083	(24,683)
Total expenditures	411,900	411,900	418,727	(6,827)
Excess of Expenditures over Revenues	$ -	$ -	$ (139,260)	$ (139,260)

Sacramento Area Council of Governments

Schedule of Indirect Service Costs

For the Fiscal Year Ended June 30, 2015

DIRECT COSTS:		
Salaries and benefits	$	6,287,785
INDIRECT COSTS:		
Allocated Indirect Costs (46.10%):		
Service costs		2,898,669
Actual Indirect Costs:		
Building expenses		595,752
Career Development Program		40,713
Consultants		156,099
Depreciation		49,658
Insurance		69,777
Legal		95,132
Office Equipment		48,062
Office Equipment Maintenance		9,377
Meetings		1,916
Memberships		24,701
Miscellaneous		10,458
Mileage		12,799
Parking		8,607
Postage		3,819
Publications/Periodicals		2,057
Salaries and benefits		1,683,761
Computer Software and Maintenance		120,135
Supplies		39,181
Accounting Services		12,567
Telecommunications		25,512
Unemployment costs		4,520
Temporary labor services		20,154
Printing costs		2,209
Total indirect costs		3,036,966
Under-absorbed indirect costs	$	(138,297)

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Statistical Section

For the Fiscal Year Ended June 30, 2015

The Statistical section contains comprehensive statistical data that 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 Position by Component

For Ten Fiscal Years Ended June 30

	2006	2007	2008	2009*
GOVERNMENTAL ACTIVITIES:				
Net Investment in Capital Assets	$ 2,005,015	$ 1,508,043	$ 2,624,670	$ 2,062,372
Restricted for Transportation Projects				
Restricted for Transportation Claimants	12,214,496	5,197,396	7,119,396	11,681,253
Unrestricted	9,812,898	11,573,273	13,203,519	27,759,660
Total governmental activities Net Position	**$ 24,032,409**	**$ 18,278,712**	**$ 22,947,585**	**$ 41,503,285**

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

Source:
Agency Annual Reports

Sacramento Area Council of Governments

Net Position by Component

For Ten Fiscal Years Ended June 30

2010	2011	2012	2013	2014	2015
$ 1,282,726	$ 769,096	$ 281,982	$ 102,217	$ 148,847	$ 174,906
			882,560	917,880	700,946
13,895,556	34,088,672	38,980,228	49,966,728	36,701,567	37,546,082
35,583,893	17,851,804	16,669,133	16,183,317	15,798,418	5,215,052
$ 50,762,175	**$ 52,709,572**	**$ 55,931,343**	**$ 67,134,822**	**$ 53,566,712**	**$ 43,636,986**

Sacramento Area Council of Governments

Statement of Activities & Changes in Net Position

For Ten Fiscal Years Ended June 30

	2006	2007	2008	2009
EXPENSES				
Transportation Claimants	$ 72,411,224	$ 92,928,882	$ 71,889,819	$ 62,570,554
Planning and Administration	11,794,482	14,015,459	11,103,987	14,959,542
Sacramento Emergency Clean Air & Transportation Program	5,889,595	12,250,196	5,926,133	8,984,793
SACOG Managed Fund				1,941,314
PTMISEA				68,584
Capitol Valley SAFE	2,125,367	2,274,985	5,431,978	2,302,480
Glenn County SAFE	21,705	35,230	101,897	30,311
Total Expenses	**$ 92,242,373**	**$ 121,504,752**	**$ 94,453,814**	**$ 90,857,578**
PROGRAM REVENUES				
Operating Grants and Contributions:				
Planning and Administration	$ 7,499,794	$ 10,313,252	$ 12,260,257	16,900,076
Sacramento Emergency Clean Air & Transportation Program	$ 5,889,595	$ 12,250,196	$ 5,926,133	11,437,452
PTMISEA				4,060,255
Charges for Services:				
Planning and Administration	1,088,718	1,156,341	1,237,811	1,190,472
SACOG Managed Fund				3,051,000
PTMISEA				
Capitol Valley SAFE	2,194,802	2,215,115	2,208,656	2,195,851
Glenn County SAFE	30,086	30,515	30,876	30,243
Total Program Revenues	16,702,995	25,965,419	21,663,733	38,865,349
Net Expense	**$ (75,539,378)**	**$ (95,539,333)**	**$ (72,790,081)**	**$ (51,992,229)**
General Revenues and Other Changes in Net Assets				
State Shared Revenue - Sales and Use Taxes	$ 75,218,223	$ 87,759,141	$ 75,580,640	$ 63,210,973
Investment Earnings	911,839	1,640,450	1,168,227	766,571
In-Kind Revenue	-	-	-	-
Other	435,015	489,765	710,086	653,710
Special Item - Sale of Meridian Plaza	-	-	-	-
Loss on Disposal of Capital Assets	-	(103,720)		
Total General Revenues	**$ 76,565,077**	**$ 89,785,636**	**$ 77,458,953**	**$ 64,631,254**
Change in Net Position	1,025,699	(5,753,697)	4,668,872	12,639,025
Net Position - Beginning	23,006,710	24,032,409	18,278,712	28,864,260
Prior Period Adjustment Pension Liability GASB 68	N/A	N/A	N/A	N/A
Net Position - Ending	**$ 24,032,409**	**$ 18,278,712**	**$ 22,947,584**	**$ 41,503,285**

*2009 numbers have been restated

Note; For SACOG, governmental activities are the same as the Primary Government Activities. Therefore, the Primary Government

**2011. The SACOG Managed Fund activity was transferred into the SACOG Planning

Source: Individual internal fund statements

Sacramento Area Council of Governments

Statement of Activities & Changes in Net Position

For Ten Fiscal Years Ended June 30

2010	2011**	2012	2013	2014	2015
$ 62,176,903	$ 51,508,069	$ 73,899,504	$ 72,395,499	$ 82,519,242	$ 80,040,856
17,283,003	20,668,754	16,548,264	18,329,698	23,478,952	19,462,387
2,494,831	1,313	58,172	-	-	-
1,068,276	n/a	n/a	n.a	n.a	n.a
4,742,226	1,579,144	6,385,003	20,405,161	10,872,693	9,424,005
2,431,941	2,293,278	2,247,338	2,030,134	1,955,345	2,091,288
33,236	16,061	15,851	10,196	23,781	16,712
$ 90,230,416	**$ 76,066,619**	**$ 99,154,132**	**$ 113,170,688**	**$ 118,850,013**	**$ 111,035,248**
14,153,990	17,371,115	11,909,077	15,319,095	22,010,737	15,820,697
15,319,020	800,000	13,695,246	27,710,682	170,197	10,780,660
430,347	581,041	481,980	561,106	424,844	586,896
2,145,307	2,081,247	2,261,157	2,189,461	2,269,183	2,326,565
29,386	28,722	30,763	29,655	30,303	30,790
32,078,050	20,862,125	28,378,223	45,809,999	24,905,264	29,545,608
$ (58,152,366)	**$ (55,204,494)**	**$ (70,775,909)**	**$ (67,360,689)**	**$ (93,944,749)**	**$ (81,489,640)**
$ 66,132,449	$ 55,894,683	$ 73,300,929	$ 77,777,632	$ 79,607,818	$ 82,089,764
529,002	261,290	249,031	336,414	81,680	(49,608)
627,948	649,531	293,611	320,458	582,399	-
121,857	346,387	154,109	129,664	104,742	58,562
-	-	-			
$ 67,411,256	**$ 57,151,891**	**$ 73,997,680**	**$ 78,564,168**	**$ 80,376,639**	**$ 82,098,718**
9,258,890	1,947,397	3,221,771	11,203,479	(13,568,110)	609,078
41,503,285	50,762,175	52,709,572	55,931,343	67,134,822	53,566,712
N/A	N/A	N/A	N/A	N/A	(10,538,804)
$ 50,762,175	**$ 52,709,572**	**$ 55,931,343**	**$ 67,134,822**	**$ 53,566,712**	**$ 43,636,986**

Sacramento Area Council of Governments

Planning and Administration Fund
Changes in Fund Balance

For Ten Fiscal Years Ended June 30

	2006	2007	2008	2009*
REVENUES				
Federal	$ 4,839,847	$ 7,552,527	$ 6,240,742	$ 7,463,171
State	1,162,528	137,739	841,536	1,406,497
Local	1,157,419	1,278,986	1,072,500	1,012,580
Charges for Services	793,758	841,255	922,725	840,987
Member Assessments	294,960	315,086	315,086	349,485
Investment Earnings	90,589	176,007	109,952	80,243
In-Kind				
Other	342,912	449,382	614,434	622,954
Total Revenues	8,682,013	10,750,982	10,116,975	11,775,917
EXPENDITURES				
Planning and Administration	10,284,677	11,693,873	11,219,835	13,155,044
Community Design Grants	-	-	-	
Planning Grants	900,201	1,121,115	1,343,608	1,188,305
Payments to SMF agencies				
Capital Outlay	47,506	45,758	77,311	48,806
Total Expenditures	11,232,384	12,860,746	12,640,754	14,392,155
Deficiency of Revenues under Expenditures	(2,550,371)	(2,109,764)	(2,523,779)	(2,616,238)
OTHER FINANCING SOURCES				
Transfers in	2,372,141	2,918,782	2,468,402	2,301,584
Transfers out			(28,748)	
Change in Fund Balance	(178,230)	809,018	(84,125)	(314,654)
Fund Balance - Beginning	2,971,546	2,793,316	3,602,334	3,518,209
Fund Balance - Ending	$ 2,793,316	$ 3,602,334	$ 3,518,209	$ 3,203,555
RESERVATIONS OF FUND BALANCE - PRE GASB 54				
Reserved for Prepaid Items	$ 66,488	$ 69,377	$ 70,833	$ 118,876
Reserved for Unrecovered indirect costs	-	-	-	-
Unreserved, Designated for:				
Contingencies	700,000	700,000	700,000	700,000
Land Use Blueprint	-	-	-	-
Operating Cash Reserve	-	-	-	1,500,000
Encumbrances	1,187,915	1,553,754	1,513,569	
Fund Balance Categories under GASB 54				
Nonspendable - prepaid Items	129,903	129,903	168,856	212,056
Restricted:				
Restricted for Transportation Projects				
Committed:				
Board and Advocacy				
Community Design Grantees				
Assigned:				
Legal Defense				
Self Insurance				
Project Specific Carryover Funds				
GIS Receipients				
Unassigned:				
Unassigned Fund Balance	709,010	1,149,300	1,064,951	672,623
Total Ending Fund Balance	**$ 2,793,316**	**$ 3,602,334**	**$ 3,518,209**	**$ 3,203,555**

*2009 was restated by $71,320

**2011 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 Ten Fiscal Years Ended June 30

2010	2011**	2012	2013	2014	2015
$ 12,157,504	$ 13,637,674	$ 8,678,720	$ 9,533,766	$ 12,847,391	$ 10,486,272
1,204,156	3,088,223	2,676,805	4,654,503	4,783,759	4,420,149
743,493	645,220	553,552	1,130,826	1,410,738	914,276
146,077	296,771	197,710	277,719	140,574	302,626
284,270	284,270	284,270	284,270	284,270	284,270
12,696	56,532	50,047	75,288	11,847	(22,172)
625,448	649,531	293,611	320,458	582,399	-
86,467	288,978	66,295	79,108	69,354	36,732
15,260,111	18,947,199	12,801,010	16,355,938	20,130,332	16,422,153
16,981,392	20,022,388	15,857,825	18,182,940	22,331,342	19,002,274
	390,310				
		517,451	146,758	1,005,170	647,705
42,278	16,816	42,023	66,086	95,110	75,716
17,023,670	20,429,514	16,417,299	18,395,784	23,431,622	19,725,695
(1,763,559)	(1,482,315)	(3,616,289)	(2,039,846)	(3,301,290)	(3,303,542)
2,033,399	2,124,575	2,547,066	2,445,564	2,802,773	2,821,163
					-
269,840	642,260	(1,069,223)	405,718	(498,517)	(482,379)
3,203,555	14,603,324	15,245,584	14,176,361	14,582,079	14,083,562
$ 3,473,395	$ 15,245,584	$ 14,176,361	$ 14,582,079	$ 14,083,562	$ 13,601,183
$ 68,505					
-	-	-	-	-	-
700,000	-	-	-	-	-
-	-	-	-	-	-
1,500,000	-	-	-	-	-
151,573	58,725	72,497	95,313	18,011	75,929
	-	-	-	-	-
			882,560	917,880	583,947
	109,539	211,122	233,770	166,323	37,999
	1,412,071	1,820,244	1,712,060	1,256,846	797,670
	500,000	500,000	500,000	500,000	500,000
	200,000	200,000	200,000	200,000	200,000
194,065	194,065	193,182	193,182	193,182	193,182
75,451	62,397	89,897	117,397	139,897	162,397
783,801	12,708,787	11,089,419	10,647,797	10,691,423	11,050,059
$ 3,473,395	**$ 15,245,584**	**$ 14,176,361**	**$ 14,582,079**	**$ 14,083,562**	**$ 13,601,183**

Sacramento Area Council of Governments

Fund Balances – Governmental Funds

For Ten Fiscal Years Ended June 30

	2006	2007	2008	2009*
REVENUES				
Sales and Use Taxes	$ 75,218,223	$ 87,759,141	$ 75,580,640	$ 63,210,973
Vehicle registration fees and traffic fines	2,224,888	2,245,630	2,239,532	2,226,094
Intergovernmental:				
Federal	4,839,847	7,552,527	6,240,742	7,463,171
State	7,052,123	12,387,935	6,768,648	20,445,532
Local	1,497,419	2,622,986	5,410,000	7,540,080
Charges for services	793,758	841,255	922,725	840,987
Member assessments	294,960	315,086	315,086	349,485
Investment earnings	911,839	1,640,450	1,168,227	766,571
In-Kind				524,413
Other	435,015	489,765	710,086	129,297
Total Revenues	**93,268,072**	**115,854,775**	**99,355,686**	**103,496,603**
EXPENDITURES				
City of Elk Grove	4,632,607	6,083,245	4,961,671	4,816,070
City of Citrus Heights	3,687,554	4,355,157	3,261,077	3,030,674
City of Davis	3,019,992	4,031,515	3,060,636	2,742,094
City of Folsom	2,793,722	3,417,484	2,611,488	2,469,833
City of Galt	938,840	1,141,920	863,102	817,643
City of Isleton	35,204	40,834	31,365	29,461
City of Live Oak	230,696	306,102	364,421	128,846
City of Marysville	-	8,856	48,781	39,846
City of Sacramento	358,463	384,147	517,112	314,308
City of West Sacramento	1,731,037	2,381,012	1,970,250	1,850,226
City of Rancho Cordova	60,604	46,767	38,710	39,750
City of Wheatland	72,235	113,644	109,987	57,047
City of Winters	313,194	413,239	313,752	283,631
City of Woodland	2,391,065	3,161,298	2,416,275	2,226,637
City of Yuba City	756,991	1,116,305	1,634,398	135,202
County of Sacramento	1,608,953	1,489,561	974,665	1,145,801
County of Sutter	610,546	729,615	906,757	232,880
County of Yolo	1,033,415	1,353,669	1,041,769	953,893
County of Yuba	405,905	699,670	895,991	311,142
Sacramento Regional Transit District	43,195,816	56,002,015	41,280,919	37,381,148
Yolo County Transportation District	61,544	171,433	95,753	67,986
Yuba-Sutter Transit Authority	2,435,831	3,338,658	2,764,093	1,765,555
Paratransit, Inc	2,037,010	2,142,736	1,726,847	1,730,882
SAFE services	837,072	408,988	368,075	348,682
Freeway service patrol	635,000	665,000	697,525	791,631
Equipment and maintenance	654,137	726,099	517,207	573,455
Insurance and DMV fees	20,513	20,567	19,719	19,666
Planning and Administration (includes planning grants)	11,185,228	13,923,774	13,605,568	14,912,347
SACOG Managed Fund				1,941,314
Public Transportation Moderization Improvement & Service Enhancement	-	-	-	68,584
Community Design Grants				
SECAT grants or refunds	5,889,595	12,250,196	5,926,133	8,984,793
Capital outlay	47,506	45,758	2,500,319	48,806
Total Expenditures	91,680,275	120,969,264	95,524,365	90,259,833
Excess of Revenues over Expenditures	1,587,797	(5,114,489)	3,831,321	13,236,770
OTHER FINANCING USES				
Transfers in	2,372,141	2,918,782	2,497,150	2,301,584
Transfers out	(2,372,141)	(2,918,782)	(2,497,150)	(2,301,584)
Total other financing uses	-	-	-	-
Net Change in Fund Balances	1,587,797	(5,114,489)	3,831,321	13,236,770
Fund Balance - Beginning	20,887,006	22,474,803	17,360,315	27,108,311
Fund Balance - Ending	**$ 22,474,803**	**$ 17,360,314**	**$ 21,191,636**	**$ 40,345,081**

*2009 was restated.

Source: Individual internal fund statements

Sacramento Area Council of Governments

Fund Balances – Governmental Funds

For Ten Fiscal Years Ended June 30

2010	2011	2012	2013	2014	2015
$ 66,132,449	$ 56,694,683	$ 86,996,175	$ 105,488,314	$ 79,778,015	$ 92,870,424
2,174,693	2,109,969	2,291,919	2,219,115	2,299,485	2,357,355
12,157,504	13,637,674	8,678,720	9,533,766	12,847,391	10,476,372
16,523,176	3,088,223	2,676,805	4,654,503	4,783,759	3,923,625
792,331	645,220	553,552	1,130,826	1,410,738	1,420,700
146,077	296,771	197,710	277,719	140,574	302,626
284,270	284,270	284,270	284,270	284,270	284,270
529,002	261,290	249,031	336,414	81,680	(49,608)
627,948	649,531	293,611	320,458	582,399	-
121,857	346,387	154,109	129,664	104,742	58,562
99,489,307	**78,014,018**	**102,375,902**	**124,375,049**	**102,313,053**	**111,644,326**
4,453,961	3,855,576	5,708,010	5,784,892	6,359,521	6,640,834
2,718,195	2,387,142	3,376,119	3,016,818	3,368,745	3,464,765
2,875,410	2,054,718	3,074,492	3,522,718	3,643,141	3,773,822
2,342,024	1,936,048	2,788,369	2,667,342	2,965,270	2,994,838
745,182	657,899	929,674	857,479	966,917	993,483
25,426	22,299	31,494	29,151	32,531	33,478
236,516	464,676	333,610	319,649	336,684	293,500
67,049	-	-		77,028	-
253,973	270,420	331,851	295,055	339,472	353,082
1,952,997	1,487,468	2,132,866	2,514,725	2,651,674	2,757,538
32,551	34,747	42,932	41,159	47,641	49,906
73,562	45,266	62,663	55,756	85,968	51,472
292,099	219,278	312,839	338,503	367,905	381,115
2,317,034	1,755,475	2,523,464	2,840,885	2,993,489	3,109,907
508,249	2,787,330	1,345,087	1,464,744	1,696,190	1,289,439
1,109,664	1,051,691	1,365,862	1,579,742	1,681,590	1,667,857
538,880	1,232,138	715,189	679,161	756,226	641,138
969,937	735,302	1,042,866	1,258,760	1,366,234	1,381,364
549,293	374,072	352,238	410,109	883,272	359,374
36,298,222	27,382,646	43,151,709	40,062,709	44,128,867	44,967,604
143,020	-	201,715	2,807,839	2,872,942	2,732,566
2,268,254	1,264,700	2,251,612	214,427	213,026	140,588
1,405,405	1,489,178	1,824,843	1,633,876	1,882,136	1,963,186
403,004	384,153	360,441	436,837	367,588	364,335
814,681	834,494	851,210	848,418	831,623	857,834
443,720	450,983	459,685	455,440	656,886	584,818
17,365	21,255	19,780	20,393	11,291	21,462
17,118,422	20,156,239	15,945,296	18,258,075	22,443,080	19,281,825
1,068,276		517,451	-	-	-
4,742,226	1,579,144	6,385,003	20,405,161	10,872,693	9,424,005
	390,310	-	146,758	1,005,170	647,705
2,494,831	1,313	58,172	-	-	-
42,278	16,816	42,023	66,086	95,110	75,716
89,321,706	75,342,776	98,538,565	113,032,667	115,999,910	111,298,556
10,167,601	2,671,242	3,837,337	11,342,382	(13,686,857)	345,770
2,033,399	2,124,575	2,547,066	2,445,564	2,802,773	2,821,163
(2,033,399)	(2,124,575)	(2,547,066)	(2,445,564)	(2,802,773)	(2,821,163)
-	-	-	-	-	-
10,167,601	2,671,242	3,837,337	11,342,382	(13,686,857)	345,770
40,345,081	50,512,682	53,183,924	57,021,261	68,363,643	54,676,786
$ 50,512,682	**$ 53,183,924**	**$ 57,021,261**	**$ 68,363,643**	**$ 54,676,786**	**$ 55,022,556**

Sacramento Area Council of Governments

Components of Fund Balances

For Ten fiscal Years Ended June 30

	2006	2007	2008	2009*
MAJOR FUNDS - Pre GASB 54				
Reserved	$ 76,893	$ 71,523	$ 73,143	$ 121,026
Unreserved, designated for:				
Contingencies	760,000	760,000	760,000	760,000
Operating Cash Reserve	-	-	-	1,500,000
Encumbrances	1,187,915	1,553,754	1,513,569	
Glenn County SAFE Board and Advocacy	129,903	129,903	168,856	212,056
Project Specific Carryover Funds				
Community Design Grantees				
Reserved for GIS receipients				
Post Retirement Health Benefits	-	3,543,559	3,699,737	3,789,940
Total unreserved, designated	2,077,818	5,987,216	6,142,162	6,261,996
Unreserved, undesignated	20,320,092	11,301,575	14,976,331	33,999,177
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				
Restricted for Transportation Projects				
Committed:				
Board and Advocacy				
Community Design Grantees (SMF)				
Assigned:				
Legal Defense				
Self Insurance				
Project Specific Carryover Funds				
GIS Receipients				
Post Employment Benefits (OPEB)				
Planning and Administration Fund				
Assigned:				
Unassigned Fund Balance				
Total Fund Balance	**$ 22,474,803**	**$ 17,360,314**	**$ 21,191,636**	**$ 40,382,199**

Unassigned Fund Balance

* 2009 was restated.

Format conforms with GASB 54 guidelines.

Source: Agency Annual Reports

Sacramento Area Council of Governments

Components of Fund Balances

For Ten fiscal Years Ended June 30

2010	2011	2012	2013	2014	2015
$ 70,656					
700,000					
2,542,000					
151,573					
194,065					
1,660,260					
75,451					
2,785,847					
8,109,196	-	-	-	-	-
42,332,830					
	60,877	74,621	97,511	20,472	75,929
	11,959	-	-	-	-
	14,151,893	21,528,870	28,952,646	18,276,282	19,578,874
	113,418	255,441	(72,779)	351,541	915,777
	13,017,462	9,397,543	13,270,404	11,856,983	10,998,193
	389,688	693,038	761,228	67,647	258,426
	573,654	668,609	537,017	116,659	481,406
	2,154,733	2,191,913	1,741,805	968,827	(21,478)
	3,571,169	4,127,375	4,573,048	4,926,394	5,183,974
	104,696	117,439	130,580	137,234	150,910
			882,560	917,880	700,946
	109,539	211,122	233,770	166,323	27,063
	1,412,071	1,820,244	1,712,060	1,256,846	797,670
	500,000	500,000	500,000	500,000	500,000
	200,000	200,000	200,000	200,000	200,000
	194,065	193,182	193,182	193,182	193,182
	62,397	89,897	117,397	139,897	162,397
	2,805,516	2,820,548	3,885,417	3,889,196	3,875,291
	1,042,000	1,042,000	-	-	-
	12,708,787	11,089,419	10,647,797	10,691,423	10,943,996
$50,512,682	**$53,183,924**	**$57,021,261**	**$68,363,643**	**$54,676,786**	**$55,022,556**

Sacramento Area Council of Governments

Total Population by Jurisdiction

For Ten fiscal Years ending June 30

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
SACOG Region	**2,203,775**	**2,236,491**	**2,266,234**	**2,290,482**	**2,312,406**	**2,327,914**	**2,341,006**	**2,360,844**	**2,378,721**	**2,404,700**
El Dorado County	**174,218**	**176,226**	**177,897**	**179,150**	**180,682**	**180,483**	**180,712**	**182,286**	**182,404**	**184,917**
Placerville	10,164	10,204	10,275	10,324	10,365	10,306	10,369	10,441	10,527	10,673
South Lake Tahoe	22,094	21,888	21,737	21,517	21,407	21,328	21,343	21,498	21,409	21,738
Unincorporated	141,960	144,134	145,885	147,309	148,910	148,849	149,000	150,347	150,468	152,506
Placer County	**317,437**	**325,985**	**333,805**	**340,995**	**347,133**	**351,463**	**355,328**	**357,463**	**366,115**	**369,454**
Auburn	12,863	12,993	13,079	13,232	13,307	13,378	13,468	13,446	13,804	13,818
Colfax	1,805	1,815	1,822	1,843	1,946	1,966	1,977	1,969	1,998	1,994
Lincoln	34,342	38,360	40,726	41,787	42,589	43,144	43,572	43,818	45,206	45,837
Loomis	6,318	6,345	6,385	6,416	6,427	6,460	6,500	6,493	6,608	6,623
Rocklin	51,521	52,718	54,561	55,566	56,720	57,767	58,295	58,484	59,672	60,252
Roseville	106,451	108,503	111,259	114,869	118,180	120,307	122,060	123,514	126,956	128,382
Unincorporated	104,137	105,251	105,973	107,282	107,964	108,441	109,456	109,739	111,871	112,548
Sacramento County	**1,365,214**	**1,380,172**	**1,394,510**	**1,406,168**	**1,417,259**	**1,427,961**	**1,435,153**	**1,445,806**	**1,454,406**	**1,470,912**
Citrus Heights	84,112	83,552	83,347	83,317	83,382	83,583	83,881	84,345	84,544	85,147
Elk Grove	135,996	142,003	146,083	149,302	152,652	154,440	155,937	159,074	160,688	162,899
Folsom	67,936	69,257	71,064	71,625	72,139	72,393	72,725	72,294	74,014	74,909
Galt	22,628	22,996	23,371	23,584	23,654	23,757	24,076	24,185	24,289	24,607
Isleton	802	800	800	802	805	808	810	815	815	820
Rancho Cordova	56,866	59,502	61,526	62,724	64,024	65,475	66,093	66,927	67,839	69,112
Sacramento	445,774	452,711	458,965	463,633	466,740	469,477	470,956	473,509	475,122	480,105
Unincorporated	551,100	549,351	549,354	551,181	553,863	558,028	560,675	564,657	567,095	573,313
Sutter County	**89,364**	**91,563**	**92,983**	**93,918**	**94,765**	**94,620**	**95,065**	**95,851**	**95,733**	**95,948**
Live Oak	7,266	7,890	8,255	8,355	8,422	8,446	8,247	8,341	8,481	8,546
Yuba City	60,197	61,835	62,974	64,042	64,818	64,792	65,300	65,841	65,677	66,363
Unincorporated	21,901	21,838	21,754	21,521	21,525	21,382	21,518	21,669	21,575	21,039
Yolo County	**189,078**	**192,826**	**196,219**	**198,642**	**200,484**	**201,071**	**202,133**	**205,999**	**206,381**	**209,393**
Davis	64,043	64,412	64,712	65,143	65,558	65,421	65,052	66,471	66,656	66,757
West Sacramento	43,331	45,179	46,979	47,962	48,582	49,048	49,292	50,460	50,836	51,272
Winters	6,602	6,584	6,648	6,638	6,630	6,609	6,839	6,974	6,979	6,954
Woodland	51,919	52,917	54,118	54,750	55,400	55,345	55,646	56,908	57,223	57,525
Unincorporated	23,183	23,734	23,762	24,149	24,314	24,648	25,304	25,186	24,687	26,885
Yuba County	**68,464**	**69,719**	**70,820**	**71,609**	**72,083**	**72,316**	**72,615**	**73,439**	**73,682**	**74,076**
Marysville	12,446	12,312	12,285	12,310	12,304	12,098	12,104	12,250	12,266	12,051
Wheatland	3,499	3,489	3,488	3,506	3,519	3,459	3,469	3,493	3,495	3,437
Unincorporated	52,519	53,918	55,047	55,793	56,260	56,759	57,042	57,696	57,921	58,588

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 Households by County

For Ten fiscal Years ended June 30

	2006		2007		2008	
	Total Units	**Vacant**	**Total Units**	**Vacant**	**Total Units**	**Vacant**
SACOG Region	**887,241**	**58,463**	**903,731**	**60,424**	**916,203**	**60,780**
El Dorado County	81,478	13,757	82,695	13,992	83275	14,024
Placer County	140,330	15,220	144,207	15,603	147408	15,701
Sacramento County	535,788	22,916	545,287	23,720	551,219	23,627
Sutter County	32,472	1,459	33,069	1,485	33,491	1,503
Yolo County	70,542	2,454	71,755	2,533	73,138	2,563
Yuba County	26,631	2,657	26,718	3,091	27,672	3,362

	2009		2010		2011	
	Total Units	**Vacant**	**Total Units**	**Vacant**	**Total Units**	**Vacant**
SACOG Region	**922,560**	**63,442**	**932,323**	**90,378**	**935,759**	**90,071**
El Dorado County	83,871	14,107	88,121	17,926	88,272	17,957
Placer County	149,265	16,061	152,422	20,003	153,730	20,107
Sacramento County	553,916	23,874	555,335	41,944	556,973	42,060
Sutter County	33,681	1,506	33,846	2,421	33,920	2,426
Yolo County	73,811	4,347	74,984	4,178	75,326	4,192
Yuba County	28,016	3,547	27,615	3,906	27,538	3,329

	2012		2013		2014	
	Total Units	**Vacant**	**Total Units**	**Vacant**	**Total Units**	**Vacant**
SACOG Region	**937,035**	**90,173**	**940,393**	**90,455**	**945,012**	**91,473**
El Dorado County	88,300	17,965	88,495	17,999	88,950	18,072
Placer County	154,525	20,188	155,782	20,312	157,117	20,435
Sacramento County	558,209	42,143	559,806	42,244	561,460	42,353
Sutter County	33,935	2,427	33,971	2,430	34,080	2,437
Yolo County	74,379	4,171	74,589	4,184	75,600	4,884
Yuba County	27,687	3,279	27,750	3,286	27,805	3,292

	2015	
	Total Units	**Vacant**
SACOG Region	**948,072**	**89,424**
El Dorado County	89,293	18,471
Placer County	158,518	20,458
Sacramento County	562,950	41,311
Sutter County	34,140	2,736
Yolo County	75,231	3,931
Yuba County	27,940	2,517

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

Sacramento Area Council of Governments

Labor Force & Unemployment by County

For Ten fiscal years ended June 30

	2005				2006			
	Labor Force	Employment	Unemploy-ment	Rate	Labor Force	Employment	Unemploy-ment	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

	2007				2008			
	Labor Force	Employment	Unemploy-ment	Rate	Labor Force	Employment	Unemploy-ment	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	Unemploy-ment	Rate	Labor Force	Employment	Unemploy-ment	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

Labor Force & Unemployment by County

For Ten fiscal years ended June 30

	2011				2012			
SACOG Region	**Labor Force**	**Employment**	**Unemployment**	**Rate**	**Labor Force**	**Employment**	**Unemployment**	**Rate**
El Dorado County	**1,110,800**	**974,400**	**136,500**	**12.3**	**1,118,600**	**997,100**	**121,500**	**10.9**
Placer County	91,000	80,300	10,700	11.8	90,500	81,100	9,400	10.4
Sacramento County	175,100	156,200	18,900	10.8	178,800	162,000	16,800	9.4
Sutter County	675,600	594,100	81,500	12.1	680,200	608,400	71,800	10.6
Yolo County	43,300	35,200	8,200	18.8	42,800	35,300	7,500	17.6
Yuba County	97,800	85,700	12,100	12.4	98,500	87,200	11,300	11.5
	28,000	22,900	5,100	18.2	27,800	23,100	4,700	16.9

	2013				2014			
SACOG Region	**Labor Force**	**Employment**	**Unemployment**	**Rate**	**Labor Force**	**Employment**	**Unemployment**	**Rate**
SACOG Region	**1,114,500**	**1,015,100**	**99,200**	**8.9**	**1,122,000**	**1,038,000**	**84,000**	
El Dorado County	90,100	82,600	7,500	8.3	88,800	82,600	6,200	7.0
Placer County	178,200	164,800	13,400	7.5	176,500	165,400	11,100	6.3
Sacramento County	678,200	619,100	59,000	8.7	682,200	632,200	50,000	7.3
Sutter County	42,600	36,200	6,400	14.9	44,500	38,800	5,700	12.7
Yolo County	97,900	88,700	9,200	9.4	101,800	94,000	7,800	7.7
Yuba County	27,500	23,700	3,700	13.6	28,200	25,000	3,200	11.2

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 Last Two Fiscal Years

El Dorado County

2013			2014		
Employer	**# of Emps**	**%**	**Employer**	**# of Emps**	**%**
Blue Shield of California	1,830	3.8%	El Dorado County	1,850	3.7%
Red Hawk Casino	1,350	2.8%	Blue Shield of California	1,839	3.6%
Marshall Medical Center	1,232	2.6%	Marshall Medical Center	1,502	3.0%
El Dorado County	1,200	2.5%	Red Hawk Casino	1,400	2.8%
DST Output	947	2.0%	DST Output	850	1.7%
US Government	850	1.8%	U.S. Government	800	1.6%
Sierra-at-Tahoe Inc.	700	1.5%	State of California	693	1.4%
State of California	648	1.4%	Barton Health	604	1.2%
El Dorado County Office of Education	600	1.3%	El Dorado County Office of Education	600	1.2%
Barton Health	553	1.2%	Sierra-at-Tahoe Resort LLC	600	1.2%
Home Depot	536	1.1%	El Dorado Union High School District	595	1.2%
El Dorado Union High School District	400	0.8%	Raley's Inc.	504	1.0%
Raley's Inc	340	0.7%			
County Employment Estimate	48,000	100.0%	County Employment Estimate	50,600	100.0%

Placer County

2013			2014		
Employer	**# of Emps**	**%**	**Employer**	**# of Emps**	**%**
Kaiser Permanente	3,860	2.9%	Sutter Health	3,890	2.7%
Hewlett-Packard Inc	3,200	2.4%	Kaiser Permanente	3,826	2.6%
Sutter Health	2,299	1.7%	Squaw Valley Resort	2,500	1.7%
Placer County	2,240	1.7%	Thunder Valley Casino Resort	2,391	1.6%
Thunder Valley Casino	2,000	1.5%	Placer County	2,300	1.6%
Union Pacific Railroad Co Inc	2,000	1.5%	Hewlett-Packard Co.	2,230	1.5%
Northstar-At-Tahoe Resort	1,950	1.5%	City of Roseville	1,254	0.9%
Rocklin Unified School District	1,140	0.9%	Pride Industries	1,164	0.8%
Pride Industries	1,101	0.8%	Roseville City School District	1,006	0.7%
City of Roseville	982	0.7%	State of California	940	0.6%
Raley's Inc	969	0.7%	Raley's Inc.	909	0.6%
State of California	842	0.6%	Wells Fargo & Co.	800	0.5%
County Employment Estimate	132,800	100.0%	County Employment Estimate	145,500	100.0%

Sacramento County

2013			2014		
Employer	**# of Emps**	**%**	**Employer**	**# of Emps**	**%**
State of California	70,548	12.3%	State of California	72,220	12.0%
Sacramento County	10,634	1.9%	Sacramento County	10,700	1.8%
UC Davis Health System	9,985	1.7%	US Government	9,906	1.6%
Sutter Health Sacramento Sierra Reg	6,507	1.1%	Sutter Health Sacramento Sierra Regi	9,905	1.6%
Intel Corp	6,000	1.0%	Dignity Health	7,352	1.2%
Dignity Health	5,756	1.0%	Intel Corp	6,212	1.0%
US Government	5,750	1.0%	Kaiser Permanente	6,000	1.0%
Kaiser Permanente	5,696	1.0%	Elk Grove Unified School District	5,421	0.9%
Elk Grove Unified School District	5,535	1.0%	Sacramento City Unified School Distri	5,410	0.9%
San Juan Unified School District	4,700	0.8%	City of Sacramento	4,200	0.7%
City of Sacramento	4,926	0.9%	San Juan Unified School District	4,140	0.7%
County Employment Estimate	572,000	100.0%	County Employment Estimate	602,000	100.0%

(Continued)

Sutter County

2013			2014		
Employer	**# of Empl**	**%**	**Employer**	**# of Empl**	**%**
Fremont Medical Center	1,500	5.6%	Yuba City Unified School District	1,500	5.3%
Yuba City Unified School District	1,276	4.7%	Sutter County	920	3.2%
Sutter County	850	3.1%	Wal-Mart	650	2.3%
Oceanspray/Sunsweet Growers	600	2.2%	Sunsweet Growers	630	2.2%
Sutter North Surgery Center	500	1.9%	Sutter County Office of Education	550	1.9%
Sysco Food Service	460	1.7%	Sutter Medical Foundation	450	1.6%
Trees Inc	460	1.7%	Sysco Sacramento	330	1.2%
Walmart	400	1.5%	Yuba City	300	1.1%
Sunset Moulding Co	380	1.4%	Express Services	300	1.1%
Home Depot	300	1.1%	4 Leaf Farm Labor	300	1.1%
Yuba City	260	1.0%	The Fountains	300	1.1%
			Sierra Gold Nurseries Inc	300	1.1%
			Live Oak Unified School District	215	0.8%
County Employment Estimate	27,000	100.0%	County Employment Estimate	28,400	100.0%

Yolo County

2013			2014		
Employer	**# of Empl**	**%**	**Employer**	**# of Empl**	**%**
University of California, Davis	29,800	30.8%	University of California, Davis	30,532	30.1%
State of California	2,506	2.6%	State of California	2,704	2.7%
Cache Creek Casino Resort	2,200	2.3%	US Government	2,182	2.1%
Pacific Gas & Electric Co	1,731	1.8%	Cache Creek Casino Resort	2,000	2.0%
Yolo County	1,257	1.3%	Yolo County	1,350	1.3%
Woodland Joint Unified School Distri	1,000	1.0%	Woodland Joint Unified School Dis	936	0.9%
Woodland Healthcare	949	1.0%	Clark Pacific Corp	850	0.8%
Raley's Inc	830	0.9%	Raley's Inc	805	0.8%
Davis Joint Unified School District	790	0.8%	Woodland Healthcare	783	0.8%
City of Davis	700	0.7%	Sutter Davis Hospital	750	0.7%
Sutter Davis Hospital	534	0.6%	Xerox Corp	623	0.6%
Clark Pacific Corp	440	0.5%	Nugget Market Inc	400	0.4%
Nugget Market Inc	375	0.4%	City of Davis	365	0.4%
County Employment Estimate	96,700	100.0%	County Employment Estimate	101,600	100.0%

Yuba County

2013			2014		
Employer	**# of Empl**	**%**	**Employer**	**# of Empl**	**%**
Beale AFB	5,700	37.0%	Rideout Memorial Hospital	1,800	11.3%
Fremont-Rideout Health Group*	980	6.4%	Beale AFB	1300	8.2%
Yuba County	900	5.8%	Yuba County	915	5.8%
State of California	800	5.2%	State of California	800	5.0%
Yuba Community College	450	2.9%	Marysville Joint Unified School Dist	650	4.1%
Bishop's Pumpkin Farm	432	2.8%	Yuba Community College District	550	3.5%
Sierra Kiwi Inc	300	1.9%	WalMart	400	2.5%
SaveMart/FoodMaxx	240	1.6%	Wheatland Elementary School Dis	300	1.9%
Appeal Democrat	150	1.0%	Yuba county Office of Education	250	1.6%
			Plumas Elementary School Distric	230	1.4%
			Pacific Gas & Electric	220	1.4%
County Employment Estimate	15,400	100.0%	County Employment Estimate	15,900	100.0%

Sacramento Area Council of Governments

Public School Enrollment by County

For Ten fiscal years ended June 30

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
SACOG Region	**387,142**	**392,314**	**394,681**	**395,240**	**397,285**	**398,098**
El Dorado	29,072	29,368	29,332	29,417	29,662	29,336
Placer	61,718	62,666	63,742	64,401	65,708	67,088
Sacramento	235,269	238,385	239,026	238,233	238,346	237,722
Sutter	16,976	17,435	17,771	19,137	19,599	20,020
Yolo	29,321	29,429	29,460	29,493	29,507	29,591
Yuba	14,786	15,031	15,350	14,559	14,463	14,341

	2010/11	2011/12	2012/13	2013/14	2014/15
SACOG Region	**399,127**	**400,310**	**401,784**	**402,061**	**403,258**
El Dorado	29,972	29,781	29,441	27,237	26,960
Placer	68,278	68,815	69,831	70,141	70,496
Sacramento	236,936	237,362	238,290	240,216	241,022
Sutter	20,652	21,110	21,170	21,390	21,459
Yolo	29,366	29,404	29,250	29,185	29,345
Yuba	13,923	13,838	13,802	13,892	13,976

Source: County Reports (Annual), California Department of Education

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 Ten fiscal years ended June 30

	2005		2006		2007		2008	
	Average Weekly Wages	Average Annual Wages[1]	Average Weekly Wages	Average Annual Wages[1]	Average Weekly Wages	Average Annual Wages[1]	Average Weekly Wages	Average Annual Wages[1]
SACOG Region	**$751**	**$39,041**	**$782**	**$40,638**	**$808**	**$41,992**	**$833**	**$43,316**
El Dorado County	$658	$34,200	$693	$36,049	$719	$37,384	$742	$38,584
Placer County	$764	$39,717	$797	$41,431	$822	$42,770	$824	$42,848
Sacramento County	$784	$40,786	$816	$42,418	$842	$43,773	$867	$45,084
Sutter County	$545	$28,319	$580	$30,183	$590	$30,687	$608	$31,616
Yolo County	$699	$36,326	$719	$37,396	$753	$39,170	$776	$40,352
Yuba County	$616	$32,008	$627	$32,627	$663	$34,454	$701	$36,452

	2009		2010		2011		2012*	
	Average Weekly Wages	Average Annual Wages[1]	Average Weekly Wages	Average Annual Wages[1]	Average Weekly Wages	Average Annual Wages	Average Weekly Wages	Mean Annual Wages[2]
SACOG Region	**$842**	**$43,784**	**$861**	**$44,772**	**$876**	**$45,552**	**$997**	**$51,844**
El Dorado County	$748	$38,896	$736	$38,272	$740	$38,490	$1,005	$52,261
Placer County	$839	$43,628	$861	$44,772	$883	$45,924	$1,005	$52,261
Sacramento County	$875	$45,500	$899	$46,748	$915	$47,557	$1,005	$52,261
Sutter County	$629	$32,708	$628	$32,656	$639	$33,249	$820	$42,633
Yolo County	$777	$40,404	$790	$41,080	$799	$41,534	$1,005	$52,261
Yuba County	$716	$37,232	$750	$39,000	$754	$39,185	$820	$42,633

	2013*		2014	
	Average Weekly Wages	Average Annual Wages[2]	Average Weekly Wages	Average Annual Wages
SACOG Region	**$997**	**$51,844**	**$919**	**$47,788**
El Dorado County	$1,005	$52,238	$805	$41,860
Placer County	$1,005	$52,238	$947	$49,244
Sacramento County	$1,005	$52,238	$948	$49,296
Sutter County	$821	$42,676	$682	$35,464
Yolo County	$1,005	$52,238	$847	$44,044
Yuba County	$821	$42,676	$774	$40,248

* Data for 2012 and 2013 were only available at the Metropolitan Statistical Area (MSA) level, individual county level data was not available. This data may not be directly comparable to previous years in this dataset.

Source: California Employment Development Department, Labor Market Information Division

[1]Average Annual Wages based upon Average Weekly Wages

[2] Average Weekly Wages based upon Average Annual Wages (of 1st Quarter of Employment data)

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 Ten Fiscal Years Ended June 30

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
FUNCTION										
Chief Executive Officer*	1	1	1	1	1	1	1	1	1	1
Chief Operations Officer/General Counsel								1	1	1
Administration	6	6	6	9	8	9	9	8	8	8
Finance	5	5	5	5	4	4	4	4	3	3
Research Analysts*	8	11	13	9	10	12	12	11	11	11
Information Technology	2	1	2	2	2	2	1	1	1	1
Planning	21	20	18	19	19	19	19	23	22	22
Public Affairs and Communications	4	5	5	5	5	5	5	6	5	6
Interns	1	1	1	1	2	2	2	2	2	3
Total Approved Full-Time Position	**48**	**50**	**51**	**51**	**51**	**54**	**53**	**57**	**54**	**56**

*Formerly called Executive Director

** Formerly called Geographic Information Systems

Sacramento Area Council of Governments

Summary of Full-Time Equivalent Employees

BY PROJECT

For Ten Fiscal Years Ended June 30

	2006	2007	2008	2009
Direct Projects				
Interagency Relations and Program Management	1.2	1.4	n/a	n/a
Project Delivery and Programming	3.7	3.0	n/a	n/a
Multimodal Transportation Planning and Coordination	6.1	6.1	n/a	n/a
Air Quality Planning, Analysis and Coordination	0.8	2.0	n/a	n/a
Transit Planning and Coordination	4.0	4.0	n/a	n/a
Housing and Land Use	3.3	0.6	n/a	n/a
Regional Monitoring and Forecasting	10.5	5.7	n/a	n/a
Geographic Information Systems	n/a	n/a	n/a	n/a
Public Information/Outreach and Advocacy	4.0	3.8	n/a	n/a
Services	1.2	1.5	n/a	n/a
Special Projects and Local Technical Assistance/NEPA Linkages	0.7	1.0	n/a	n/a
Regional Blueprint Programming	0.6	n/a	n/a	n/a
Metropolitan Transportation Plan	n/a	9.1	n/a	n/a
Sustainable Communities Strategy Implementation Grant from Strategic Growth Council, Round #2	n/a	n/a	n/a	n/a
Services to Other Agencies (pass-through)	0.6	0.8	n/a	n/a
Misc Other Funding	n/a	n/a	n/a	n/a
Government Relations, Public Affairs & Administration	n/a	n/a	4.9	5.1
Long-Range Transportation Planning	n/a	n/a	10.1	3.5
Short-Range Transportation Planning & Studies	n/a	n/a	1.4	0.4
Continuing Transportation Implementation	n/a	n/a	5.7	11.0
Land Use & Housing Planning	n/a	n/a	8.7	11.1
Public Services	n/a	n/a	2.8	2.8
Member & Agency Services	n/a	n/a	4.9	4.7
Services to Other Agencies	n/a	n/a	0.9	0.5
Board and Advocacy	0.3	0.5	0.2	0.3
Subtotal - Direct Projects	37.0	39.5	39.6	39.4
Indirect	11.8	11.1	12.2	12.4
Total FTEs Based on Total Hours	**48.8**	**50.6**	**51.8**	**51.8**

Sacramento Area Council of Governments

Summary of Full-Time Equivalent Employees

BY PROJECT

For Ten Fiscal Years Ended June 30

2010	2011	2012	2013	2014	2015
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	12.0	10.8	3.9	4.7	9.4
n/a	n/a	n/a	1.0	1.2	1.9
n/a	0.2	0.3	0.2	0.1	0.0
n/a	n/a	0.2	0.6	0.4	0.4
4.5	4.7	4.0	5.6	6.1	4.8
6.0	3.7	3.5	4.2	3.0	1.0
1.1	2.8	1.3	2.3	1.6	1.1
8.9	6.8	7.8	6.9	8.1	6.0
10.2	4.4	3.5	6.8	8.4	3.5
2.7	n/a	n/a	n/a	n/a	n/a
3.7	7.0	8.6	9.6	8.6	4.0
0.5	0.5	0.4	1.0	0.7	0.9
0.2	0.2	0.2	0.6	0.4	0.6
37.8	42.3	40.7	42.7	43.4	33.5
12.8	11.7	12.3	14.3	10.6	7.2
50.6	**54.0**	**53.0**	**57.0**	**54.0**	**40.7**

INDIRECT SERVICE COST COMPARISON

For Ten Fiscal Years Ended June 30

	2006	2007	2008	2009
INDIRECT COSTS				
Building Costs	$ 573,947	$ 641,863	$ 638,875	$ 677,089
Career Development Program	-	49,690	52,408	89,195
Consultants	57,038	39,071	116,034	269,661
Depreciation	156,390	136,081	133,337	86,257
Insurance	68,658	67,478	69,959	68,903
Legal	178,649	257,799	320,942	259,557
Maintenance	44,048	6,176	13,295	11,580
Meetings	19,059	12,099	5,300	12,187
Memberships	42,139	42,794	25,377	25,511
Miscellaneous	12,265	676	2,530	3,719
Mileage	13,862	11,408	14,093	12,915
Office Equipment	-	16,825	19,591	11,044
Parking	6,525	7,400	7,550	9,450
Postage	24,197	22,605	21,367	9,014
Printing	-	16,671	1,762	9,081
Publications	3,425	4,227	4,869	3,567
Salaries and Benefits	1,186,651	1,164,671	1,337,701	1,423,539
Software & Maintenance	41,206	36,601	49,921	51,418
Supplies	75,394	38,499	45,429	53,275
Accounting Services	7,723	8,169	17,065	9,420
Unemployment Costs	8,469	-	-	-
Telephone/Telcommunications	28,693	32,906	34,114	39,244
Temporary services	580	2,119	409	132
Printing Cost offset	(71,048)	-	-	-
OPEB ARC				
Total Indirect Costs	**$ 2,477,870**	**$ 2,615,828**	**$ 2,931,928**	**$ 3,135,758**

INDIRECT SERVICE COST COMPARISON

For Ten Fiscal Years Ended June 30

2010	2011	2012	2013	2014	2015
$ 601,854	$ 582,991	$ 575,236	$ 597,186	$ 602,173	$ 595,752
42,699	46,247	50,103	50,515	58,748	40,713
100,131	45,655	45,455	38,972	91,669	156,099
82,426	45,844	44,537	42,462	47,330	49,658
68,251	68,376	67,924	69,721	76,403	69,777
242,566	245,404	40,782	78,814	67,426	95,132
14,590	6,762	3,439	5,366	8,390	9,377
7,269	8,737	8,678	4,798	2,052	1,916
17,246	28,795	11,663	4,818	6,412	24,701
4,664	4,660	5,242	5,960	5,972	10,458
14,171	13,749	13,717	10,548	11,392	12,799
2,823	4,520	12,499	14,878	32,878	48,062
10,376	10,200	10,650	9,925	8,300	8,607
17,998	10,462	8,219	6,954	6,739	3,819
(1,931)	(18,297)	(8,146)	(6,204)	14,266	2,209
2,264	2,686	1,497	2,589	1,885	2,057
1,496,208	1,475,280	1,600,335	1,911,553	1,560,919	1,683,761
62,364	86,315	66,675	63,373	72,148	120,135
70,105	56,512	45,136	49,377	26,867	39,181
9,844	12,943	10,189	12,142	39,153	12,567
-	4,279	1,281	4,619	-	4,520
37,349	40,350	45,640	35,154	37,542	25,512
384	403	1,623	865	41,062	20,154
405,800	-	-	-	-	
$ 3,309,451	**$ 2,782,873**	**$ 2,662,374**	**$3,014,385**	**$2,819,726**	**$3,036,966**

Sacramento Area Council of Governments

Capital Assets – by Fund*

For Ten Fiscal Years Ended June 30

	2006	2007	2008	2009
Planning and Administration Fund:				
Furniture/equipment/computers	$ 470,401	$ 379,209	$ 313,598	$ 235,902
Capital Valley Regional SAFE:				
Call boxes	1,505,224	1,118,006	2,250,826	1,779,369
Glenn County SAFE:				
Call boxes	29,390	10,828	60,245	47,101
Total	**$ 2,005,015**	**$ 1,508,043**	**$ 2,624,669**	**$ 2,062,372**

Source: Individual internal fund statements

Sacramento Area Council of Governments

Capital Assets – by Fund

For Ten Fiscal Years Ended June 30

2010	2011	2012	2013	2014	2015
$ 109,415	$ 80,386	$ 77,873	$ 102,217	$ 148,847	$ 174,906
1,139,355	667,898	196,441	-	-	-
33,956	20,812	7,668	-	-	-
$ 1,282,726	**$ 769,096**	**$ 281,982**	**$ 102,217**	**$ 148,847**	**$ 174,906**

Sacramento Area Council of Governments

Miscellaneous Statistics

For Fiscal Year Ended June 30, 2015

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 & Natural Resources; 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, 2015

	CFDA Number	Pass-through Grant Award Number	Federal Expenditures
Department of Transportation			
Passed through the State of California, Department of Transportation			
Highway, Planning and Construction Cluster:			
Planning	20.205	03-6085R	$ 2,853,062
CMAQ - Pedestrian and Bicycle Planning/On-line Bike Trip Planner	20.205	03-6085R	40,780
CMAQ - Connect Card Implementation	20.205	03-6085R	2,443,024
CMAQ - Transportation Demand Management	20.205	03-6085R	1,181,400
CMAQ - SECAT Program	20.205	03-6085R	850,413
CMAQ-SMAQMD FOR PEV GRANT	20.205	03-6085R	23,825
FHWA Partnership Planning	20.205	03-6085R	13,866
SAFE Routes to Schools Grant	20.205	03-6085R	98,001
Subtotal - Highway, Planning and Construction Cluster:	20.205	03-6085R	7,504,370
Metropolitan Planning Program - FTA	20.505		1,183,534
Transit Services Programs Cluster:			
Federal Transit Administration - JARC Funds	20.516		839,676
Federal Transit Administration - New Freedom	20.521		504,807
Subtotal - Transit Services Programs Cluster:			1,344,483
Federal Transit Cluster:			
Federal Transit Administration - 5307	20.507		443,985
Total Department of Transportation			10,476,372
Corporation for National and Community Service			
Americorps funds	94.006		9,900
Total Expenditures of Federal Awards			$ 10,486,272

Notes to the Schedule of Expenditures of Federal Awards

For Fiscal Year Ended June 30, 2015

NOTE A - GENERAL

The accompanying schedule of expenditures of federal awards for the year ended June 30, 2015, 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
Federal Transportation - JARC Funds	20.516	$ 663,736
Federal Transportation - New Freedom	20.521	459,549
Metropolitan Planning -FTA	20.505	125,533
Highway Planning and Construction	20.205	364,913
		$ 1,613,731

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities and each major fund of the Sacramento Area Council of Governments (SACOG) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise SACOG's basic financial statements, and have issued our report thereon dated February 22, 2016. Our report included an emphasis-of-matter regarding SACOG's adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB 68*, effective July 1, 2014. Our report includes a reference to other auditors who 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, 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

In planning and performing our audit of the financial statements, we considered SACOG's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SACOG's internal control. Accordingly, we do not express an opinion on the effectiveness of SACOG's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SACOG's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
February 22, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

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, 2015. SACOG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of SACOG's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of SACOG's compliance.

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Opinion on Each Major Federal Program

In our opinion, SACOG complied, in all material respects, with the types of compliance 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, 2015.

Report on Internal Control over Compliance

Management of SACOG is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the SACOG's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 a 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. 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
February 22, 2016

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS	
Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with A-133, Section .510(a)?	No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster
20.516 and 20.521	Transit Services Program Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 314,588
Auditee qualified as low-risk auditee?	Yes

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

II. FINANCIAL STATEMENT FINDINGS

None reported.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

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.

This report was funded in part through grants from the Federal Highway Administration and Federal Transit Administration, U.S. Department of Transportation. The views and opinions of the authors or agency expressed herein do not necessarily state or reflect those of the U.S. Department of Transportation.

MANAGEMENT STAFF

Mike McKeever
Chief Executive Officer

Kirk Trost
Chief Operating Officer/
General Counsel

Matt Carpenter
Director of Transportation Services

Stacy Niccum
Finance Manager

Erik Johnson
Manager of Policy & Administration

PROJECT STAFF

Jeri Krajewski
Accountant

Jeff Brown
Accountant

Debra Overton
Accounting Specialist

SACOG.ORG

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

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

We have audited the financial statements of the governmental activities and each major fund of the Sacramento Area Council of Governments (SACOG) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 22, 2015. Professional standards also require that we communicate to you the following information related to our audit

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by SACOG are described in Note A to the financial statements. As described in Note A, SACOG implemented Governmental Accounting Standards Board GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB 27, and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB 68*, as of July 1, 2014. Accordingly the cumulative effect of the accounting change as of the beginning of the year is reported in the notes to the respective financial statements. We noted no transactions entered into by SACOG during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the SACOG's financial statements were:

> Management's estimate of the depreciation of capital assets is based upon the estimated useful lives of the related capital assets. Management's estimate of other postemployment benefits (OPEB) costs are based on the estimated costs of providing benefits to SACOG's retired employees using actuarial methods and assumptions prescribed by GASB Statement No. 45. Management's estimates also include amounts related to the net pension liability, related deferred inflows of resources and deferred outflows of resources, and disclosures based on actuarial valuations. We evaluated the key factors and assumptions used to develop management's estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosure of SACOG's defined benefit pension plan, net pension liability and related deferred inflows of resources and deferred outflows of resources in Note L to the financial statements. The valuation of the net pension liability and related deferred outflows/inflows of resources are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return and discount rate. As disclosed in Note L, a 1% increase or decrease in the discount rate has a material effect on SACOG's net pension liability.

The financial statement disclosures are neutral, consistent, and clear.

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 22, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to SACOG's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as SACOG's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, the schedule of OPEB funding progress, the Schedule of SACOG's Proportionate Share of the Net Pension Liability, the Schedule of Pension Contributions, and the budgetary schedules which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Expenditures of Federal Awards, Board & Advocacy Budget, and Schedule of Indirect Service Costs, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and the statistical section which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of SACOG and is not intended to be, and should not be, used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
February 22, 2016

Attachment C

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO
LOCAL TRANSPORTATION FUND

Audited Financial Statements
and Compliance Report

June 30, 2015

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO LOCAL TRANSPORTATION FUND

Audited Financial Statements
and Compliance Report

June 30, 2015, 2014 and 2013

Audited Financial Statements

Independent Auditor's Report 1
Balance Sheets 3
Statements of Revenues, Expenditures and Changes in Fund Balance 4
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Supplementary Information

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Compliance Report

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and the Transportation Development Act 10

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Sacramento Local Transportation Fund (the Fund) of the Sacramento Area Council of Governments (SACOG), as of and for the years ended June 30, 2015, 2014, and 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of Sacramento Local Transportation Fund of SACOG as of June 30, 2015, 2014, and 2013, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the County of Sacramento Local Transportation Fund and do not purport to, and do not, present fairly the financial position of SACOG as of June 30, 2015, 2014 and 2013, the changes in financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015 on our consideration of SACOG's internal control over financial reporting related to the Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SACOG's internal control over financial reporting and compliance.

Richardson & Company, LLP

November 19, 2015

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO LOCAL TRANSPORTATION FUND

BALANCE SHEETS

June 30, 2015, 2014 and 2013

	2015	2014	2013
ASSETS			
Cash and investments	$ 7,720,723	$ 8,120,012	$ 8,688,354
Due from other governments	8,777,800	8,348,600	8,180,500
Interest receivable	17,820	8,390	11,484
TOTAL ASSETS	$ 16,516,343	$ 16,477,002	$ 16,880,338
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to other governments	$ 5,518,150	$ 4,620,019	$ 3,609,934
TOTAL LIABILITIES	5,518,150	4,620,019	3,609,934
FUND BALANCE			
Restricted for public transportation projects	10,998,193	11,856,983	13,270,404
TOTAL FUND BALANCE	10,998,193	11,856,983	13,270,404
TOTAL LIABILITIES AND FUND BALANCE	$ 16,516,343	$ 16,477,002	$ 16,880,338

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

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO LOCAL TRANSPORTATION FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Years Ended June 30, 2015, 2014 and 2013

	2015	2014	2013
REVENUES			
Sales and use taxes	$ 53,623,390	$ 50,907,469	$ 49,234,954
Investment earnings	17,820	8,390	37,907
TOTAL REVENUES	53,641,210	50,915,859	49,272,861
EXPENDITURES			
Current:			
Allocations:			
Sacramento Regional Transit District	36,098,555	34,608,256	30,043,310
City of Elk Grove	5,752,923	5,451,477	4,711,305
City of Citrus Heights	3,050,342	2,932,436	2,548,287
City of Folsom	2,614,518	2,542,428	2,207,604
Sacramento Area Council of Governments	2,195,323	2,140,074	1,853,394
Paratransit, Inc.	1,963,186	1,882,136	1,633,876
County of Sacramento	1,518,039	1,515,357	1,317,079
City of Galt	874,652	841,685	724,307
City of Sacramento	353,082	339,472	295,055
City of Rancho Cordova	49,906	47,641	41,159
City of Isleton	29,474	28,318	24,624
TOTAL EXPENDITURES	54,500,000	52,329,280	45,400,000
NET CHANGE IN FUND BALANCE	(858,790)	(1,413,421)	3,872,861
Fund balance at beginning of year	11,856,983	13,270,404	9,397,543
FUND BALANCE AT END OF YEAR	$ 10,998,193	$ 11,856,983	$ 13,270,404

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

NOTE A – ORGANIZATION

In 1972, the Local Transportation Fund was created under the Transportation Development Act to provide funding for public transportation. Funds for the program are derived from 1/4 cent of the retail sales tax collected statewide by the State Board of Equalization. The money is returned to each county, through a designated regional planning and programming agency, based upon the sales tax collected in that county.

The Sacramento Area Council of Governments (SACOG) is the Regional Transportation Planning Agency (RTPA) designated by the Director of the Department of Transportation for the Sacramento Region, which includes the Counties of Sacramento, Sutter, Yolo and Yuba. As an RTPA, SACOG is responsible for the administration of the Local Transportation Funds for these counties.

This County of Sacramento Local Transportation Fund, which is one of the funds that SACOG administers, is held at the County of Sacramento (the County) but can only be disbursed in accordance with written allocation instructions issued by SACOG in compliance with the Act. The funds are to be used to administer the Transportation Development Act and to provide transit services, pedestrian and bicycle facilities, and streets and roads funding within the County. Eligible claimants of the funds are the cities, consolidated transportation service agencies and special districts located within or operating within the County. Funds are initially apportioned on an annual basis to areas within the County based upon population. The funds are then allocated by SACOG to each claimant for a specific purpose.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Sacramento Local Transportation Fund (Fund) of SACOG have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Reporting Entity: The financial statements are intended to present the financial position and results of operations of only those transactions attributable to the County of Sacramento Local Transportation Fund of SACOG. The Fund is included in the financial statements of SACOG.

Fund Accounting: The accounts of SACOG are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

SACOG utilizes the special revenue fund type of the governmental fund group to account for the activities of the Fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.

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

The modified accrual basis of accounting is used by special revenue funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is generally 60 days.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sales taxes are recognized as revenue when the appropriation becomes effective, which is in the same fiscal year as the sales taxes are collected by the State of California. Expenditures are recorded when the related fund liability is incurred, which is when the amounts are apportioned to jurisdictions.

When both restricted and unrestricted resources are available for use, it is SACOG's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance: Apportionment is the division of available funds by population to jurisdictions within each county as required by the Transportation Development Act. Once funds are apportioned to a given jurisdiction, they are available only for allocation and payment to claimants for that jurisdiction upon the submission of a claim by a claimant for that jurisdiction and the approval of the claim by SACOG. Fund balance represents resources received that have not been apportioned to a jurisdiction that are restricted to future claims for public transportation projects under the Transportation Development Act.

NOTE C – CASH AND INVESTMENTS

Investment policy: SACOG's investment policy may be found in the notes to SACOG's basic financial statements.

Investment in the County of Sacramento Investment Pool: The Fund's cash is held in the County of Sacramento Treasury. The County maintains an investment pool and allocates interest to the various funds based upon the average daily cash balances. Investments held in the County's investment pool are available on demand to SACOG and are stated at cost, which approximates fair value.

The County did not provide an interest allocation to the Fund during the first three quarters of the year ended June 30, 2014 to recover an over-allocation of interest made in prior years. This resulted in a decrease in interest income received from the County of Sacramento investment pool during the year ended June 30, 2014. In addition, during the year ended June 30, 2015, the County discovered that it failed to fully amortize discounts and premiums on investments since June 30, 2010, which resulted in a $26,422 over-allocation of interest income allocated to the Fund for those years. The amount will be repaid and recorded in fiscal year 2016.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2015, 2014 and 2013 the weighted average maturity of the investments contained in the County of Sacramento investment pool was approximately 262, 293, and 301 days, respectively.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Sacramento investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial credit risk: Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County of Sacramento investment pool).

NOTE D – DUE TO OTHER GOVERNMENTS

Due to other governments consisted of the following at June 30:

	2015	2014	2013
County of Sacramento	$ 2,694,988	$ 1,193,949	$ 756,451
Sacramento Regional Transit District	1,822,395	1,070,166	926,656
City of Sacramento	392,848	39,766	295,055
City of Citrus Heights	153,992	90,677	78,599
City of Rancho Cordova	144,009	439,103	391,462
City of Folsom	131,992	229,668	238,992
City of Galt	65,665	863,195	724,307
City of Isleton	60,494	31,020	2,702
Paratransit, Inc	51,765	170,021	50,395
City of Elk Grove	2	492,454	145,315
	$ 5,518,150	$ 4,620,019	$ 3,609,934

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO LOCAL TRANSPORTATION FUND

SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS

June 30, 2015, 2014 and 2013

California Code of Regulations Article 5, Subchapter 2, Section 6661 related to the Transportation Development Act requires supplementary information for the County of Sacramento Local Transportation Fund regarding expenditures made by the Fund. The net amount allocated and expended for each of the allocation purposes specified in Public Utilities Code (PUC) Chapter 4 of the Act were as follows for the years ended June 30:

PUC Section	Purpose	2015 Allocations	2015 Disbursements	2015 Undisbursed/ Unclaimed	2014 Allocations	2014 Disbursements	2014 Undisbursed/ Unclaimed	2013 Allocations	2013 Disbursements	2013 Undisbursed/ Unclaimed
99233.1	Administration:									
	SACOG	$ 578,178	$ 578,178		$ 588,356	$ 588,356		$ 507,118	$ 507,118	
	County of Sacramento	17,000	17,000		17,000	17,000		17,000	17,000	
		595,178	595,178		605,356	605,356		524,118	524,118	
99234	Pedestrian and bicycle facilities:									
	County of Sacramento	399,792		$ 399,792	402,461	402,461		339,846	339,846	
	City of Elk Grove	118,617	118,617		112,402	108,926	$ 3,476	94,144	94,144	
	City of Citrus Heights	59,719	59,719		58,593	58,593		50,921	50,921	
	City of Folsom	51,186	51,186		47,686	47,686		44,114	44,114	
	City of Galt	17,124	17,124							
	City of Sacramento				308,806	308,806		285,955		$ 285,955
	City of Isleton							492	492	
		646,438	246,646	399,792	929,948	926,472	3,476	815,472	529,517	285,955
99260(a)	Public transportation:									
	Sacramento Regional Transit District	36,098,555	34,276,160	1,822,395	33,538,090	33,538,090		30,043,310	29,116,654	926,656
	City of Elk Grove	4,987,765	4,987,765		5,059,430	4,570,452	488,978	4,256,699	4,256,699	
	City of Folsom	1,296,600	1,296,600		1,367,506	1,367,506		1,083,890	1,083,890	
		42,382,920	40,560,525	1,822,395	39,965,026	39,476,048	488,978	35,383,899	34,457,243	926,656
99262	Public transportation system planning:									
	SACOG	1,497,179	1,497,179		1,430,343	1,430,343		1,236,719	1,236,719	
99275	Community transit services:									
	Paratransit, Inc.	1,911,421	1,911,421		1,882,136	1,712,115	170,021	1,583,481	1,583,481	
99400(a)	Streets, roads, pedestrian and bicycle projects:									
	City of Folsom	224,932	224,932		251,851	251,851				
	City of Isleton							23,373	23,373	
		224,932	224,932		251,851	251,851		23,373	23,373	
99400(c)	Contracted public transportation:									
	City of Citrus Heights	2,603,050	2,603,050		2,541,840	2,541,840		2,180,397	2,180,397	
	City of Folsom	717,504	717,504		645,717	645,717		840,608	840,608	
	City of Elk Grove	400,000	400,000		279,645	279,645		215,147	215,147	

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SACRAMENTO LOCAL TRANSPORTATION FUND

SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS

June 30, 2015, 2014 and 2013

PUC Section	Purpose	2015 Allocations	2015 Disbursements	2015 Undisbursed/ Unclaimed	2014 Allocations	2014 Disbursements	2014 Undisbursed/ Unclaimed	2013 Allocations	2013 Disbursements	2013 Undisbursed/ Unclaimed
	City of Galt	$ 813,373	$ 813,373							
	County of Sacramento				$ 219,240	$ 218,171	$ 1,069	$ 724,846	$ 724,846	
		4,533,927	4,533,927		3,686,442	3,685,373	$ 1,069	3,960,998	3,960,998	
99400(d)	Administration of contracted public transportation:									
	City of Citrus Heights	233,581	233,581		241,326	241,326		238,370	238,370	
	County of Sacramento				146,086	146,086		117,625	117,625	
		233,581	233,581		387,412	387,412		355,995	355,995	
99400(e)	Transit vehicle and equipment acquisition:									
	City of Elk Grove	246,539	246,539							
	City of Folsom	192,304	192,304							
	County of Sacramento				117,000	117,000				
		438,843	438,843		117,000	117,000				
99402	Streets and roads planning:									
	SACOG	119,966	119,966		121,375	121,375		109,557	109,557	
	Unclaimed - Current Apportionment:									
	County of Sacramento	1,101,247		$ 1,101,247	613,570		613,570	117,762		$ 117,762
	City of Sacramento	353,082		353,082	30,666		30,666	9,100		9,100
	City of Citrus Heights	153,992		153,992	90,677		90,677	78,599		78,599
	City of Folsom	131,992		131,992	229,668		229,668	238,992		238,992
	Paratransit, Inc.	51,765		51,765				50,395		50,395
	City of Rancho Cordova	49,906		49,906	47,641		47,641	41,159		41,159
	City of Galt	44,155		44,155	841,685		841,685	724,307		724,307
	City of Isleton	29,474		29,474	28,318		28,318	759		759
	City of Elk Grove	2		2				145,315		145,315
	Sacramento Regional Transit District				1,070,166		1,070,166			
		1,915,615		1,915,615	2,952,391		2,952,391	1,406,388		1,406,388
	Total apportionment	$ 54,500,000	$ 50,362,198	4,137,802	$ 52,329,280	$ 48,713,345	3,615,935	$ 45,400,000	$ 42,781,001	2,618,999
	Unclaimed/Undisbursed- Prior Year Apportionments:									
	County of Sacramento			1,193,949			579,310			638,689
	City of Rancho Cordova			94,103			391,462			350,303
	City of Sacramento			39,766			9,100			
	City of Isleton			31,020			2,702			1,943
	Galt			21,510			21,510			
				1,380,348			1,004,084			990,935
	Total due to other governments			$ 5,518,150			$ 4,620,019			$ 3,609,934

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE TRANSPORTATION DEVELOPMENT ACT

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

We have audited, 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, the financial statements of the County of Sacramento Local Transportation Fund (the Fund) of the Sacramento Area Council of Governments (SACOG), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated November 19, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SACOG's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SACOG's internal control. Accordingly, we do not express an opinion on the effectiveness of SACOG's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. Our audit was further made to determine that Transportation Development Act (TDA) funds allocated and received by SACOG were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6661 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

results of performing our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* and the TDA.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the TDA in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

November 19, 2015

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SUTTER LOCAL TRANSPORTATION FUND

Audited Financial Statements
and Compliance Report

June 30, 2015

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SUTTER LOCAL TRANSPORTATION FUND

Audited Financial Statements
and Compliance Report

June 30, 2015, 2014 and 2013

Audited Financial Statements

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Sutter Local Transportation Fund (the Fund) of the Sacramento Area Council (SACOG), as of and for the years ended June 30, 2015, 2014, and 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of Sutter Local Transportation Fund of SACOG as of June 30, 2015, 2014 and 2013, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the County of Sutter Local Transportation Fund and do not purport to, and do not, present fairly the financial position of SACOG as of June 30, 2015, 2014 and 2013, the changes in financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015 on our consideration of SACOG's internal control over financial reporting related to the Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SACOG's internal control over financial reporting and compliance.

Richardson & Company, LLP

November 19, 2015

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SUTTER LOCAL TRANSPORTATION FUND

BALANCE SHEETS

June 30, 2015, 2014 and 2013

	2015	2014	2013
ASSETS			
Cash and investments	$ 467	$ 547,826	$ 576,961
Due from other governments	653,100	656,800	630,200
Interest receivable		2,443	6,517
TOTAL ASSETS	$ 653,567	$ 1,207,069	$ 1,213,678
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to other governments	$ 172,161	$ 1,090,410	$ 676,661
TOTAL LIABILITIES	172,161	1,090,410	676,661
FUND BALANCE			
Restricted for public transportation projects	481,406	116,659	537,017
TOTAL FUND BALANCE	481,406	116,659	537,017
TOTAL LIABILITIES AND FUND BALANCE	$ 653,567	$ 1,207,069	$ 1,213,678

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

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SUTTER LOCAL TRANSPORTATION FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Years Ended June 30, 2015, 2014 and 2013

	2015	2014	2013
REVENUES:			
Sales and use taxes	$ 3,876,054	$ 3,685,003	$ 3,563,659
Investment earnings	7,553	9,175	26,451
TOTAL REVENUES	3,883,607	3,694,178	3,590,110
EXPENDITURES:			
Current:			
Allocations:			
City of Yuba City	1,289,439	1,696,190	1,464,744
Yuba-Sutter Transit Authority	1,151,193	1,157,522	1,106,277
County of Sutter	641,138	756,226	679,161
City of Live Oak	293,500	336,684	319,649
Sacramento Area Council of Governments	143,590	167,914	151,871
TOTAL EXPENDITURES	3,518,860	4,114,536	3,721,702
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	364,747	(420,358)	(131,592)
Fund balance at beginning of year	116,659	537,017	668,609
FUND BALANCE AT END OF YEAR	$ 481,406	$ 116,659	$ 537,017

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

NOTE A – ORGANIZATION

In 1972, the Local Transportation Fund was created under the Transportation Development Act to provide funding for public transportation. Funds for the program are derived from 1/4 cent of the retail sales tax collected statewide by the Board of Equalization. The money is returned to each county, through a designated regional planning and programming agency, based upon the sales tax collected in that county.

The Sacramento Area Council of Governments (SACOG) is the Regional Transportation Planning Agency (RTPA) designated by the Director of the Department of Transportation for the Sacramento Region, which includes the Counties of Sacramento, Sutter, Yolo and Yuba. As an RTPA, SACOG is responsible for the administration of the Local Transportation Funds for these counties.

This County of Sutter Local Transportation Fund, which is one of the funds that SACOG administers, is held at the County of Sutter (the County) but can only be disbursed in accordance with written allocation instructions issued by SACOG in compliance with the Act. The funds are to be used to administer the Transportation Development Act and to provide transit services, pedestrian and bicycle facilities, and streets and roads funding within the County. Eligible claimants of the funds are the cities, consolidated transportation service agencies and special districts located within or operating within the County. Funds are initially apportioned on an annual basis to areas within the County based upon population. The funds are then allocated by SACOG to each claimant for a specific purpose.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Sutter Local Transportation Fund (Fund) of SACOG have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Reporting Entity: The financial statements are intended to present the financial position and results of operations of only those transactions attributable to the County of Sutter Local Transportation Fund of SACOG. The Fund is included in the financial statements of SACOG.

Fund Accounting: The accounts of SACOG are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

SACOG utilizes the special revenue fund type of the governmental fund group to account for the activities of the Fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.

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

The modified accrual basis of accounting is used by special revenue funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is generally 60 days.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sales taxes are recognized as revenue when the appropriation becomes effective, which is in the same fiscal year as the sales taxes are collected by the State of California. Expenditures are recorded when the related fund liability is incurred, which is when the amounts are apportioned to jurisdictions.

When both restricted and unrestricted resources are available for use, it is SACOG's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance: Apportionment is the division of available funds by population to jurisdictions within each county as required by the Transportation Development Act. Once funds are apportioned to a given jurisdiction, they are available only for allocation and payment to claimants for that jurisdiction upon the submission of a claim by a claimant for that jurisdiction and the approval of the claim by SACOG. Fund Balance represents resources received that have not been apportioned to a jurisdiction that are restricted to future claims for public transportation projects under the Transportation Development Act.

NOTE C – CASH AND INVESTMENTS

Investment policy: SACOG's investment policy may be found in the notes to SACOG's basic financial statements.

Investment in the County of Sutter Investment Pool: The Fund's cash is held in the County of Sutter Treasury. The County maintains an investment pool and allocates interest to the various funds based upon the average daily cash balances. Investments held in the County's investment pool are available on demand to SACOG and are stated at cost, which approximates fair value.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2015, 2014, and 2013, the weighted average maturity of the investments contained in the County of Sutter investment pool was approximately 1,111, 1,267, and 1,239 days, respectively.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Sutter investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial credit risk: Custodial risk is the risk that the government will not be able to recover its deposits on the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County of Sutter investment pool).

NOTE D – DUE TO OTHER GOVERNMENTS

Due to other governments consisted of the following at June 30:

	2015	2014	2013
City of Yuba	$ 99,924		
County of Sutter	49,491	$ 753,726	$ 676,661
City of Live Oak	22,746	336,684	
	$ 172,161	$1,090,410	$ 676,661

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SUTTER LOCAL TRANSPORTATION FUND

SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS

June 30, 2015, 2014 and 2013

California Code of Regulations Article 5, Subchapter 2, Section 6661 related to the Transportation Development Act requires supplementary information for the County of Sutter Local Transportation Fund regarding expenditures made by the Fund. The net amount allocated and expended for each of the allocation purposes specified in Public Utilities Code (PUC) Chapter 4 of the Act were as follows for the years ended June 30:

PUC Section	Purpose	2015 Allocations	2015 Disbursements	2015 Undisbursed /Unclaimed	2014 Allocations	2014 Disbursements	2014 Undisbursed /Unclaimed	2013 Allocations	2013 Disbursements	2013 Undisbursed /Unclaimed
99233.1	Administration:									
	SACOG	$ 39,278	$ 39,278		$ 45,931	$ 45,931		$ 41,542	$ 41,542	
	County of Sutter	2,500	2,500		2,500	2,500		2,500	2,500	
		41,778	41,778		48,431	48,431		44,042	44,042	
99260(a)	Public transportation: Yuba-Sutter Transit Authority	1,151,193	1,151,193		1,157,522	1,157,522		1,106,277	1,106,277	
99400(a)	Streets, roads, pedestrian and bicycle projects:									
	City of Yuba City	1,289,439	1,189,515	$ 99,924	1,696,190	1,696,190		1,464,744	1,464,744	
	County of Sutter	638,638	589,147	49,491				676,661		$ 676,661
	City of Live Oak	293,500	270,754	22,746				319,649	319,649	
		2,221,577	2,049,416	172,161	1,696,190	1,696,190		2,461,054	1,784,393	676,661
99402	Streets and roads planning:									
	SACOG	104,312	104,312		121,983	121,983		110,329	110,329	
	Unclaimed - apportionment									
	County of Sutter				753,726		$ 753,726			
	City of Live Oak				336,684		336,684			
					1,090,410		1,090,410			
	Total apportionment	$ 3,518,860	$ 3,346,699	$ 172,161	$ 4,114,536	$ 3,024,126	$ 1,090,410	$ 3,721,702	$ 3,045,041	$ 676,661

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE TRANSPORTATION DEVELOPMENT ACT

To the Board of Directors
Sacramento Area Council of Governments

We have audited, 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, the financial statements of the County of Sutter Local Transportation Fund (the Fund) of the Sacramento Area Council of Governments (SACOG), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated November 19, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SACOG's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SACOG's internal control. Accordingly, we do not express an opinion on the effectiveness of SACOG's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control described as Finding 2014/15-1 in the accompanying schedule of findings and responses that we consider to be a significant deficiency.

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. Our audit was further made to determine that Transportation Development Act (TDA) funds allocated and received by SACOG were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6661 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the TDA.

SACOG's Response to Finding

SACOG's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. SACOG's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the TDA in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

November 19, 2015

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF SUTTER LOCAL TRANSPORTATION FUND

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2015

CURRENT YEAR FINDINGS

INTERNAL CONTROL OVER FINANCIAL REPORTING

Criteria: Internal controls over financial reporting should be in place to ensure management has the ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Finding 2014/15-1

Condition: The Local Transportation Fund's (the Fund) general ledger was not reported on the modified accrual basis.

Effect: Audit adjustments were required to report the Fund's financial statements on the modified accrual basis.

Cause: The receipts and expenditures that were required to be recognized to adjust revenue to the modified accrual basis were not accrued and fund balance did not agree to the prior year financial statements.

Recommendation: We recommend SACOG adjust the Fund's financial statements to the modified accrual basis if necessary by preparing spreadsheet to convert the Fund's general ledger to the modified accrual basis and ensure expenditures recorded agree with the claim as part of reviewing the fourth quarter report prepared by the County.

Management Response: Management concurs with the recommendation and will change its processes and reporting accordingly.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YOLO LOCAL TRANSPORTATION FUND

Audited Financial Statements
and Compliance Report

June 30, 2015

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YOLO LOCAL TRANSPORTATION FUND

Audited Financial Statements
and Compliance Report

June 30, 2015, 2014 and 2013

Audited Financial Statements

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Yolo Local Transportation Fund (the Fund) of the Sacramento Area Council of Governments (SACOG), as of and for the years ended June 30, 2015, 2014, and 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of Yolo Local Transportation Fund of SACOG as of June 30, 2015, 2014, and 2013, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the County of Yolo Local Transportation Fund and do not purport to, and do not, present fairly the financial position of SACOG as of June 30, 2015, 2014 and 2013, the changes in financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015 on our consideration of SACOG's internal control over financial reporting related to the Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SACOG's internal control over financial reporting and compliance.

Richardson & Company, LLP

November 19, 2015

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YOLO LOCAL TRANSPORTATION FUND

BALANCE SHEETS

June 30, 2015, 2014 and 2013

	2015	2014	2013
ASSETS			
Cash and investments	$ 2,934,079	$ 5,272,790	$ 5,414,592
Due from other governments	1,611,700	1,637,000	1,528,600
TOTAL ASSETS	$ 4,545,779	$ 6,909,790	$ 6,943,192
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to other governments	$ 4,567,257	$ 5,940,963	$ 5,201,387
TOTAL LIABILITIES	4,567,257	5,940,963	5,201,387
FUND BALANCE			
Restricted for public transportation projects		968,827	1,741,805
Unassigned	(21,478)		
TOTAL FUND BALANCE	(21,478)	968,827	1,741,805
TOTAL LIABILITIES AND FUND BALANCE	$ 4,545,779	$ 6,909,790	$ 6,943,192

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

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YOLO LOCAL TRANSPORTATION FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Years Ended June 30, 2015, 2014 and 2013

	2015	2014	2013
REVENUES			
Sales and use taxes	$ 9,682,144	$ 9,461,653	$ 9,125,544
Investment earnings	13,997	10,930	9,167
TOTAL REVENUES	9,696,141	9,472,583	9,134,711
EXPENDITURES			
Current:			
Allocations:			
City of Davis	3,305,906	3,161,117	3,001,926
City of Woodland	2,830,294	2,704,045	2,529,631
City of West Sacramento	2,509,606	2,395,280	2,239,270
County of Yolo	1,257,614	1,234,615	1,121,419
Sacramento Area Council of Governments	436,177	418,172	391,186
City of Winters	346,849	332,332	301,387
TOTAL EXPENDITURES	10,686,446	10,245,561	9,584,819
DEFICIENCY OF REVENUES OVER EXPENDITURES	(990,305)	(772,978)	(450,108)
Fund balance at beginning of year	968,827	1,741,805	2,191,913
FUND BALANCE AT END OF YEAR	$ (21,478)	$ 968,827	$ 1,741,805

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

NOTE A – ORGANIZATION

In 1972, the Local Transportation Fund was created under the Transportation Development Act to provide funding for public transportation. Funds for the program are derived from 1/4 cents of the retail sales tax collected statewide by the State Board of Equalization. The money is returned to each county, through a designated regional planning and programming agency, based upon the sales tax collected in that county.

The Sacramento Area Council of Governments (SACOG) is the Regional Transportation Planning Agency (RTPA) designated by the Director of the Department of Transportation for the Sacramento Region, which includes the Counties of Sacramento, Sutter, Yolo and Yuba. As an RTPA, SACOG is responsible for the administration of the Local Transportation Funds for these counties.

This County of Yolo Local Transportation Fund, which is one of the funds that SACOG administers, is held at the County of Yolo (the County) but can only be disbursed in accordance with written allocation instructions issued by SACOG in compliance with the Act. The funds are to be used to administer the Transportation Development Act and to provide transit services, pedestrian and bicycle facilities, and streets and roads funding within the County. Eligible claimants of the funds are the cities, consolidated transportation service agencies and special districts located within or operating within the County. Funds are initially apportioned on an annual basis to areas within the County based upon population. The funds are then allocated by SACOG to each claimant for a specific purpose.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Yolo Local Transportation Fund (Fund) of the SACOG have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Reporting Entity: The financial statements are intended to present the financial position and results of operatios of only those transactions attributable to the County of Yolo Local Transportation Fund of SACOG. The Fund is included in the financial statements of SACOG.

Fund Accounting: The accounts of SACOG are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

SACOG utilizes the special revenue fund type of the governmental fund group to account for the activities of the Fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.

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

The modified accrual basis of accounting is used by special revenue funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is generally 60 days.

Sales taxes are recognized as revenue when the appropriation becomes effective, which is in the same fiscal year as the sales taxes are collected by the State of California. Expenditures are recorded when the related fund liability is incurred, which is when the amounts are apportioned to jurisdictions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When both restricted and unrestricted resources are available for use, it is SACOG's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance: Apportionment is the division of available funds by population to jurisdictions within each county as required by the Transportation Development Act. Once funds are apportioned to a given jurisdiction, they are available only for allocation and payment to claimants for that jurisdiction upon the submission of a claim by a claimant for that jurisdiction and the approval of the claim by SACOG. Fund balance represents resources received that have not been apportioned to a jurisdiction that are restricted to future claims for public transportation projects under the Transportation Development Act.

NOTE C – CASH AND INVESTMENTS

Investment policy: The County of Yolo's investment policy may be found in the notes to SACOG's basic financial statements.

Investment in the County of Yolo Investment Pool: The Fund's cash is held in the County of Yolo Treasury. The County maintains an investment pool and allocates interest to the various funds based upon the average daily cash balances. Investments held in the County's investment pool are available on demand to SACOG and are stated at fair value.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2015, 2014 and 2013, the weighted average maturity of the investments contained in the County of Yolo investment pool was approximately 396, 1,469 and 326 days, respectively.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Yolo investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial credit risk: Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County of Yolo investment pool).

NOTE D – DUE TO OTHER GOVERNMENTS

Due to other governments consisted of the following at June 30:

	2015	2014	2013
City of Davis	$ 524,604	$ 3,161,117	$ 3,001,926
City of West Sacramento	3,242,178	2,488,191	1,750,613
City of Woodland	546,669	183,825	401,064
County of Yolo	198,770	84,806	
City of Winters	55,036	23,024	47,784
	$ 4,567,257	$ 5,940,963	$ 5,201,387

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YOLO LOCAL TRANSPORTATION FUND

SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS

June 30, 2015, 2014 and 2013

California Code of Regulations Article 5, Subchapter 2, Section 6661 related to the Transportation Development Act requires supplementary information for the County of Yolo Local Transportation Fund regarding expenditures made by the Fund. The net amount allocated and expended for each of the allocation purposes specified in Public Utilities Code (PUC) Chapter 4 of the Act were as follows for the years ended June 30:

		2015			2014			2013		
PUC Section	Purpose	Allocations	Disbursements	Undisbursed /Unclaimed	Allocations	Disbursements	Undisbursed /Unclaimed	Allocations	Disbursements	Undisbursed /Unclaimed
99233.1	Administration:									
	SACOG	$ 119,312	$ 119,312		$ 114,387	$ 114,387		$ 107,002	$ 107,002	
	County of Yolo	5,000	5,000		5,000	5,000		5,000	5,000	
		124,312	124,312		119,387	119,387		112,002	112,002	
99260(a)	Public transportation:									
	City of Davis	1,223,848	1,223,848					507,393		$ 507,393
	City of Woodland	8,500	8,500		228,390	228,390		10,000	10,000	
	City of Winters				80,102	80,102				
		1,232,348	1,232,348		308,492	308,492		517,393	10,000	507,393
99262	Public transportation system planning:									
	SACOG	179,862	179,862		171,848	171,848		162,099	162,099	
99400(a)	Streets, roads, pedestrian and bicycle projects:									
	City of Woodland	1,655,643	1,196,509	$ 459,134	1,534,063	1,350,238	$ 183,825	1,404,472	1,003,408	401,064
	County of Yolo	1,252,614	1,053,844	198,770	879,561	819,028	60,533	833,659	833,659	
	City of Davis	993,263	468,659	524,604				1,002,970		1,002,970
	City of Winters	306,310	251,274	55,036	252,230	229,206	23,024	269,242	221,458	47,784
		4,207,830	2,970,286	1,237,544	2,665,854	2,398,472	267,382	3,510,343	2,058,525	1,451,818
99400(c)	Contracted pubic transportation:									
	City of Woodland	1,066,078	1,066,078		929,092	929,092		1,102,659	1,102,659	
	City of West Sacramento	1,289,375		1,289,375	219,190		219,190	2,136,250	478,548	1,657,702
	City of Davis	1,050,778	1,050,778					1,468,650		1,468,650
	City of Winters	40,539	40,539					32,145	32,145	
	County of Yolo							282,760	282,760	
		3,446,770	2,157,395	1,289,375	1,148,282	929,092	219,190	5,022,464	1,896,112	3,126,352

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YOLO LOCAL TRANSPORTATION FUND

SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS (CONTINUED)

June 30, 2015, 2014 and 2013

PUC Section	Purpose	2015 Allocations	2015 Disbursements	2015 Undisbursed /Unclaimed	2014 Allocations	2014 Disbursements	2014 Undisbursed /Unclaimed	2013 Allocations	2013 Disbursements	2013 Undisbursed /Unclaimed
99400(d)	Administration of contracted public transportation:									
	City of Davis	$ 38,017	$ 38,017					$ 22,913		$ 22,913
	City of Woodland	12,538	12,538		$ 12,500	$ 12,500		12,500	$ 12,500	
		50,555	50,555		12,500	12,500		35,413	12,500	22,913
99400(e)	Contracted public transportation capital:									
	County of Yolo				350,054	325,781	$ 24,273			
	City of West Sacramento							10,109	10,109	
					350,054	325,781	24,273	10,109	10,109	
99402	Streets and roads planning:									
	SACOG	137,003	137,003		131,937	131,937		122,085	122,085	
	Unclaimed - Current Apportionment:									
	City of West Sacramento	1,220,231		$ 1,220,231	2,176,090		2,176,090	92,911		92,911
	City of Woodland	87,535		87,535						
	City of Davis				3,161,117		3,161,117			
		1,307,766		1,307,766	5,337,207		5,337,207	92,911		92,911
	Total apportionment	$ 10,686,446	$ 6,851,761	3,834,685	$ 10,245,561	$ 4,397,509	5,848,052	$ 9,584,819	$ 4,383,432	$ 5,201,387
	Unclaimed/Undisbursed- Prior Year Apportionments:									
	City of West Sacramento			732,572			92,911			
	Total due to other governments			$ 4,567,257			$ 5,940,963			

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE TRANSPORTATION DEVELOPMENT ACT

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

We have audited, 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, the financial statements of the County of Yolo Local Transportation Fund (the Fund) of the Sacramento Area Council of Governments (SACOG), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Fund's financial statements, and have issued our report thereon dated November 19, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SACOG's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SACOG's internal control. Accordingly, we do not express an opinion on the effectiveness of SACOG's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. Our audit was further made to determine that Transportation Development Act (TDA) funds allocated and received by SACOG were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6661 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of performing our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* and the TDA.

To the Board of Directors
Sacramento Area Council of Governments

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the TDA in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

November 19, 2015

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YUBA LOCAL TRANSPORTATION FUND

Audited Financial Statements
and Compliance Report

June 30, 2015

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YUBA LOCAL TRANSPORTATION FUND

Audited Financial Statements
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the County of Yuba Local Transportation Fund (the Fund) of the Sacramento Area Council (SACOG), as of and for the years ended June 30, 2015, 2014, and 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of Yuba Local Transportation Fund of SACOG as of June 30, 2015, 2014 and 2013, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the County of Yuba Local Transportation Fund and do not purport to, and do not, present fairly the financial position of SACOG as of June 30, 2015, 2014 and 2013, the changes in financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015 on our consideration of SACOG's internal control over financial reporting related to the Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SACOG's internal control over financial reporting and compliance.

Richardson & Company, LLP

November 19, 2015

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YUBA LOCAL TRANSPORTATION FUND

BALANCE SHEETS

June 30, 2015, 2014 and 2013

	2015	2014	2013
ASSETS			
Cash and investments	$ 19,517		$ 526,372
Due from other governments:			
Sales and use taxes receivable	238,400	$ 193,600	224,900
Overpayments receivable from claimants			9,159
Interest receivable	509	213	797
TOTAL ASSETS	$ 258,426	$ 193,813	$ 761,228
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to other governments		$ 126,166	
TOTAL LIABILITIES		126,166	
FUND BALANCE			
Restricted for public transportation projects	$ 258,426	67,647	$ 761,228
TOTAL FUND BALANCE	258,426	67,647	761,228
TOTAL LIABILITIES AND FUND BALANCE	$ 258,426	$ 193,813	$ 761,228

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

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YUBA LOCAL TRANSPORTATION FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Years Ended June 30, 2015, 2014 and 2013

	2015	2014	2013
REVENUES			
Sales and use taxes	$ 1,318,133	$ 1,188,280	$ 1,266,189
Investment earnings	1,646	4,198	5,502
TOTAL REVENUES	1,319,779	1,192,478	1,271,691
EXPENDITURES			
Current:			
Allocations:			
Yuba-Sutter Transit Authority	672,081	763,178	688,523
County of Yuba	359,374	883,272	410,109
City of Wheatland	51,472	85,968	55,756
City of Marysville		77,028	
Sacramento Area Council of Governments	46,073	76,613	49,113
TOTAL EXPENDITURES	1,129,000	1,886,059	1,203,501
NET CHANGE IN FUND BALANCE	190,779	(693,581)	68,190
Fund balance at beginning of year	67,647	761,228	693,038
FUND BALANCE AT END OF YEAR	$ 258,426	$ 67,647	$ 761,228

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

NOTE A – ORGANIZATION

In 1972, the Local Transportation Fund was created under the Transportation Development Act to provide funding for public transportation. Funds for the program are derived from 1/4 cent of the retail sales tax collected statewide by the State Board of Equalization. The money is returned to each county, through a designated regional planning and programming agency, based upon the sales tax collected in that county.

The Sacramento Area Council of Governments (SACOG) is the Regional Transportation Planning Agency (RTPA) designated by the Director of the Department of Transportation for the Sacramento Region, which includes the Counties of Sacramento, Sutter, Yolo and Yuba. As a RTPA, SACOG is responsible for the administration of the Local Transportation Funds for these counties.

This County of Yuba Local Transportation Fund, which is one of the funds that SACOG administers, is held at the County of Yuba (the County) but can only be disbursed in accordance with written allocation instructions issued by SACOG in compliance with the Act. The funds are to be used to administer the Transportation Development Act and to provide transit services, pedestrian and bicycle facilities, and streets and roads funding within the County. Eligible claimants of the funds are the cities, consolidated transportation service agencies and special districts located within or operating within the County. Funds are initially apportioned on an annual basis to areas within the County based upon population. The funds are then allocated by SACOG to each claimant for a specific purpose.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Yuba Local Transportation Fund (Fund) of SACOG have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Reporting Entity: The financial statements are intended to present the financial position and results of operations of only those transactions attributable to the County of Yuba Local Transportation Fund of SACOG. The Fund is included in the financial statements of SACOG.

Fund Accounting: The accounts of SACOG are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

SACOG utilizes the special revenue fund type of the governmental fund group to account for the activities of the Fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.

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

The modified accrual basis of accounting is used by special revenue funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is generally 60 days.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sales taxes are recognized as revenue when the appropriation becomes effective, which is in the same fiscal year as the sales taxes are collected by the State of California. Expenditures are recorded when the related fund liability is incurred, which is when the amounts are apportioned to jurisdictions.

When both restricted and unrestricted resources are available for use, it is SACOG's policy to use restricted resources first, and then unrestricted resources as they are needed.

Overpayment Receivable from Claimant: The Fund was due $9,159 at June 30, 2013 from the City of Marysville, which is the net difference between $20,600 paid to the City in 2008 prior to the apportionment being reduced and $11,441 that remained unpaid from the 2009 apportionment. The net overpayment was eliminated in 2014 by eliminating the due from other governments from the balance sheet. The expenditures reported in 2014 exceeded the apportionment by $9,159 due to the elimination of the amount due from the City of Marysville.

Fund Balance: Apportionment is the division of available funds by population to jurisdictions within each county as required by the Transportation Development Act. Once funds are apportioned to a given jurisdiction, they are available only for allocation and payment to claimants for that jurisdiction upon the submission of a claim by a claimant for that jurisdiction and the approval of the claim by SACOG. Fund balance represents resources received that have not been apportioned to a jurisdiction that are restricted to future claims for public transportation projects under the Transportation Development Act.

NOTE C – CASH AND INVESTMENTS

Investment policy: SACOG's investment policy may be found in the notes to SACOG's basic financial statements.

Investment in the County of Yuba Investment Pool: The Fund's cash is held in the County of Yuba Treasury. The County maintains an investment pool and allocates interest to the various funds based upon the average daily cash balances. Investments held in the County's investment pool are available on demand to SACOG and are stated at cost, which approximates fair value.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2015, 2014, and 2013, the weighted average maturity of investments contained in the County of Yuba investment pool was approximately 456, 501, and 693 days, respectively.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Yuba investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial credit risk: Custodial risk is the risk that the government will not be able to recover its deposits on the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County of Yuba investment pool).

NOTE D – DUE TO OTHER GOVERNMENTS

Due to other governments consisted of the following at June 30:

	2015	2014	2013
City of Marysville		$ 67,869	
Yuba County		53,122	
City of Wheatland		5,175	
	$ -	$ 126,166	$ -

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YUBA LOCAL TRANSPORTATION FUND

SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS

June 30, 2015, 2014 and 2013

California Code of Regulations Article 5, Subchapter 2, Section 6661 related to the Transportation Development Act requires supplementary information for the County of Yuba Local Transportation Fund regarding expenditures made by the Fund. The net amount allocated and expended for each of the allocation purposes specified in Public Utilities Code (PUC) Chapter 4 of the Act were as follows for the years ended June 30:

		2015			2014			2013		
PUC Section	Purpose	Allocations	Disbursements	Unclaimed or Unpaid	Allocations	Disbursements	Unclaimed	Allocations	Disbursements	Unclaimed
99233.1	Administration:									
	SACOG	$ 12,603	$ 12,603		$ 20,957	$ 20,957		$ 13,434	$ 13,434	
	County of Yuba	750	750		750	750		750	750	
		13,353	13,353		21,707	21,707		14,184	14,184	
99260(a)	Public transportation:									
	Yuba-Sutter Transit Authority	672,081	672,081		763,178	763,178		688,523	688,523	
99400(a)	Streets, roads, pedestrian and bicycle projects:									
	County of Yuba	358,624	358,624		882,522	829,400	$ 53,122	409,359	409,359	
	City of Wheatland	51,472	51,472		85,968	80,793	5,175	55,756	55,756	
	City of Marysville				67,869		67,869			
		410,096	410,096		1,036,359	910,193	126,166	465,115	465,115	
99402	Streets and roads planning:									
	SACOG	33,470	33,470		55,656	55,656		35,679	35,679	
	Total apportionment	$ 1,129,000	$ 1,129,000	$ -	$ 1,876,900	$ 1,750,734	$ 126,166	$ 1,203,501	$ 1,203,501	$ -

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE TRANSPORTATION DEVELOPMENT ACT

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

We have audited, 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, the financial statements of the County of Yuba Local Transportation Fund (the Fund) of the Sacramento Area Council of Governments (SACOG), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated November 19, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SACOG's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SACOG's internal control. Accordingly, we do not express an opinion on the effectiveness of SACOG's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control described as Finding 2014/15-1 in the accompanying schedule of findings and responses that we consider to be a significant deficiency..

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. Our audit was further made to determine that Transportation Development Act (TDA) funds allocated and received by SACOG were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6661 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the TDA.

SACOG's Response to Finding

SACOG's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. SACOG's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the TDA in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

November 19, 2015

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
COUNTY OF YUBA LOCAL TRANSPORTATION FUND

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2015

CURRENT YEAR FINDINGS

INTERNAL CONTROL OVER FINANCIAL REPORTING

Criteria: Internal controls over financial reporting should be in place to ensure management has the ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Finding 2014/15-1

Condition: SACOG was not aware that Local Transportation Fund's (the Fund) general ledger was converted to the modified accrual basis and provided the cash basis quarterly reports prepared by the County of Yuba Auditor-Controller Office (County) for use in the audit. Although the Fund's general ledger was prepared on the modified accrual basis, the prior year accruals were trued-up through 2015 income and was not fully consistent with how reported in the Fund's financial statements in 2015.

Effect: Audit adjustments were required to report the Fund's financial statements on the modified accrual basis.

Cause: SACOG staff was unaware of the change in the accounting for the fund implemented by the County in 2015.

Recommendation: We recommend SACOG obtain and review the general ledger prepared by County staff and review it to ensure all accrual entries were made at June 30, 2016 and provide the general ledger to us for use during the 2016 audit. The general ledger's fund balance will be caught up in 2016 and should be consistent with how the activity is reported in the Fund's financial statements.

Management Response: Management concurs with the recommendation and will change its processes accordingly.

Attachment D

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
STATE TRANSIT ASSISTANCE FUND

Audited Financial Statements
and Compliance Report

June 30, 2015, 2014 and 2013

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
STATE TRANSIT ASSISTANCE FUND

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the State Transit Assistance Fund (the Fund) of the Sacramento Area Council (SACOG), as of and for the years ended June 30, 2015, 2014, and 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Transit Assistance Fund of SACOG as of June 30, 2015, 2014 and 2013, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Sacramento Area Council of Government

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the State Transit Assistance Fund and do not purport to, and do not, present fairly the financial position of SACOG as of June 30, 2015, 2014 and 2013, the changes in financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015 on our consideration of SACOG's internal control over financial reporting related to the Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SACOG's internal control over financial reporting and compliance.

Richardson & Company, LLP

November 19, 2015

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
STATE TRANSIT ASSISTANCE FUND

BALANCE SHEETS

June 30, 2015, 2014 and 2013

	2015	2014	2013
ASSETS			
Cash and investments	$ 3,153,337	$ 2,576,140	$ 2,254,494
Due from other governments			
State of California	3,480,126	4,106,660	3,708,681
Overpayment to the City of West Sacramento			46,411
Interest receivable	9,822	2,713	5,406
TOTAL ASSETS	$ 6,643,285	$ 6,685,513	$ 6,014,992
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to other governments	$ 5,727,508	$ 6,333,972	$ 6,087,771
TOTAL LIABILITIES	5,727,508	6,333,972	6,087,771
FUND BALANCE			
Restricted for public transit	915,777	351,541	
Unassigned			(72,779)
TOTAL FUND BALANCE	915,777	351,541	(72,779)
TOTAL LIABILITIES AND FUND BALANCE	$ 6,643,285	$ 6,685,513	$ 6,014,992

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

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
STATE TRANSIT ASSISTANCE FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Years Ended June 30, 2015, 2014 and 2013

	2015	2014	2013
REVENUES			
Sales and use taxes	$ 13,590,043	$ 14,365,413	$ 14,587,286
Investment earnings	1,906	2,713	15,535
TOTAL REVENUES	13,591,949	14,368,126	14,602,821
EXPENDITURES			
Current:			
Allocations:			
Sacramento Regional Transit District	8,869,049	9,520,611	10,019,399
Yuba Sutter Transit Authority	909,292	952,242	1,013,039
City of Elk Grove	887,911	908,044	1,073,587
City of Davis	467,916	482,024	520,792
City of Citrus Heights	414,423	436,309	468,531
City of Folsom	380,320	422,842	459,738
City of Woodland	279,613	289,444	311,254
City of West Sacramento	247,932	256,394	275,455
County of Sacramento	149,818	166,233	262,663
Yolo County Transportation District	140,588	213,026	214,427
County of Yolo	123,750	131,619	137,341
City of Galt	118,831	125,232	133,172
City of Winters	34,266	35,573	37,116
City of Isleton	4,004	4,213	4,527
TOTAL EXPENDITURES	13,027,713	13,943,806	14,931,041
NET CHANGE IN FUND BALANCE	564,236	424,320	(328,220)
Fund Balance at beginning of year	351,541	(72,779)	255,441
FUND BALANCE AT END OF YEAR	$ 915,777	$ 351,541	$ (72,779)

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

NOTE A – ORGANIZATION

In 1979, the State Transit Assistance (STA) Fund was created under the Transportation Development Act to provide funding for transportation planning, public transportation, and community transit purposes as specified by the Legislature. Funds for the program are provided by the State from the statewide sales tax on motor vehicle fuel (gasoline) and use fuel (diesel). The money is appropriated to the State Controller's Office and is then allocated by formula to each designated regional planning and programming agency. The formula allocates 50% of the funds based upon population of the region compared to the population of the State, and the remaining 50% is based upon transit operator revenues for the prior fiscal year compared with statewide transit operator revenues.

The Sacramento Area Council of Governments (SACOG) is the Regional Transportation Planning Agency (RTPA) designated by the Director of the Department of Transportation for the Sacramento Region, which includes the Counties of Sacramento, Sutter, Yolo and Yuba. The STA allocations for the Sacramento Region are deposited in this STA Fund. As an RTPA, SACOG is responsible for the allocation of the STA Fund monies to the transit operators and claimants within its region.

This STA Fund, which is one of the funds that SACOG administers, is held at the County of Sacramento for SACOG. The funds are to be used to provide transit operator or transit contract services within the four counties. Eligible claimants of the funds are the cities, counties, transit districts, consolidated transportation service agencies, and operators located or operating within the four counties.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the STA Fund of SACOG have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

Fund Accounting: The accounts of SACOG are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

SACOG utilizes the special revenue fund type of the governmental fund group to account for the activities of the Fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.

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

The modified accrual basis of accounting is used by special revenue funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is generally six months.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sales taxes are recognized as revenue when the appropriation becomes effective, which is in the same fiscal year as the sales taxes are collected by the State of California. Expenditures are recorded when the related fund liability is incurred, which is when the amounts are allocated to jurisdictions.

When both restricted and unrestricted resources are available for use, it is SACOG's policy to use restricted resources first, and then unrestricted resources as they are needed.

Overpayment to the City of West Sacramento: The City of West Sacramento was paid an amount in excess of the amount claimed as of June 30, 2013, which is reported as part of due from other governments. The overpayment was returned to SACOG by the City of West Sacramento in July 2013.

Fund Balance: Allocation is the division of available funds by population and/or operator revenue to jurisdictions within each county as required by the Transportation Development Act. Once funds are allocated to a given jurisdiction, they are available only for allocation and payment to claimants for that jurisdiction upon the submission of a claim by a claimant for that jurisdiction and the approval of the claim by SACOG. Fund balance represents resources received that have not been allocated to a claimant and are restricted to future allocations and claims for public transportation projects under the Transportation Development Act. Negative fund balances are reported as unassigned fund balance.

NOTE C – CASH AND INVESTMENTS

Investment policy: SACOG's investment policy may be found in the notes to SACOG's basic financial statements.

Investment in the County of Sacramento Investment Pool: The STA Fund's cash is held in the County of Sacramento Treasury. The County maintains an investment pool and allocates interest to the various funds based upon the average daily cash balances. Investments held in the County's investment pool are available on demand to SACOG and are stated at cost, which approximates fair value.

The County did not provide an interest allocation to the Fund during the first three quarters of the year ended June 30, 2014 to recover an over-allocation of interest made in prior years. This resulted in a decrease in interest income received from the County cash and investments pool during the year ended June 30, 2014. In addition, during the year ended June 30, 2015, the County discovered that it failed to fully amortize discounts and premiums on investments since June 30, 2010, which resulted in a $7,916 over-allocation of interest income allocated to the Fund. This amount will be paid to the County in fiscal year 2016 and is included in due to other governments.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2015, 2014, and 2013, the weighted average maturity of the investments contained in the County of Sacramento investment pool was approximately 262, 293, and 301 days, respectively.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Sacramento investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial credit risk: Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County of Sacramento investment pool).

NOTE D – DUE TO OTHER GOVERNMENTS

Due to other governments consisted of the following at June 30:

	2015	2014	2013
Sacramento Regional Transit District	$ 1,950,529	$ 2,580,216	$ 2,719,047
County of Sacramento	1,058,594	908,776	742,543
City of West Sacramento	625,529	377,597	121,203
Yolo County Transportation District	568,041	427,453	214,427
City of Galt	377,235	258,404	133,172
County of Yolo	258,452	335,025	543,982
Yuba Sutter Transit Authority	212,812	361,258	368,377
City of Elk Grove	206,453	225,203	291,433
City of Woodland	120,612	123,618	138,633
City of Davis	105,029	482,024	520,792
City of Citrus Heights	98,552	104,763	127,218
City of Folsom	89,332	104,825	124,811
City of Isleton	40,273	36,269	32,056
City of Winters	8,149	8,541	10,077
Interest due to County of Sacramento	7,916		
	$ 5,727,508	$ 6,333,972	$ 6,087,771

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
STATE TRANSIT ASSISTANCE FUND

SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS

June 30, 2015, 2014, and 2013

California Code of Regulations, Subchapter 2.5, Article 5, Section 6751 related to the Transportation Development Act requires supplementary information for the STA Fund regarding fund balances maintained and expenditures made by the Fund. No portion of the fund balance was apportioned to operators pursuant to Section 6721 of the Code as of June 30, 2015, 2014, and 2013. The amounts allocated and expended for each of the allocation purposes specified in Sections 6730 and 6731 of the Code were as follows for the years ended June 30:

PUC Section	Purpose	2015			2014			2013		
		Allocations	Disbursements	Undisbursed/ Unclaimed	Allocations	Disbursements	Undisbursed/ Unclaimed	Allocations	Disbursements	Undisbursed/ Unclaimed
6730(a)	Public transportation system operating costs:									
	Sacramento Regional Transit District	$ 4,907,219	$ 2,956,690	$ 1,950,529	$ 5,770,394	$ 3,052,233	$ 2,580,216	$ 7,940,337	$ 5,221,290	$ 2,719,047
	Yuba Sutter Transit Authority	809,292	596,480	212,812	576,800	356,865	219,935	733,300	476,651	256,649
	City of Elk Grove	350,911	144,458	206,453	908,044	682,841	225,203	1,073,587	782,154	291,433
		6,067,422	3,697,628	2,369,794	7,255,238	4,091,939	3,025,354	9,747,224	6,480,095	3,267,129
6730(b)	Public transportation system capital requirements:									
	Sacramento Regional Transit District	3,961,830	3,961,830		3,750,217	3,888,162		2,079,062	2,079,062	
	City of Elk Grove	537,000	537,000							
	Yuba Sutter Transit Authority	100,000	100,000		314,501	314,501		212,002	212,002	
		4,598,830	4,598,830		4,064,718	4,202,663		2,291,064	2,291,064	
6731(b)	Contracted transportation services:									
	City of Davis	467,916	362,887	105,029				520,792		520,792
	City of Citrus Heights	414,423	315,871	98,552	436,309	331,546	104,763	468,531	341,313	127,218
	City of Folsom	380,320	290,988	89,332	422,842	318,017	104,825	459,738	334,927	124,811
	City of Woodland	279,613	213,120	66,493	289,444	219,945	69,499	311,254	226,740	84,514
	City of Winters	34,266	26,117	8,149	35,573	27,032	8,541	37,116	27,039	10,077
	City of West Sacramento							154,252	154,252	
		1,576,538	1,208,983	367,555	1,184,168	896,540	287,628	1,951,683	1,084,271	867,412
	Unclaimed 2015 apportionment									
	City of West Sacramento	247,932		247,932	256,394		256,394	121,203		121,203
	County of Sacramento	149,818		149,818	166,233		166,233	262,663		262,663
	Yolo County Transportation District	140,588		140,588	213,026		213,026	214,427		214,427
	County of Yolo	123,750		123,750	131,619		131,619	137,341		137,341
	City of Davis				482,024		482,024			

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
STATE TRANSIT ASSISTANCE FUND

SUPPLEMENTARY INFORMATION – SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS (Continued)

June 30, 2015, 2014, and 2013

PUC Section	Purpose	2015			2014			2013		
		Allocations	Disbursements	Undisbursed/ Unclaimed	Allocations	Disbursements	Undisbursed/ Unclaimed	Allocations	Disbursements	Undisbursed/ Unclaimed
	City of Galt	$ 118,831		$ 118,831	$ 125,232		$ 125,232	$ 133,172		$ 133,172
	City of Isleton	4,004		4,004	4,213		4,213	4,527		4,527
	Yuba Sutter Transit Authority				60,941		60,941	67,737		67,737
		784,923		784,923	1,439,682		1,439,682	941,070		941,070
	Total apportionment	$ 13,027,713	$ 9,505,441	3,522,272	$ 13,943,806	$ 9,191,142	4,752,664	$ 14,931,041	$ 9,855,430	5,075,611
	Unclaimed prior year apportionments:									
	County of Sacramento			908,776			742,543			479,880
	Yolo County Transportation District			427,453			214,427			
	City of West Sacramento			377,597			121,203			
	City of Galt			258,404			133,172			
	County of Yolo			134,702			203,406			406,641
	City of Woodland			54,119			54,119			54,119
	City of Isleton			36,269			32,056			27,529
	Yuba Sutter Transit Authority						80,382			43,991
	Total unclaimed prior year apportionments			2,197,320			1,581,308			1,012,160
	Interest due to County of Sacramento			7,916						
	Total due to other governments			$ 5,727,508			$ 6,333,972			$ 6,087,771

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE TRANSPORTATION DEVELOPMENT ACT

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

We have audited, 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, the financial statements of the State Transit Assistance Fund (the Fund) of the Sacramento Area Council of Governments (SACOG), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated November 19, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SACOG's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SACOG's internal control. Accordingly, we do not express an opinion on the effectiveness of SACOG's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. Our audit was further made to determine that Transportation Development Act (TDA) funds allocated and received by SACOG were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6751 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the TDA.

To the Board of Directors
Sacramento Area Council of Governments

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the TDA in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

November 19, 2015

Sacramento Area Council of Governments

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95814

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www.sacog.org

Attachment E

November 19, 2015

Richardson & Company
550 Howe Avenue, Suite 210
Sacramento, CA 95825

Re: County of Sacramento Local Transportation Fund

This representation letter is provided in connection with your audit of the financial statements of the County of Sacramento Local Transportation Fund (the Fund), on behalf of the Sacramento Area Council of Governments, which comprise the financial position of the Fund as of June 30, 2015, 2014, and 2013, and the respective changes in financial position for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of November 19, 2015, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 2, 2015, including our responsibility for the preparation and fair presentation of financial statements and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.

3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been

Auburn
Citrus Heights
Colfax
Davis
El Dorado County
Elk Grove
Folsom
Galt
Isleton
Lincoln
Live Oak
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

appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8) The effects of the uncorrected misstatement attached to this letter is immaterial to the financial statements as a whole.

9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments related to the Fund.

10) Guarantees, whether written or oral, under which the Fund is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11) We have provided you with:
    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
    b) Additional information that you have requested from us for the purpose of the audit.
    c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
    d) Minutes of meetings of the Board of Directors or summaries of actions of recent meetings related to the Fund for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
    a) Management,
    b) Employees who have significant roles in internal control, or
    c) Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) SACOG has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

22) There was no fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

23) There are no instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

24) There are no instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

26) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

27) SACOG has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

28) SACOG complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

29) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

30) Components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

31) Investments are properly valued.

32) We believe the lack of a provision for uncollectible accounts is reasonable under the circumstances.

33) Deposits and investment securities are properly classified as to risk and are properly disclosed.

34) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

35) With respect to the supplementary information – Schedule of Allocations and Disbursements:

    a) We acknowledge our responsibility for presenting the schedule of allocations and disbursements in accordance with accounting principles generally

accepted in the United States of America and the TDA, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America and the TDA. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the supplementary information.

b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information.

Sincerely,

Stacy Niccum
Finance Manager

Kirk Trost
Chief Operating Officer/General Counsel

Sacramento Area Council of Governments

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November 19, 2015

Richardson & Company
550 Howe Avenue, Suite 210
Sacramento, CA 95825

Re: State Transit Assistance Fund

This representation letter is provided in connection with your audit of the financial statements of the State Transit Assistance Fund (the Fund), on behalf of the Sacramento Area Council of Governments, which comprise the financial position of the Fund as of as of June 30, 2015, 2014, and 2013, and the respective changes in financial position for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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Live Oak
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Marysville
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Placerville
Rancho Cordova
Rocklin
Roseville
Sacramento
Sacramento County
Sutter County
West Sacramento
Wheatland
Winters
Woodland
Yolo County
Yuba City
Yuba County

We confirm, to the best of our knowledge and belief, as of November 19, 2015, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 2, 2015, including our responsibility for the preparation and fair presentation of financial statements and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.

3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees,

and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements (or in the schedule of findings and questioned costs).

8) The effects of the uncorrected misstatement attached to this letter is immaterial to the financial statements as a whole.

9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments related to the Fund.

10) Guarantees, whether written or oral, under which the Fund is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11) We have provided you with:
    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
    b) Additional information that you have requested from us for the purpose of the audit.
    c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
    d) Minutes of meetings of the Board of Directors or summaries of actions of recent meetings related to the Fund for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
    a) Management,
    b) Employees who have significant roles in internal control, or

c) Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) SACOG has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

22) There was no fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

23) There are no instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

24) There are no instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

26) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designated an individual, preferably within senior management, who possesses suitable skill knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

27) SACOG has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

28) SACOG complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

29) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

30) Components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

31) Investments are properly valued.

32) We believe the lack of a provision for uncollectible accounts is reasonable under the circumstances.

33) Deposits and investment securities are properly classified as to risk and are properly disclosed.

34) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

35) With respect to the supplementary information – Schedule of Allocations and Disbursements:

a) We acknowledge our responsibility for presenting the schedule of allocations and disbursements in accordance with accounting principles generally accepted in the United States of America and the TDA, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America and the TDA. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the supplementary information.

b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information.

Sincerely,

Stacy Niccum
Finance Manager

Kirk Trost
Chief Operating Officer/General Counsel

Sacramento Area Council of Governments

1415 L Street, Suite 300
Sacramento, CA 95814

tel: 916.321.9000
fax: 916.321.9551
tdd: 916.321.9550
www.sacog.org

November 19, 2015

Richardson & Company
550 Howe Avenue, Suite 210
Sacramento, CA 95825

Re: County of Sutter Local Transportation Fund

This representation letter is provided in connection with your audit of the financial statements of the County of Sutter Local Transportation Fund (the Fund), on behalf of the Sacramento Area Council of Governments, which comprise the financial position of the Fund as of June 30, 2015, 2014, and 2013, and the respective changes in financial position for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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We confirm, to the best of our knowledge and belief, as of November 19, 2015, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 2, 2015, including our responsibility for the preparation and fair presentation of financial statements and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.

3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees,

and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments related to the Fund.

9) Guarantees, whether written or oral, under which the Fund is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10) We have provided you with:
    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
    b) Additional information that you have requested from us for the purpose of the audit.
    c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
    d) Minutes of meetings of the Board of Directors or summaries of actions of recent meetings related to the Fund for which minutes have not yet been prepared.

11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
    a) Management,
    b) Employees who have significant roles in internal control, or
    c) Others where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

17) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

19) SACOG has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

20) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

21) There was no fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

22) There are no instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

23) There are no instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

25) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designated an individual, preferably within senior management, who possesses suitable skill knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

26) SACOG has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

27) SACOG complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

28) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

29) Components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

30) Investments are properly valued.

31) We believe the lack of a provision for uncollectible accounts is reasonable under the circumstances.

32) Deposits and investment securities are properly classified as to risk and are properly disclosed.

33) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

34) With respect to the supplementary information – Schedule of Allocations and Disbursements:

    a) We acknowledge our responsibility for presenting the schedule of allocations and disbursements in accordance with accounting principles generally

accepted in the United States of America and the TDA, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America and the TDA. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the supplementary information.

b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information

Sincerely,

Stacy Niccum
Finance Manager

Kirk Trost
Chief Operating Officer/General Counsel

Sacramento Area Council of Governments

1415 L Street,
Suite 300
Sacramento, CA
95814

tel: 916.321.9000
fax: 916.321.9551
tdd: 916.321.9550
www.sacog.org

November 19, 2015

Richardson & Company, LLP
550 Howe Avenue, Suite 210
Sacramento, CA 95825

Re: County of Yolo Local Transportation Fund

This representation letter is provided in connection with your audit of the financial statements of the County of Yolo Local Transportation Fund (the Fund), on behalf of the Sacramento Area Council of Governments, which comprise the financial position of the Fund as of June 30, 2015, 2014, and 2013, and the respective changes in financial position for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of November 19, 2015, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 2, 2015, including our responsibility for the preparation and fair presentation of financial statements and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles.

3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

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Sacramento County
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West Sacramento
Wheatland
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Woodland
Yolo County
Yuba City
Yuba County

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments related to the Fund.

9) Guarantees, whether written or oral, under which the Fund is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10) We have provided you with:
    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
    b) Additional information that you have requested from us for the purpose of the audit.
    c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
    d) Minutes of meetings of the Board of Directors or summaries of actions of recent meetings related to the Fund for which minutes have not yet been prepared.

11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
    a) Management,
    b) Employees who have significant roles in internal control, or
    c) Others where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

17) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

19) SACOG has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

20) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

21) There was no fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

22) There are no instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

23) There are no instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending

budgets), provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

25) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

26) SACOG has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

27) SACOG complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

28) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

29) Components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

30)

31) Investments are properly valued.

32) We believe the lack of a provision for uncollectible accounts is reasonable under the circumstances.

33) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

34) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

35) With respect to the supplementary information – Schedule of Allocations and Disbursements:

a) We acknowledge our responsibility for presenting the RSI in accordance with accounting principles generally accepted in the United States of America and the TDA, and we believe the supplementary information,

including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America and the TDA. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the supplementary information.

b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information.

Sincerely,

Stacy Niccum
Finance Manager

Kirk Trost
Chief Operating Officer/General Counsel

Sacramento Area Council of Governments

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www.sacog.org

November 19, 2015

Richardson & Company
550 Howe Avenue, Suite 210
Sacramento, CA 95825

Re: County of Yuba Local Transportation Fund

This representation letter is provided in connection with your audit of the financial statements of the County of Yuba Local Transportation Fund (the Fund), on behalf of the Sacramento Area Council of Governments, which comprise the financial position of the Fund as of June 30, 2015, 2014, and 2013, and the respective changes in financial position for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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We confirm, to the best of our knowledge and belief, as of November 19, 2015, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 2, 2015, including our responsibility for the preparation and fair presentation of financial statements and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.

3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees,

and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments related to the Fund.

9) Guarantees, whether written or oral, under which the Fund is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10) We have provided you with:
    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
    b) Additional information that you have requested from us for the purpose of the audit.
    c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
    d) Minutes of meetings of the Board of Directors or summaries of actions of recent meetings related to the Fund for which minutes have not yet been prepared.

11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
    a) Management,
    b) Employees who have significant roles in internal control, or
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14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

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Government—specific

18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

19) SACOG has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

20) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

21) There was no fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

22) There are no instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

23) There are no instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending

budgets), provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

25) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

26) SACOG has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

27) SACOG complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

28) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

29) Components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

30) Investments are properly valued.

31) We believe the lack of a provision for uncollectible accounts is reasonable under the circumstances.

32) Deposits and investment securities are properly classified as to risk and are properly disclosed.

33) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

34) With respect to the supplementary information – Schedule of Allocations and Disbursements:

    a) We acknowledge our responsibility for presenting the schedule of allocations and disbursements in accordance with accounting principles generally accepted in the United States of America and the TDA, and we believe the supplementary information, including its form and content, is fairly

presented in accordance with accounting principles generally accepted in the United States of America and the TDA. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the supplementary information.

b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information.

Sincerely,

Stacy Niccum
Finance Manager

Kirk Trost
Chief Operating Officer/General Counsel

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

November 19, 2015

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

We have audited the financial statements of the Sacramento, Yolo, Yuba and Sutter Local Transportation Funds and the State Transit Assistance Fund (the Funds) of the Sacramento Area Council of Governments (SACOG) for the year ended June 30, 2015 and have issued our reports thereon dated November 19, 2015. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards and *Government Auditing* Standards, as well as certain information related to the planned scope and timing of our audits. We have communicated such information in the engagement letter dated June 2, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by SACOG are described in Note A to the financial statements. No new accounting standards were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by SACOG during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Estimates were used to determine the fair value adjustment on investments in each fund. Management's estimate of the fair value adjustment is based on the fair value percentage provided by the Treasurer's Department of each county. We evaluated the key factors and assumptions used to develop the fair value adjustment in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive disclosures this year.

The financial statement disclosures are neutral, consistent, and clear.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of SACOG's compliance with certain provisions of laws, regulations, contracts and grants, including the Transportation Development Act and California Code of Regulations. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audits.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no misstatements as a result of audit procedures that were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letters for each Fund dated November 19, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Funds financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as SACOG's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of SACOG and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

November 19, 2015