COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
SACRAMENTO, CA

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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

SACOG

1415 L Street, Suite 300
Sacramento, CA 95814
tel 916.321.9000
tdd 916.321.9550
www.sacog.org

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Prepared by:
Finance Group
Loretta Su, Finance Director

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Sacramento Area Council of Governments

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Introductory Section

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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

January 31, 2019

Sacramento Area Council of Governments Board of Directors
Sacramento Area Council of Governments Financing Corporation Board of Directors
Capitol Valley Regional Service Authority for Freeways and Expressways 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, 2018.

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

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, 2018, are 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, 2018, are fairly presented in accordance with GAAP. Their report is presented as the first component of the financial section of this CAFR.

Profile of Sacramento Area Council of Governments

The Sacramento Area Council of Governments (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, provides the framework for designing transportation needs. SACOG also provides other services to local governments, including cooperative purchasing, research, consulting, and convening.

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: Policy and Innovation (formerly 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 Policy and Innovation 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.

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 in Sacramento, California. The SACOG region, if a separate state, would rank 48th in acreage, ahead of Connecticut, Rhode Island, 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 (FHWA), Federal Transit Administration (FTA), 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.

Funding for transportation from the State of California improved after the passage of Senate Bill 1(SB 1) in April 2017, which is estimated to provide $5.2 billion in annual funding in both competitive and formula distribution to cities, counties, transit agencies and Regional Transportation Planning Agencies such as SACOG starting in fiscal year 2018. SACOG is now receiving approximately $750,000 annually in SB 1 formula funding, and additional funds have been received through competitive grants. At the same time, there is a forecasted long-term decline in state funding for transportation due to increasing fuel efficiency (and therefore lower gas tax revenues), which puts pressure on cities and counties to maintain existing infrastructure through other funding sources.

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 mid-2018, the Sacramento Business Review reported that we are in the longest economic expansion in U.S. history. Sacramento enjoyed a booming labor market, with the unemployment rate at a record low of 3.3%, well below the national and statewide averages, and down from the all-time high of 13.5%. The cost of housing, lack of diversity of employment sectors, and income inequality are concerns for the Sacramento region.

The SACOG region is home to two Metropolitan Statistical Areas (MSAs): Sacramento—Roseville-Arden-Arcade and Yuba City.

According to the California Employment Development Department in September 2018, the unemployment rate in the Sacramento--Roseville--Arden-Arcade MSA was 3.4 percent in September 2018, down from a revised 3.7 percent in August 2018, and below the year-ago estimate of 4.0 percent. This compares with an unadjusted unemployment rate of 3.9 percent for California and 3.6 percent for the nation during the same period. The unemployment rate was 3.2 percent in El Dorado County, 3.0 percent in Placer County, 3.6 percent in Sacramento County, and 3.5 percent in Yolo County.

Between August 2018 and September 2018, combined employment in the counties of El Dorado, Placer, Sacramento, and Yolo, decreased by 5,800 to total 993,900 jobs.

- Leisure and hospitality (down 2,800 jobs) experienced a normal seasonal decline from August to September. Accommodation and food services dropped 1,600 jobs. Arts, entertainment, and recreation cut back 1,200 jobs.
- Professional and business services shed 1,600 jobs. Professional, scientific, and technical services (down 1,100 jobs) and administrative and support and waste services (down 500 jobs) were responsible for the decline.

- Meanwhile, government was up over the month, adding 1,500 jobs. Local government (up 2,000 jobs) was responsible for the gains.
- Trade, transportation, and utilities expanded by 1,000 jobs from August to September. This is the first September increase for this industry since 2012.

Between September 2017 and September 2018, total jobs in the region increased by 11,100, or 1.1 percent.

- Government led year-over growth, adding 5,300 jobs. State government gained 2,900 jobs. Local government was up 2,700 jobs. These gains offset a decrease in federal government, which was down 300 jobs.
- Trade, transportation, and utilities gained 4,900 jobs since last September. Transportation, warehousing, and utilities added 2,200 jobs. Wholesale trade contributed 1,400 jobs. Retail trade increased by 1,300 jobs.
- Education and health services expanded by 4,200 jobs. Health care and social assistance grew by 3,500 jobs. Educational services added 700 jobs.
- Four major industries experienced job reductions from last September, led by professional and business services (down 2,000 jobs), other services (down 1,400 jobs), information (down 400 jobs), and construction (down 300 jobs).

The unemployment rate in the Yuba City MSA was 5.7 percent in October 2018, up from a revised 5.4 percent in September 2018, and below the year-ago estimate of 6.2 percent. This compares with an unadjusted unemployment rate of 4.0 percent for California and 3.5 percent for the nation during the same period. The unemployment rate was 5.8 percent in Sutter County, and 5.6 percent in Yuba County.

Major Initiatives

SACOG began work to update Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) scheduled for adoption in February 2020. This work included the adoption of a policy framework to guide the update process as well as the creation of a discussion draft to serve as a starting point for identifying land use and transportation assumptions supporting the plan.

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). Through cutting-edge technical work and stakeholder engagement, RUCS is designed to study the challenges and opportunities in the rural areas of the Sacramento region and identify strategies that leverage and enhance the value of these assets. In March 2018 staff initiated RUCS 2.0, with the intent of focusing on how to apply existing RUCS tools, implement strategies, and identify new areas of research. With committee direction, staff moved forward with a RUCS 2.0 stakeholder outreach process designed to help SACOG determine the next phase of this program. Through this process, a Theory of Change and Workplan were created to guide the next phase of RUCS.

With funding from USDA's Specialty Crop Block Grant Program, SACOG completed a groundwater recharge study for specialty crop production (i.e. fruits, vegetables, nuts, and nursery products) in the Sacramento region. SACOG demonstrated critical links between implementation of the state's groundwater recharge and monitoring requirements to crop production that supports a range of agricultural and food industries in the region. The work helps the region better understand where to apply surface water to fields and other areas so water can percolate relatively quickly into aquafers and then later be used for crop production. The final report is available on SACOG's website (https://www.sacog.org/post/sustainable-water-management-strategies-specialty-crop-expansion-sacramento-valley).

SACOG also expanded its work on forest management concerns raised by board members. The work continues to focus on better understanding and communication between those managing the forests and those receiving benefits and impacts on services such as water supply, flood, recreation, jobs, habitat, and air quality. SACOG continues to work with the Sierra Nevada Conservancy and stakeholders in the American River Watershed on possible collaboration to identify projects and funding that will reduce the frequency and severity of fires.

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 fiscal year were related to implementation. The public launch focused efforts on market penetration and expanding the Corporate Accounts program. System testing and software development continue as minor bugs are found and system enhancements are provided based on customer feedback.

SACOG is the lead agency responsible for developing a Regional Bike Share System in partnership with SACOG's bike share vendor, JUMP Bikes, the cities of Davis, Sacramento, and West Sacramento, and UC Davis and Sacramento State University. Under this unique partnership, the Sacramento region will have the largest electric-assist bike share system in North America, featuring 900 electric assist bicycles and 150 stations. Bike share is a membership-based system that can be used for recreation, commuting, exercise, or other trips. It can help people get to transit stops more easily, connect to different neighborhoods, shops, restaurants, and jobs, and can help people be more active. JUMP's e-bikes are similar to regular bikes, but they have pedal assist, allowing speeds up to 20 miles per hour. E-bikes do not operate without pedaling, but the electric assist makes it easier for people to travel longer distances in a shorter amount of time.

In 2017, SACOG launched Civic Lab, a team-based program that works to provide technical assistance and build local capacity to tackle new and innovative projects. Civic Lab takes on regional issues at a local level by focusing on challenges and barriers that local jurisdictions and partner agencies face and works with local and national experts on finding and implementing a solution. Beginning in late 2017 through 2018, Civic Lab focused on new mobility and how autonomous vehicles, ride sharing, car sharing, and on-demand transit impact policy and how the region can stay in front of the technology and best take advantage of what they offer. SACOG worked with eight teams to plan and implement a new mobility pilot and is now working with teams and vendors to get the pilots off the ground.

The SACOG Board of Directors (Board) has emphasized an interest in exploring the build out of our Council of Governments (COG) role seeking to deliver services outside of designated transportation initiatives. The Local Government Services program has explored service delivery through shared back-end administrative functions, topic-specific convenings, emergency preparedness and planning, and more. Initial services provide access to a menu of opportunities including cooperative purchasing and contracting for automotive fuel and lubricants, human resources services, national purchasing partnerships, and regional service delivery through a shared staffing agreement.

The 511/STARNET 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.

SACOG has been developing a Climate Action Plan for the region. In addition, the SACOG Board 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 administers programs that allocate flexible federal funds to regional jurisdictions for capital projects. In FY 2017-18, SACOG staff worked on developing criteria, applications, and calls for projects for five SACOG transportation funding programs to be awarded in Fall 2018. Two new programs were added to support innovative Transportation Demand Management and Green Region projects.

SACOG also administers many pass-through grants on behalf of our member jurisdictions and local transit agencies. In FY 2017-18, SACOG helped Sacramento Regional Transit (SacRT) launch a jointly awarded Caltrans grant for Optimizing Transit and TOD in the Sacramento region. SacRT began a comprehensive Route Optimization Study, SacRT Forward, to revise the bus system, accompanied by an action plan for Transit Oriented Development to support transit ridership. In FY 2017-18, SACOG staff also assisted local agencies with applications for numerous federal and state grant programs to help increase the receipt of transportation funds in the region.

In addition, SACOG staff helped the region's transit agencies with meeting new federal requirements for Transit Asset Management Planning. In FY 2017-18, SACOG procured a decision tool for all the region's transit agencies to use to develop their transit asset inventories and condition assessments and plan their capital investments.

With our ongoing regional partnership, SACOG is spearheading a Smart Region Intelligent Transportation Systems (ITS) effort, developing ITS plans for the region, local jurisdictions, and Caltrans District 3, and an updated regional ITS architecture to support new ITS investments.

The Call Box Modernization/Upgrade/Removal project began in March 2016 for the Capitol Valley Regional Service Authority for Freeways and Expressways (CVR-SAFE) and Glenn County SAFE,

which are administered by SACOG. The project was completed in FY 2017-18. This included call box removals, cellular technology upgrades, battery replacements, ADA retrofits, and signage improvements.

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

SACOG management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Agency are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed benefits likely to be derived; and (2) choices between these two concepts often require estimates and judgements by management.

SACOG's accounting records are maintained on the modified accrual basis of accounting. This essentially involves the recording of revenue when they become measurable and available and the recording of expenditures when the goods and services are received and the related liability incurred.

This comprehensive annual financial report includes the following funds:

- Sacramento Area Council of Governments (SACOG)
- Sacramento Area Council of Governments Financing Corporation
- Public Transportatio Modernization Improvement & Service Enhancement Account (PTMISEA)
- State Transit Assistance (STA) and State of Good Repair Fund (SGR)
- Capitol Valley Regional Service Authority for Freeways and Expressways (Capitol Valley SAFE)
- Glenn County Service Authority for Freeways and Expressways (Glenn County SAFE)

Budgeting Controls

The annual budget serves as the foundation for SACOG's financial planning and control. SACOG prepares and adopts a final budget for the SACOG Planning and Administration and Capitol Valley SAFE by June of each year. The approved budget must be approved by a three-part majority of the Board of Directors: a majority of cities, a majority of counties, and a majority of the population by those members present. 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 approval by the California Department of Transportation (Caltrans), FHWA, and 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 operating project budget, capital assets, and can include other related functions not associated with the OWP. Budgetary control and the level of control are at the work element level. Costs for the projects, as well as classification of costs, can be modified if the major element total remains the same.

Board approval is required if costs are expected to exceed the major 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 priorities, and approved by the Board of Directors, federal funding partners and Caltrans. During FY 2017-18, the original adopted budget was amended by the Board of Directors. The final budget data contained in the financial statements reflects the effect of all approved budget amendments. Budget to actual comparisons are provided in this report for SACOG's Planning and Administration fund. This comparison is provided on page A-30 as part of the required supplemental information for the governmental funds.

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.

Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to SACOG for its comprehensive annual financial reports for many years. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded the Certificate of Achievement, SACOG must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which must conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine eligibility for another Certificate of Achievement.

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Group and the cooperation and assistance of all SACOG departments. 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.

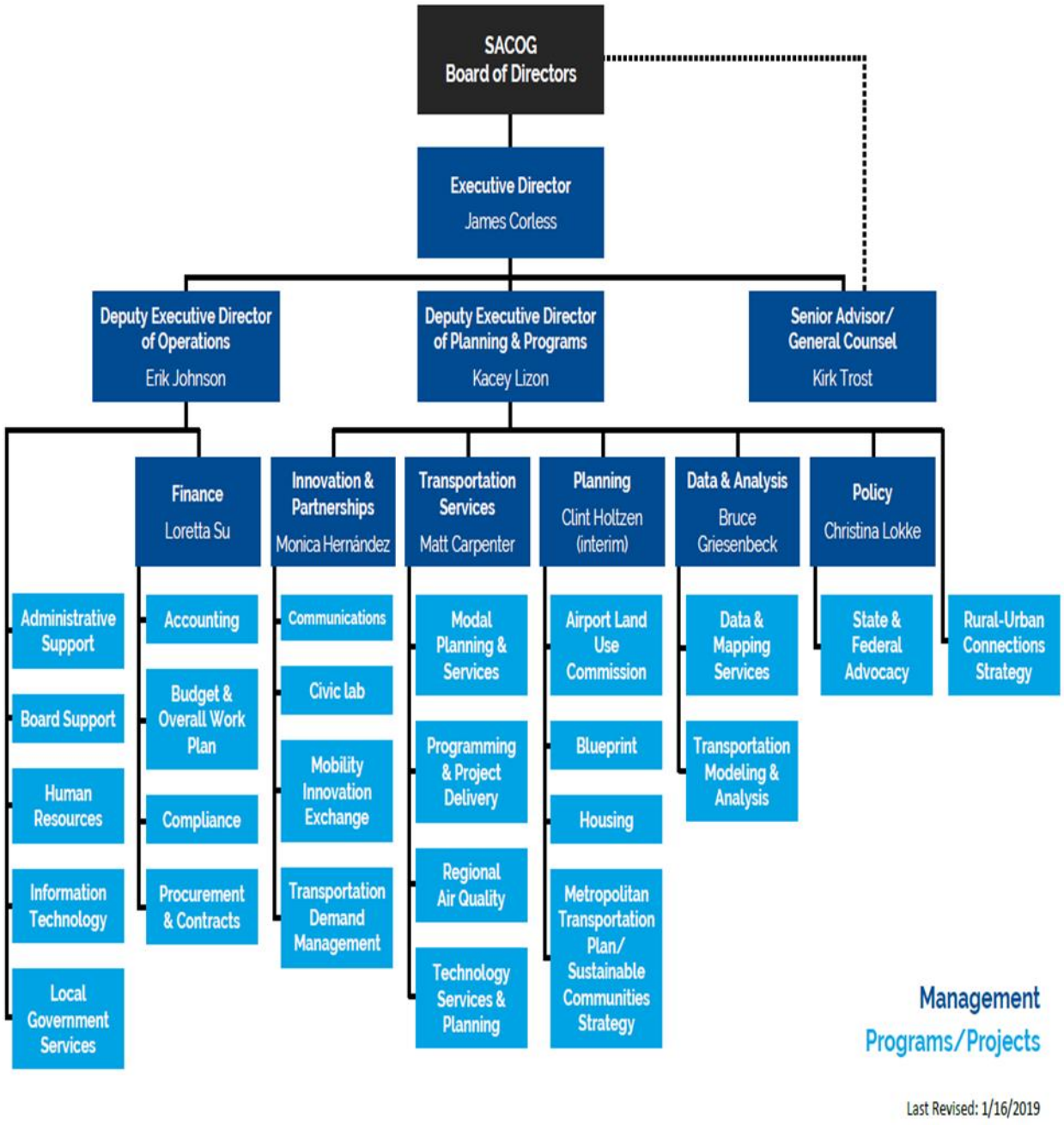
Respectfully submitted,

James Corless
Executive Director

Erik Johnson
Deputy Executive Director
of Operations

Loretta Su
Finance Director

Organizational Chart



Last Revised: 1/16/2019

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sacramento Area Council of Governments, California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

Financial Section

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

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 statements of the governmental activities and each major fund of the Sacramento Area Council of Governments (SACOG), as of, and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the 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 statements 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 50 percent, 53 percent, and 82 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 require 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 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.

2151 River Plaza Dr., Suite 308, Sacramento, CA 95833 P 916.570.1880 F 916.570.1875 W vtdcpa.com

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, 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, 2018, 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. Our opinions are 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 – pension, the schedule of changes in the net OPEB liability and related ratios, and the schedule of contributions - OPEB 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 and the other auditors 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.

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, supplemental 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, 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 and statistical sections 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 January 31, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SACOG's 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
January 31, 2019

The Management Discussion and Analysis (MD&A) of the Sacramento Area Council of Governments (SACOG) presents an overview and analysis of the financial activities and changes in financial position of SACOG and its blended component units for the year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of the transmittal.

Financial Highlights

Highlights of SACOG and its blended component units' financial performance during the fiscal year ended June 30, 2018 are below:

- The assets and deferred outflow of resources of SACOG exceeded liabilities and deferred inflows at the close of fiscal year 2017-18 by $34.0 million (net position), of this amount, $32.7 million is restricted for specific purposes (restricted net position), and $0.3 million is the SACOG's net investment in capital assets. SACOG's total net position decreased by $1.0 million during the fiscal year, not including the restatement of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75) of negative $4.7 million to net position.

- As of June 30, 2018, SACOG governmental funds reported combined fund balances of $49.7 million, an increase of $6.7 million compared to June 30, 2017. Of the total combined fund balances, $10.2 million (20.5 percent) is available for spending at SACOG's Board discretion (*unassigned fund balance*).

- The SACOG Planning and Administration Fund, which includes the SACOG Planning Fund, Board and Advocacy, and SACOG Managed funds, increased $4.1 million primarily due to the recognition of prior year deferred revenue of $3.3 million.

- The Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) revenue decreased by $3.8 million. Expenditures decreased by $0.9 million to $4.0 million for the year. The annual funding is volatile and depends on numerous factors. No additional funding is expected in the future.

- The combined four LTF revenues increased by $6.3 million during the fiscal year, of this amount, $4.7 million is for Sacramento County and $0.9 million for Yolo County. Expenses for the four jurisdictions were comparatively flat compared to last year, with the net change a negative $0.5 million.

- The State Transit Assistance (STA) and State of Good Repair (SGR) fund balance increased by $1.9 million, of this amount, $1.1 million is for STA and $0.8 million is for SGR. The increase is primarily due to passage of Senate Bill 1 (SB 1), The Road Repair and Accountability Act of 2017.

Overview of the Financial Statements

The MD&A is intended to serve as an overview of SACOG's basic financial statements. The 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 like private-sector financial statements. This means reporting the extent to which SACOG met its operating objectives. The government-wide statements ignore the partitions created by the funds, bringing the financial activity together in one place, reporting all assets and liabilities, and inflows and outflows of resources.

The statement of net position presents information on all 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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 Overall Work Program (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 (FHWA), and Federal Transit Administration (FTA) 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 comprised of the members of the SACOG Board of Directors, plus two representatives from San Joaquin County. 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 at the end of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning SACOG's progress in funding its obligation to provide pension and OPEB benefits to its employees.

Government-Wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of SACOG's financial position. For the fiscal year ended June 30, 2018, SACOG's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $34.0 million. The following table shows SACOG's condensed government-wide statement of net position for the fiscal years ended June 30, 2018 and June 30, 2017:

CONDENSED STATEMENT OF NET POSITION
As of June 30, 2018, and 2017

	Governmental Activities		
	2018	2017	Increase (Decrease)
ASSETS			
Current and other assets	$ 84,236,288	$ 72,920,062	$ 11,316,226
Capital assets	339,945	209,730	130,215
Total assets	84,576,233	73,129,792	11,446,441
Deferred outflows of resources			
Deferred outflows related to OPEB	698,507	-	698,507
Deferred outflows related to pension	4,396,669	3,974,136	422,533
Total deferred outflows	5,095,176	3,974,136	1,121,040
LIABILITIES			
Other liabilities	33,067,300	26,839,615	6,227,685
Long term liabilities	22,007,707	14,815,978	7,191,729
Total liabilities	55,075,007	41,655,593	13,419,414
Deferred inflows of resources			
Deferred inflows related to OPEB	104,507	-	104,507
Deferred inflows related to pension	520,303	454,167	66,136
Total deferred inflows	624,810	454,167	170,643
NET POSITION			
Net Investment in capital assets	339,945	209,730	130,215
Restricted:			
Transportation projects	485,831	473,445	12,386
Transportation claimaints	32,188,187	30,653,263	1,534,924
Unrestricted	957,629	3,657,730	(2,700,101)
Total net position[1]	$ 33,971,592	$ 34,994,168	$ (1,022,576)

[1]Total Net Position for 2017 does not include the restatement of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions in the amount of negative $4,670,841. See Note M in the Notes to the financial statements for details of the restatement.

As of June 30, 2018, total assets and deferred outflows of resources were $89.7 million, an increase of $12.6 million over fiscal year ended June 30, 2017. The increase is due to the following key activities in SACOG's major funds:

- State Transit Assistance (STA) and State of Good Repair (SGR) fund assets increased by $7.5 million due to the new SB 1 funding and the combined four LTF funds' assets increased by $5.7 million.

- PTMISEA fund assets decreased by $1.0 million as the ending cash balance was lower than last year. Sales tax revenues were only $0.1 million for the year.

- Capitol Valley SAFE and Glenn County's combined assets decreased by $0.7 million. This is primarily due to the continuation of the Call Box Modernization/Upgrade and Removal project.

- The deferred outflows related to pension and OPEB increased by $1.1 million compared to prior year, due to the increased in pension of $0.4 million and the OPEB of $0.7 million as a result of the implementation of GASB 75.

Total liabilities and deferred inflows of resources were $55.7 million at June 30, 2018, an increase of $13.6 million over fiscal year ended June 30, 2017. The increase is due to increased liabilities for the STA and SGR Fund of $5.6 million and the PTMISEA of $2.6 million, partially offset by decreased in liabilities for the Planning and Administrative fund of $2.7 million. Additionally, the long-term liabilities increased by $7.2 million primarily due to an increase in the net pension liability of $1.8 million and OPEB liability of $5.2 million.

Total Net Position was $34.0 million at June 30, 2018, a decrease of $1.0 million over fiscal year ended June 30, 2017. The decrease is due to the following key activities that occurred in SACOG's major funds:

- Restricted Transportation Claimants net position increased by $1.5 million, of this amount, $2.1 million is for Sacramento County LTF, $1.9 million for STA, and $1.8 million for Yolo County, Sutter and Yuba LTF. These increases were partially offset by decreased in PTMISEA of $3.7 million and SAFE of $0.6 million.

- Unrestricted net position declined by approximately $2.7 million primarily due to the decrease in net position related to the pension and OPEB liabilities of $6.1 million, partially offset by an increase of $2.8 million in the SACOG Managed Fund Committed Fund Balance.

- Net Investment in Capital Assets increased by $0.1 million primarily due to asset additions of $0.2 million, offset by depreciation expense of $0.1 million.

CONDENSED STATEMENT OF ACTIVITIES

For the Years Ended June 30, 2018 and 2017

	Governmental Activities		
	2018	2017	Increase (Decrease)
Revenues			
Program revenues:			
Charges for services	$ 3,558,184	$ 3,098,294	$ 459,890
Operating grants and contributions	18,222,580	21,869,310	(3,646,730)
General revenues:			
State shared revenue - sales/use tax	99,868,505	83,067,575	16,800,930
Investment earnings	547,564	421,368	126,196
Other and in-kind	154,091	111,067	43,024
Total revenues	122,350,924	108,567,614	13,783,310
Expenses			
Planning and administration	21,322,636	22,248,042	(925,406)
Transportation claimants	90,155,212	79,530,309	10,624,903
PTMISEA	4,018,076	4,930,158	(912,082)
Capitol Valley Regional SAFE	3,177,595	2,961,035	216,560
Glenn County SAFE	29,140	889	28,251
Total expenses	118,702,659	109,670,433	9,032,226
Change in net position	3,648,265	(1,102,819)	4,751,084
Net position - beginning, as restated	30,323,327	36,096,987	(5,773,660)
Net position - ending[1]	$ 33,971,592	$ 34,994,168	$ (1,022,576)

[1]The Net Position – Ending for 2017 does not include the restatement of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions in a negative amount of $4,670,841. See Note M in the Notes to the financial statements for details of the restatement.

As of June 30, 2018, total revenues were $122.3 million, an increase of $13.8 million over fiscal year ended June 30, 2017. The following are changes in key activities during fiscal year 2018:

- State Shared Revenue – Sales tax revenue (includes STA/SGR and the four LTF Funds) had a net increase of $16.8 million. The STA revenue increased by $10.5 million primarily due to the new SB 1 funding and the four LTF funds had a sales tax revenue increase of $6.3 million.

- Operating Grants and Contributions revenue had a net decrease of $3.7 million, primarily due to a decrease in PTMISEA funding. PTMISEA funding was only $0.1

million compared to $3.9 million last year, a difference of $3.8 million. SACOG will receive the final allocation of program funds in fiscal year 2018-19.

- Charges for Services revenue increased by $0.5 million primarily due to the Planning and Administration Fund expenditure reimbursements increasing by a like amount. SACOG operations are mostly reimbursement based, but revenues and expenditures can fluctuate from year to year, depending on when the projects are completed by staff, and the dollar amount of pass-through project activity that SACOG manages/oversees for the year.

Total expenses were $118.7 million in fiscal year ended June 30, 2018, an increase of $9.0 million over fiscal year ended June 30, 2017. The following are the key activities during fiscal year 2018.

- Transportation claimants' expenses for STA and the four LTF funds increased by $10.6 million. The STA expenses increased by $11.0 million, primarily due to the increased revenue as result of passage of SB 1. The four LTF funds had a net expense decrease of $0.4 million. The expense numbers can vary from year to year because it is based on the annual apportionments, which is essentially based on the forecasted sales tax revenue for the year plus any remaining prior year estimated ending fund balance that is included in the apportionment calculation.

- PTMISEA expenses decreased by $0.9 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.

- Planning and Administration expenses decreased by $0.9 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.

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 increased by $4.1 million. The increase is a result of the following activities within the four sections of the fund:

- Restricted Fund balance increased by $12,386 to $0.5 million is due to additional committed transportation projects.

- Committed Fund balance increased by $0.6 million is primarily due to SACOG Managed Fund activity.

- Assigned Fund balance increased by $25,000 is primarily due to GIS Recipients activity.

- Unassigned Fund balance increased by $3.5 million primarily due to the due to recognition of $3.2 million in revenue which was classified as unavailable revenue in prior year as a result of SACOG's six-month period of availability policy and due to the TDA funds that were not fully utilized as a match for federal and state grants.

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, fund balance can be impacted by accounting requirements to recognize certain specific grant revenues even though there may not be offsetting grant expenditures in the current year.

Changes in fund balance can also depend on whether SACOG's primary annual source of local funds (TDA funds for planning and administration) are 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 project specific carryover funds.

The final approved combined budgets for the Planning and Administration Fund and the Board and Advocacy Fund for fiscal year 2017-18 projected a use of reserves in the amount of $2.0 million. However, the actual fund balance increased by $4.1 million as explained 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 FY 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 and interest receivable in the fund to $4.0 million at June 30, 2018. Activity during the year consisted of interest earnings of $44,738.

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 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. Board action is necessary to modify this policy.

Sacramento Emergency Clean Air and Transportation Program (SECAT)

SECAT is in its 18th year of operation as a separate special revenue fund. The fund was originally advance-funded $66.0 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 continued to receive refunds from

monies not fully utilized by the engine owners. In years past, Caltrans had directed SACOG to return these refunds to Caltrans as the administrator of the original TCRP program.

However, in FY 2016-17 these funds were reclassified from a liability to the Restricted Fund Category, based upon a new agreement between SACOG and the Sacramento Metropolitan Air Quality Management District (SMAQMD). The funds now belong to SACOG; however, the funds must be used on projects, that meet certain specifications.

Public Transportation Modernization Improvement & Service Enhancement Account (PTMISEA)

The annual amount awarded to the PTMISEA program, now in its tenth year, was $0.1 million. The last three years of awards were $3.9 million, $0.9 million, and $10.8 million. The amount awarded can fluctuate dramatically from year to year. Amounts awarded were impacted by the State of California's ability to sell bonds for this program and grant requests.

As of June 30, 2018, cash balance was $13.9 million, a decrease of $1.2 million compared $15.1 million over June 30, 2017. This balance should continue to decrease in the future, as the remaining funds are paid out to grantees. Annual interest earnings were $0.2 million and the accrued liability was $3.5 million at year-end.

Current year expenditures were $4.0 million. The previous three years of expenditures were $4.9 million $5.5 million, and $9.4 million. Expenditures were for Bus Maintenance Facility II – CNG fuel, Southline SSCP-Long Lead items, Connect Card Implementation, Surveillance Equipment, ADA Transit Plan, Downtown/Riverfront Streetcar, and other smaller projects. Expenditure can vary with grant reimbursement requests submitted by grantees. The SACOG Board of Directors approves all projects that receive PTMISEA funds.

State Transit Assistance and State of Good Repair Fund

State Transit Assistance Fund

The State Transit Assistance fund (STA) 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 apportionment of the STA funds to the transit operators and claimants within its region. Sales tax revenues are generated from gasoline and diesel fuel sales.

Sales tax revenues increased dramatically by $7.0 million (74%), to $16.5 million for the fiscal year 2017-18, compared to $9.5 million in the prior year primarily due to the passage of Senate Bill (SB 1), in April 2017.

The final FY 2017-18 expenditure allocation was $15.5 million, after the apportionment was amended upward in December 2017. Last year's apportionment was $7.1 million, a difference of $8.4 million from last year. Apportionment expenditures are usually expected to increase as sales tax and use tax revenue increases.

Fund Balance, which represents accumulated unapportioned amounts is $1.2 million, an increase of $1.1 million, over last year. This is the result of additional of Sales tax revenue of $1.1 million, and interest income of $50,833.

The FY 2018-19 STA Allocation approved in March 2018 totaled $18.3 million. Of this amount, $13.3 million is for Public Utilities Code Section (PUCS) 99313 monies and $5.0 million is for PUC Section 99414 monies. This is $1.8 million increase over FY 2017-18 revenue (11%).

State of Good Repair Fund

On April 28, 2017, Senate Bill (SB) 1 Chapter 5, Statutes of 2017, the Road Repair and Accountability Act of 2017, was signed into law. SB 1 is referred to as the State of Good Repair (SGR) Program. SB 1 created a new Transportation Improvement Fee (on vehicle registrations due on or after January 1, 2018, a portion of which is provided to the California State Controller's office for the SGR Program. The fee is provided by RTPA's to eligible agencies under the STA Program formula pursuant to PUCS 99312.1 under the Transportation Development Act. SGR fees are available for capital assistance to rehabilitate and modernize existing local transportation systems, including the purchase of new vehicles and the maintenance and rehabilitation of transit facilities and vehicles.

The first receipt of sales tax revenues from SGR monies were received in May 2018 in the amount of $3.5 million. The expenditure allocation was $2.7 million, for three claimants. Apportionment expenditures are usually expected to increase as sales tax and use tax revenue increases. The fund Balance, which represents cumulated unapportioned amounts is $0.8 million at end of fiscal year 2017-18.

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

The sales tax revenue increased for the ninth year in row. This year's actual sales tax revenues increased by $4.7 million (8%) to $63.1 million for the year. The previous year's increase was $2.9 million (5%), totaling $58.3 million. The sales tax estimate for the apportionment was $61.1 million. The difference between the actual sales tax revenue and the sales tax projection (final apportionment) was a positive $1.95 million difference (3%).

Apportionment expenditures are usually expected to increase as sales tax revenue increases. The final apportionment amount for FY 2017-8 was $61.2 million which was $2.0 million higher than last year's apportionment. There was one upward apportionment amendment during the year.

Fund Balance, which represents cumulated unapportioned amounts, ended up at $13.5 million, which was approximately $2.1 million higher than last year. This increase is attributed to the higher than expected sales tax revenues of $2.0 million and interest earnings of $0.1 million.

The apportionment for the FY 2018-19 year is projected at $63.5 million in sales tax revenue, an increase of $0.4 million increase over the actual sales tax revenue amount for FY 2017-18. The sales tax estimate for FY 2018-19 is reasonable compared to the actual sales tax revenues for FY 2017-18. Sacramento County usually requests an amendment during the year, in order to use up a portion of the unapportioned fund balance.

County of Yuba Local Transportation Fund

Sales Tax Revenues increased this year by $0.1 million (10%), over last year's amount of $1.4 million. The FY 2017-18 revenue of $1.5 million was $0.3 million higher than projected in the findings of apportionment sales estimate. Apportionment expenditures were at $1.2 million, which was $0.2 million higher than last year.

Fund Balance, which represents cumulated unapportioned amounts, ended up at $0.7 million, an overall increase of $0.3 million compared to last year.

The apportionment for the FY 2018-19 year is projected at $1.4 million in sales tax revenue and the use of $0.2 million of fund balance reserve, totaling $1.6 million. The sales tax estimate for FY 2018-19 seems to be reasonable compared to the actual sales tax revenues for the past two years.

County of Sutter Local Transportation Fund

Sales Tax Revenues increased this year by $0.5 million to $4.5 million, compared to $4.0 million in the prior year. Apportionment expenditures were at $1.2 million, which was $0.2 million higher than last year.

The FY 2017-18 apportionment expenditure was based on a sales tax estimate of $4.0 million less the use of $0.5 million of fund balance (to pay off the negative fund balance from fiscal year end June 30, 2017), netting to $3.5 million. This was $1.2 million lower than last year's apportionment.

Fund Balance, which represents cumulated unapportioned amounts, ended up a positive $0.5 million. The change of $0.9 million was due to reducing this year's apportionment to pay for last year's negative balance of $0.4 million and the additional sales tax revenue over the projected amount by $0.5 million, plus the interest income of $4,587.

The apportionment for the FY 2018-19 year is projected at $4.3 million in sales tax revenue and the use of $0.4 million of the June 30, 2018 fund balance reserve. The sales tax estimate for FY 2018-19 is reasonable based on the actual sales tax revenues for FY 2017-18.

County of Yolo Local Transportation Fund

Sales tax revenue increased $0.9 million (9%) over last year, to $10.7 million. The previous year had a small decrease of $59,732 (1%) in sales tax revenue. Of the last nine years, only 2017 had a revenue decrease from the prior year. The sales tax projected in the apportionment was $9.6 million, resulted in a difference of $1.1 million between actual sales tax and projected.

Apportionment expenditures decreased by $1.5 million (14%) over last year, to $9.1 million. The apportionment amount was based on a sales tax estimate of $9.6 million less the use of $0.5 million to pay last year's apportionment, so it totaled $9.1 million for the year. Thus, the actual apportionment for FY 2017-18 was lower than it would normally be.

Fund Balance, the accumulated unapportioned amounts, bounced back to a positive $1.0 million and resulted in an increase of $1.6 million in the current year, compared to a negative $0.6 million last fiscal year. The increase is due to a combination of unplanned sales tax revenue $1.1 million, interest earned of $34,484 and the use of $0.5 million of FY 2017-18 revenues to pay toward the prior year negative fund balance. Normally the ending balance is a positive number. However, for 2017 and 2015 it was negative. In that cases where the fund balance is negative, the County has essentially promised to pay (apportionment liabilities) out more than it has (or would collect) as of year-end.

The apportionment for the FY 2018-19-year projects $9.6 million in sales tax revenue and uses of $0.3 million of prior year fund balance reserve, totaling $9.9 million. The sales tax estimate for FY 2018-19 is slightly under than actual sales tax revenues for 2014-15, so the estimate is very conservative.

Capital Valley Regional Service Authority for Freeways and Expressways (SAFE)

The Capitol Valley SAFE remains a fiscally strong fund with a reliable stream of revenue. SAFE fund balance decreased by $0.6 million this year, by $0.4 million in FY 2016-17, and by $0.8 million in FY 2015-16. These fund balance decreases have been expected primarily due to the work on the Call Box Removal/Upgrade Modernization project, ITS Master Plan/Regional Architecture update and the Regional Household Travel project, of which costs this year were $0.6 million, $0.6 million in FY2016-17, and $0.7 million in FY 2015-16.

Actual Vehicle registration fees were $2.5 million, which was an increase of $20,464 (1%) over last year and was $35,036 under the budgeted registration fee revenues for the year.

SAFE Service costs were $1.1 million, which was under budget by $0.7 million for the current year, primarily due to the delay in implementing some of the planned activities.

This restricted fund balance is limited by SAFE Board action in 2008, whereby a minimum fund balance of $1.0 million 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 $4,770 to $131,394, compared to $126,624 last year. The previous year's fund balance increased by $32,885. The primary reason for the swing

between the two years was that the current year reflected $29,140 more in costs than last year. This year's vehicle registration revenue was $32,551 and interest income was $1,520.

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, 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 during 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. Amendments to the OWP are also reviewed and approved by Caltrans.

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 original Planning and Administration fund budget was for $46.9 million and included the use of prior year fund balance of $2.0 million for Managed Fund Committed to projects of $1.2 million, deferred revenue and carryforward projects of $0.6 million and capital equipment purchase of $0.2 million.

During the year there were six amendments to the OWP and Budget. These amendments were to true-up available grant funds remaining at the end of the prior fiscal year for multi-year grant funded projects, reallocate revenue and expenditures among work elements, incorporate SACOG's Indirect Cost Allocation Plan (ICAP) Rate, and add additional grant funding. The final adopted budget was for $45.2 million, resulting in a projected decrease in fund balance of $2.0 million.

The Planning and Administrative total revenues were $21.0 million, compared to the final approved budget revenue of $40.1 million. The actual revenue was $19.2 million less than anticipated due to the transfer of the CMAQ SECAT program to the Sacramento Metropolitan Air Quality Management District (SMAQMD) of $11.0 million and due to multi-year grant award which work will continue in FY 2018-19, at which time revenue will be earned.

Capital Assets

Total investment in capital assets at June 30, 2018, net of accumulated depreciation, was $0.3 million, an increase of $0.1 million from the prior year. The primary reason for the increase was that capital additions of $0.2 million for the year exceeded depreciation expense of $80,237. Planning and Administration assets are primarily computers, furniture, and other office equipment. SAFE and Glenn assets are fixed call box capital costs, and both the cost and accumulated depreciation (which netted to zero) were fully written off in prior years, in accordance with SACOG's fixed asset policy.

	Planning and Administration	Total Governmental Activities
Equipment, Furniture, Phones, Computers and Software	$ 1,429,016	$ 1,429,016
Less Accumulated Depreciation	(1,089,071)	(1,089,071)
Capital Assets, Net	$ 339,945	$ 339,945

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) 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. In recent years, the SEA has proactively worked with management to identify and implement additional savings through assuming a greater share of retirement contributions, implementing a three-tier retirement system with reduced benefits, and modifying the formula for calculating retirement benefits. In February 2017, the SACOG Board of Directors approved a new five-year MOU with the SEA that continues to shift a more equal share of future fluctuations in benefit increases between employees and SACOG. Highlights of the agreement include: employees contributing an additional 1 percent of salary annually for five years to CalPERS; freezing cash-out option for medical insurance; changing to a hybrid defined benefit/defined contribution plan for post-retirement health for new employees, and reducing future benefits for existing employees; transferring large paid time off balances to a 401(a) plan; and reducing maximum cost of living adjustment from 5% to 4%.

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.

In May 2018, the SACOG Board of Directors adopted the FY 2018-19 budget of $40.2 million. This budget projected the use of reserve funds in categories like that of the previous year. Reserve funds planned usage includes $1.0 million for projects for the SACOG Managed Fund, $0.4 million in deferred revenues and carryforwards projects, and $0.1 million for equipment. The budget includes the Overall Work Program (OWP), which includes expenditures to fund the transportation planning projects for the year, of which a sizable portion includes rollover grant funding or pass-through to other agencies.

In 2018, SACOG introduced 10 Strategic Goals and Priorities for January 2018 through June 2019:

- Use SACOG's programs and investments to advance economic prosperity.
- Benchmark ourselves against – and learn from – other peer regions.
- Define and help implement tailored economic development strategies for urban infill, suburban corridors and rural areas.
- Connect low-income & disadvantaged populations to jobs & opportunity.
- Establish the Sacramento region as an innovator & test-bed for new ideas.
- Help the region advance a vision for "next generation transit".
- Deliver key high-profile transportation projects.
- Build out our Council of Governments functions.
- Better connect & communicate with member jurisdictions and regional elected.
- Strengthen internal teams, protocols and staff engagement to deliver the work plan.

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 Group, Sacramento Area Council of Governments, 1415 L Street, Suite 300, Sacramento, CA 95814.

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Sacramento Area Council of Governments

Statement of Net Position

June 30, 2018

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	$ 53,700,533
Receivables	30,476,730
Other assets	59,025
Non-current assets:	
Capital assets, net	339,945
Total assets	84,576,233
Deferred outflows of resources	
Deferred outflows related to OPEB	698,507
Deferred outflows related to pension	4,396,669
Total deferred outflows of resources	5,095,176
LIABILITIES	
Current liabilities:	
Payables	32,931,314
Long term liabilities - due within one year	12,984
Compensated absences - due within one year	123,002
Total current liabilities	33,067,300
Non-current liabilities	
Long term liabilities	11,902
Compensated absences	791,024
Net OPEB liability	5,542,928
Net pension liability	15,661,853
Total non-current liabilities	22,007,707
Total liabilities	55,075,007
Deferred inflows of resources	
Deferred inflows related to OPEB	104,507
Deferred inflows related to pension	520,303
Total deferred inflows of resources	624,810
NET POSITION	
Net investment in capital assets	339,945
Restricted for transportation project	485,831
Restricted for transportation claimants	32,188,187
Unrestricted	957,629
Total net position	$ 33,971,592

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, 2018

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	$ 21,322,636	$ 1,035,151	$ 18,072,722	$ (2,214,763)
Transportation claimants	90,155,212	-	-	(90,155,212)
PTMISEA	4,018,076	-	149,858	(3,868,218)
Capitol Valley Regional SAFE	3,177,595	2,490,482	-	(687,113)
Glenn County SAFE	29,140	32,551	-	3,411
Total governmental activities	$ 118,702,659	$ 3,558,184	$ 18,222,580	(96,921,895)
		General revenues:		
		State shared revenue - sales and use tax		99,868,505
		Investment earnings		547,564
		Other		154,091
		Total general revenue		100,570,160
		Change in net position		3,648,265
		Net position - beginning, as restated		30,323,327
		Net position - ending		$ 33,971,592

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

Sacramento Area Council of Governments

Balance Sheet
Governmental Funds
June 30, 2018

	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 & State of Good Repair Fund
Assets					
Cash and investments	$ 8,667,369	$ 3,954,926	$ 307,669	$ 13,970,619	$ 6,224,831
Accounts receivable	-	-	-	3	-
Miscellaneous receivable	14,916	-	-	-	-
Due from other governments	10,592,184	-	-	-	6,407,972
Interest receivable	60,083	29,200	2,276	105,741	38,522
Prepaid items	59,025	-	-	-	-
Total assets	$ 19,393,577	$ 3,984,126	$ 309,945	$ 14,076,363	$ 12,671,325
Liabilities and fund balances					
Liabilities:					
Accounts payable	$ 4,251,428	$ -	$ -	$ 3,510,325	$ -
Accrued liabilities	9,488	-	-	-	-
Due to other governments	-	-	-	-	10,625,458
Total liabilities	4,260,916	-	-	3,510,325	10,625,458
Deferred inflows of resources:					
Unavailable revenue	1,628,000	-	-	-	-
Total deferred inflows of resources	1,628,000	-	-	-	-
Fund balances:					
Nonspendable:					
Prepaid items	59,025	-	-	-	-
Restricted:					
SECAT Program	-	-	309,945	-	-
PTMISEA Funds	-	-	-	10,566,038	-
State Transit Assistance Funds - Regular	-	-	-	-	1,229,432
State Transit Assistance Funds - State of Good Repair	-	-	-	-	816,435
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	-	-	-	-	-
Transportation projects	485,831	-	-	-	-
Committed:					
Board & Advocacy	32,385	-	-	-	-
SACOG Managed Fund Grantees	1,601,425	-	-	-	-
Assigned:					
Legal defense	500,000	-	-	-	-
Self insurance	200,000	-	-	-	-
Project specific carryover funds	193,182	-	-	-	-
GIS recipients	234,897	-	-	-	-
Other postemployment benefits (OPEB)	-	3,984,126	-	-	-
Unassigned:					
Unasigned fund balance	10,197,916	-	-	-	-
Total fund balances	13,504,661	3,984,126	309,945	10,566,038	2,045,867
Total liabilities and fund balances	$ 19,393,577	$ 3,984,126	$ 309,945	$ 14,076,363	$ 12,671,325

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

Sacramento Area Council of Governments

Balance Sheet
Governmental Funds
June 30, 2018

Special Revenue							
Local Transportation Funds					Capitol Valley Regional SAFE	Glenn County SAFE	Total Governmental Funds
Sacramento County	Yuba County	Sutter County	Yolo County				
$ 7,458,636	$ 486,940	$ 277,550	$ 8,835,691		$ 3,362,427	$ 153,875	$ 53,700,533
-	-	-	-		471,430	5,634	477,067
-	-	-	-		-	-	14,916
9,980,304	229,378	732,449	1,714,162		-	-	29,656,449
61,726	1,655	-	-		28,051	1,044	328,298
-	-	-	-		-	-	59,025
$ 17,500,666	$ 717,973	$ 1,009,999	$ 10,549,853		$ 3,861,908	$ 160,553	$ 84,236,288
$ -	$ -	$ -	$ -		$ 520,038	$ 29,159	$ 8,310,950
-	-	-	-		-	-	9,488
3,952,827	-	528,657	9,503,934		-	-	24,610,876
3,952,827	-	528,657	9,503,934		520,038	29,159	32,931,314
-	-	-	-		-	-	1,628,000
-	-	-	-		-	-	1,628,000
-	-	-	-		-	-	59,025
-	-	-	-		-	-	309,945
-	-	-	-		-	-	10,566,038
-	-	-	-		-	-	1,229,432
-	-	-	-		-	-	816,435
13,547,839	-	-	-		-	-	13,547,839
-	717,973	-	-		-	-	717,973
-	-	481,342	-		-	-	481,342
-	-	-	1,045,919		-	-	1,045,919
-	-	-	-		3,341,870	-	3,341,870
-	-	-	-		-	131,394	131,394
-	-	-	-		-	-	485,831
-	-	-	-		-	-	32,385
-	-	-	-		-	-	1,601,425
-	-	-	-		-	-	500,000
-	-	-	-		-	-	200,000
-	-	-	-		-	-	193,182
-	-	-	-		-	-	234,897
-	-	-	-		-	-	3,984,126
-	-	-	-		-	-	10,197,916
13,547,839	717,973	481,342	1,045,919		3,341,870	131,394	49,676,974
$ 17,500,666	$ 717,973	$ 1,009,999	$ 10,549,853		$ 3,861,908	$ 160,553	$ 82,608,288

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

Sacramento Area Council of Governments

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2018

Total Fund Balances on Governmental Funds' Balance Sheet	$	49,676,974
Long-term receivables not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in governmental funds.		1,628,000
Long term liability, not due in the current period, therefore, are not reported in the governmental funds.		(24,886)
Capital assets used in government activities are not financial resources, and therefore, are not reported as assets in the governmental funds.		339,945
Compensated absences not due and payable in the current period, and therefore, not reported in the governmental funds' Balance Sheet.		(914,026)
Net pension liability and related deferred inflows and outflows are not due and payable in the current period and, therefore, are not reported as a liability in the governmental funds.		(11,785,487)
Net OPEB liability and related deferred inflows and outflows are not due and payable in the current period and, therefore, are not reported as a liability in the governmental funds.		(4,948,928)
Net position of governmental activities	$	33,971,592

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

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Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds

For the Fiscal Year Ended June 30, 2018

	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 & State of Good Repair Fund
Revenues:					
Sales and use taxes	$ -	$ -	$ -	$ 149,858	$20,028,403
Vehicle registration fees and traffic fines	-	-	-	-	-
Intergovernmental:					
Federal	12,710,609	-	-	-	-
State	3,386,211	-	-	-	-
Local	3,621,790	-	-	-	-
Charges for services	595,289	-	-	-	-
Member assessments	439,862	-	-	-	-
Investment earnings	92,779	44,738	3,485	164,855	47,317
Other	122,115	-	-	-	-
Total revenues	20,968,655	44,738	3,485	314,713	20,075,720
Expenditures:					
Current:					
Transportation Claimaints					
City of Elk Grove	-	-	-	-	1,084,267
City of Citrus Heights	-	-	-	-	520,034
City of Davis	-	-	-	-	548,582
City of Folsom	-	-	-	-	602,945
City of Galt	-	-	-	-	152,155
City of Isleton	-	-	-	-	5,100
City of Live Oak	-	-	-	-	-
City of Sacramento	-	-	-	-	-
City of West Sacramento	-	-	-	-	311,293
City of Rancho Cordova	-	-	-	-	-
City of Wheatland	-	-	-	-	-
City of Winters	-	-	-	-	42,221
City of Woodland	-	-	-	-	349,257
City of Yuba City	-	-	-	-	-
County of Sacramento	-	-	-	-	240,169
County of Sutter	-	-	-	-	-
County of Yolo	-	-	-	-	163,230
County of Yuba	-	-	-	-	-
Sacramento Regional Transit District	-	-	-	-	12,603,841
Yuba-Sutter Transit Authority	-	-	-	-	1,099,419
Yolo County Transportation District	-	-	-	-	451,737
Paratransit, Inc	-	-	-	-	-
SAFE services	-	-	-	-	-
Freeway service patrol	-	-	-	-	-
Equipment and maintenance	-	-	-	-	-
Insurance and DMV fees	-	-	-	-	-
Planning and administration	19,165,515	-	-	-	-
Public Transportation Modernization Improvement & Service Enhancement	-	-	-	4,018,076	-
Payments to SMF grantees	554,757	-	-	-	-
Capital outlay	210,452	-	-	-	-
Total expenditures	19,930,724	-	-	4,018,076	18,174,250
Excess (deficiency) of revenues over (under) expenditures	1,037,931	44,738	3,485	(3,703,363)	1,901,470
Other Financing Sources (Uses):					
Transfers in	3,063,312	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	3,063,312	-	-	-	-
Net change in fund balances	4,101,243	44,738	3,485	(3,703,363)	1,901,470
Fund balances (deficit) - beginning	9,403,418	3,939,388	306,460	14,269,401	144,397
Fund balances - ending	$ 13,504,661	$3,984,126	$ 309,945	$ 10,566,038	$ 2,045,867

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, 2018

Special Revenue						
Local Transportation Funds						
Sacramento County	Yuba County	Sutter County	Yolo County	Capitol Valley Regional SAFE	Glenn County SAFE	Total Governmental Funds
$ 63,126,114	$1,491,964	$ 4,480,383	$10,741,641	$ -	$ -	$ 100,018,363
-	-	-	-	2,490,482	32,551	2,523,033
-	-	-	-	-	-	12,710,609
-	-	-	-	-	-	3,386,211
-	-	-	-	-	-	3,621,790
-	-	-	-	-	-	595,289
-	-	-	-	-	-	439,862
104,215	4,842	4,587	34,484	44,742	1,520	547,564
-	-	-	-	31,976	-	154,091
63,230,329	1,496,806	4,484,970	10,776,125	2,567,200	34,071	123,996,812
6,536,486	-	-	-	-	-	7,620,753
3,390,662	-	-	-	-	-	3,910,696
-	-	-	2,816,949	-	-	3,365,531
3,013,368	-	-	-	-	-	3,616,313
992,066	-	-	-	-	-	1,144,221
33,253	-	-	-	-	-	38,353
-	-	292,369	-	-	-	292,369
393,501	-	-	-	-	-	393,501
-	-	-	2,144,594	-	-	2,455,887
57,925	-	-	-	-	-	57,925
-	54,850	-	-	-	-	54,850
-	-	-	297,155	-	-	339,376
-	-	-	2,369,029	-	-	2,718,286
-	-	957,774	-	-	-	957,774
1,694,822	-	-	-	-	-	1,934,991
-	-	573,460	-	-	-	573,460
-	-	-	1,119,126	-	-	1,282,356
-	177,955	-	-	-	-	177,955
40,370,128	-	-	-	-	-	52,973,969
-	918,800	1,581,200	-	-	-	3,599,419
-	-	-	-	-	-	451,737
2,195,490	-	-	-	-	-	2,195,490
-	-	-	-	1,097,525	29,140	1,126,665
-	-	-	-	1,083,741	-	1,083,741
-	-	-	-	487,549	161	487,710
-	-	-	-	26,129	-	26,129
-	-	-	-	482,490	-	19,648,005
-	-	-	-	-	-	4,018,076
-	-	-	-	-	-	554,757
-	-	-	-	-	-	210,452
58,677,701	1,151,605	3,404,803	8,746,853	3,177,434	29,301	117,310,747
4,552,628	345,201	1,080,167	2,029,272	(610,234)	4,770	6,686,065
-	-	-	-	-	-	3,063,312
(2,497,299)	(48,995)	(144,847)	(372,171)	-	-	(3,063,312)
(2,497,299)	(48,995)	(144,847)	(372,171)	-	-	-
2,055,329	296,206	935,320	1,657,101	(610,234)	4,770	6,686,065
11,492,510	421,767	(453,978)	(611,182)	3,952,104	126,624	42,990,909
$ 13,547,839	$ 717,973	$ 481,342	$ 1,045,919	$ 3,341,870	$ 131,394	$ 49,676,974

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, 2018

Net Change in Fund Balances - Total Governmental Funds	$	6,686,065
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, they are capitalized on the Statement of Net Position and allocated over the estimated useful life of the asset as depreciation. This is the amount by which deprecation is netted against capital outlays expense in the period.		130,215
Unavilable revenues in the Statement of Activities do not provide current financial resources and are not reported as revenues in the governmental funds' statements.		(1,645,888)
Payment of long term payable is an expenditure in the governmental funds but it reduces the long term payable on the Statement of Net Position.		12,984
In the Statement of Activities, certain operating expenses, such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		(117,996)
In the governmental funds, pension costs are based on employer contributions made to the pension plan during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		61,600
Change in Pension Expense		(1,478,715)
Change in net position of governmental activities	$	3,648,265

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, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
Revenues:				
Intergovernmental:				
Federal	$ 29,116,708	$ 26,904,223	$ 12,710,609	$ (14,193,614)
State	2,629,203	4,346,373	3,386,211	(960,162)
Local	4,044,991	2,852,763	3,621,790	769,027
Services to others	4,047,867	4,209,137	595,289	(3,613,848)
Member assessments	439,862	439,862	439,862	-
Investment earnings	9,000	9,028	92,779	83,751
In-kind	1,542,309	1,376,050	-	(1,376,050)
Other	-	-	122,115	122,115
Total revenues	41,829,940	40,137,436	20,968,655	(19,168,781)
Expenditures:				
Current:				
Planning and administration	45,519,810	43,825,662	19,165,515	24,660,147
Payments to SMF grantees	1,181,048	1,029,814	554,757	475,057
Capital outlay	185,000	295,000	210,452	84,548
Total expenditures	46,885,858	45,150,476	19,930,724	25,219,752
Deficiency of revenues under expenditures	(5,055,918)	(5,013,040)	1,037,931	6,050,971
Other financing sources:				
Transfers in	3,020,464	3,043,852	3,063,312	19,460
Total other financing sources	3,020,464	3,043,852	3,063,312	19,460
Change in fund balances	$ (2,035,454)	$ (1,969,188)	4,101,243	$ 6,070,431
Fund balance - beginning			9,403,418	
Fund balance - ending			$ 13,504,661	

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

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, 2018

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Postive (Negative)
Revenues:				
Vehicle registration fees	$ 2,525,518	$ 2,525,518	$ 2,490,482	$ (35,036)
Investment earnings	2,000	2,000	44,742	42,742
Other	24,500	24,500	31,976	7,476
Total revenues	2,552,018	2,552,018	2,567,200	15,182
Expenditures:				
Current:				
SAFE services	1,560,643	1,773,643	1,097,525	676,118
Freeway service patrol	1,094,100	1,094,100	1,083,741	10,359
Equipment and maintenance	601,000	601,000	487,549	113,451
Insurance and DMV fees	23,000	23,000	26,129	(3,129)
Planning and administration	430,000	430,000	482,490	(52,490)
Total expenditures	3,708,743	3,921,743	3,177,434	744,309
Deficiency of expenditures over expenditures	$ (1,156,725)	$ (1,369,725)	(610,234)	$ 759,491
Fund balance - beginning			3,952,104	
Fund balance - ending			$ 3,341,870	

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 and 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 in the region. 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 (RTPA) for Sacramento, Sutter, Yolo, and Yuba counties by the California State Transportation Agency Secretary.

- 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 Transportation Agency Secretary.

- Airport Land Use Commission (ALUC) 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 El Dorado, 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 Policy and Innovation 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 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.

I I . 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.

I I I . 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 to align with the reimbursement timeline associated with most of its funding sources, except for 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.

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 income 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.

NOTE A — Summary of Significant Accounting Policies, Continued

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. However, in FY 2016-17 these funds were reclassified from a liability to the Restricted Fund Category, based upon a new agreement between SACOG and the Sacramento Metropolitan Air Quality Management District (SMAQMD). The funds now belong to SACOG; however, the funds must be used on projects, that meet certain specifications.

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 and State of Good Repair 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 below listed counties. These restricted funds are administered by SACOG on behalf of each County and used to fund various transportation related activities as authorized by California Law, under the Transportation Development Act.

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

Capitol Valley Regional SAFE Fund
Used to account for SACOG's administrative activities for implementing, operating and maintaining the motorist aid system of call boxes and 511 operations within the counties of El Dorado, Sacramento, San Joaquin, Sutter, Yolo and Yuba. Revenues are derived from the vehicle 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.

NOTE A — Summary of Significant Accounting Policies, Continued

I V . Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Fund Balance

Investments/Fair Value Measurement

Investments are recorded at fair value. SACOG categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Accounts Receivable/Payable

These amounts represent receivables/payables with other non-government agencies, vendors, employees and other miscellaneous transactions due at June 30, 2018.

Due from/to Other Governments

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

Interest Receivable

Investment income earned but not yet received at June 30, 2018.

Prepaid Items

Payments for services that will benefit periods beyond June 30, 2018. SACOG uses the consumption method of accounting for Prepaid Items. Under the consumption method — governments may initially report inventories and prepaid items they purchased as an asset and defer the recognition of the expenditure until the period the inventories and prepaid items are consumed or used.

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 acquisition value on the Sacramento Area Council of Governments date of receipt 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 more than one year. 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.

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, because of employee resignations and retirements.

Interfund Transfers

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

NOTE A — Summary of Significant Accounting Policies, Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as expense/expenditure until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. A deferred inflows of resources is an acquisition of net position that applies to a future reporting period and will not be recognized as a revenue until then.

In addition to liabilities, the balance sheet of government funds reports a separate section for deferred inflows of resources. Unavailable revenue reported consists primarily of revenue outs of SACOG's 180-day availability policy. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as revenue until that time.

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*.

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 is required to formally establish, modify, or rescind a fund balance commitment.
3. The Board delegates to the Executive Director 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.

NOTE A — Summary of Significant Accounting Policies, Continued

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 is 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. At June 30, 2018, SACOG has $59,025 for prepaid expenditures that are considered nonspendable.

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 being 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 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 Executive Director 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 a positive amount in this category of fund balance. These funds are the amounts in the Planning and Administration fund not classified as nonspendable, restricted, committed, or assigned.

NOTE A — Summary of Significant Accounting Policies, Continued

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, 2018, the approximate amount of unassigned fund balance that is attributable to the SACOG Managed Fund was $6,381,586. The SACOG Managed Fund cash balance was $7,983,011. Management continues work on developing an official Board policy for these funds.

Pensions

In the government-wide financial statements, retirement plans are required to be recognized and disclosed using the accrual basis of accounting (see Note L and the requirement supplemental information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, SACOG recognizes a net pension liability which represents SACOG's proportional share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by California Public Employees' Retirement System (CalPERS). The net position liability is measured as of SACOG's prior fiscal year-end. Employer pension contributions made subsequent to the measurement period are recorded as deferred outflows of resources. 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 SACOG's pension plan with CalPERS (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.

Postemployment Benefits Other Than Pensions (OPEB)

For purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of SACOG's other postemployment benefits plan (OPEB Plan), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit term. Investments are reported at fair value.

V . Implementation of New Governmental Accounting Standard

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
Effective July 1, 2017, SACOG implemented GASB Statement No. 75. The 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 results from a comprehensive review of

NOTE A — Summary of Significant Accounting Policies, Continued

the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The change in accounting for OPEB as discussed in Note M, resulted in the restatement of governmental-type activities net position at July 1, 2017 in the amount of negative $4,670,841.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*
Effective July 1, 2017, SACOG implemented GASB Statement No. 81. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. There was no material impact to the financial statements.

GASB Statement No. 85, *Omnibus 2017*
Effective July 1, 2017, SACOG implemented GASB Statement No. 85. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). There was no material impact to the financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*
Effective July 1, 2017, SACOG implemented GASB Statement No. 86. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. There was no material impact to the financial statements.

GASB Statement No. 89*, Accounting for Interest Cost Incurred before the End of a Construction Period*
The requirements of this Statement are effective for fiscal years beginning after December 15, 2019. SACOG implemented GASB 89 early. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. There was no material impact to the financial statements.

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, the plan for transportation related projects which is a major portion of the Planning and Administration fund budget, which 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.

NOTE B — Budgetary Information, Continued

This includes the OWP, Board of Directors and Advocacy operating project budget, 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 in the modified accrual basis of accounting. Within the OWP budget, the level of budgetary control is at the element level. Board approval is required if overall expenditures are expected to exceed the major work element total, or if new projects are added to the element.

During the FY 2017-18 the original adopted budget was amended by the Board of Directors. The final budget data contained in the financial statements reflects the effect of all approved budget amendments.

No annual adopted budget is prepared for the SACOG Financing Corporation because the only activity is interest income. No adopted budget is prepared for the PTMISEA fund due to the nature of how revenue is determined, and the ending fund balance at June 30 becomes the amount available for the next fiscal year. Both STA and LTF have distinct and separate annual Board approval processes (February and March of each year) whereby their annual funds are apportioned and allocated for the next year, and therefore not included in SACOG's budgetary process. Glenn County SAFE is a legally separate organization (and included as a component unit herein) that has contracted with SACOG to provide management and accounting services for implementing, operating, and maintaining the motorist aid system of callboxes with the County of Glenn pursuant to Street and Highway Code Section 2553. The County of Glenn has not directed SACOG to prepare a budget for their activities.

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.

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, JPAs, 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.

NOTE C — Cash and Investments, Continued

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/MIG1
Washington Supranational Obligations	5 years	30%	10%	SP-1/MIG1
Bonds Issued by Local Agencies	5 years	80%	--	SP-1/MIG1
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)	---	max $65 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 issuers other than United States Treasuries and Government Agencies. No more than 10 percent of the portfolio, except Treasuries and Agencies, may be invested in securities of a single issuer including its related entities.

Interest Rate Risk

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

	Maturity		
	No Maturity	0 - 5 Years	Total Fair Values Balance at June 30, 2018
Petty Cash	$ 300	$ -	$ 300
Deposits in banks	70,029	-	70,029
County of Sacramento investment pool	-	44,030,023	44,030,023
County of Sutter investment pool	-	277,550	277,550
County of Yolo investment pool	-	8,835,691	8,835,691
County of Yuba investment pool	-	486,940	486,940
Total cash and Investments	$ 70,329	$ 53,630,204	$ 53,700,533

NOTE C — Cash and Investments, Continued

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 $70,029 which was fully insured and collateralized.

Fair Value Measurements

SACOG categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2018, SACOG held no individual investments. All funds are invested in the County Treasurer's Investment Pool. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. SACOG's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals are made on the basis of $1 and not fair value. Accordingly, the SACOG's proportionate share of investments in the County Treasurers' Investment Pool at June 30, 2018 of $53,630,204 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. SACOG's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

NOTE D — Receivables

Receivables as of June 30, 2018, for SACOG are as follows:

Fund Name	Accounts Receivable	Due from Other Governments	Interest Receivable	Misc. A/R	Total
Planning and Administration	$ -	$ 10,592,184	$ 60,083	$ 14,916	$ 10,667,183
SACOG Financing Corporation	-	-	29,200	-	29,200
SECAT	-	-	2,276	-	2,276
PTMISEA	3	-	105,741	-	105,744
State Transit Assistance & State of Good Repair Fund	-	6,407,972	38,522	-	6,446,494
Sacramento County Local Transportation Fund	-	9,980,304	61,726	-	10,042,030
Yuba County Local Transportation Fund	-	229,378	1,655	-	231,033
Sutter County Local Transportation Fund	-	732,449	-	-	732,449
Yolo County Local Transportation Fund	-	1,714,162	-	-	1,714,162
Capitol Valley Regional SAFE	471,430	-	28,051	-	499,481
Glenn County SAFE	5,634	-	1,044	-	6,678
Total Receivables – Governmental Activities	$ 477,067	$ 29,656,449	$ 328,298	$ 14,916	$ 30,476,730

NOTE E — Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	June 30, 2017	Additions	Deletions	Reclass	June 30, 2018
Computers	$ 298,503	$ 168,271	$ 16,894	$ 5,879	$ 455,759
Furniture and Equipment	681,349	29,336	13,371	(5,879)	691,435
Phones	44,408	12,845	-	-	57,253
Intangible Assets - Software	189,085	-	43,987	-	145,098
Leasehold Improvements	47,851	-	-	-	47,851
Automobiles	31,620	-	-	-	31,620
Total for SACOG	1,292,816	210,452	74,252	-	1,429,016
Less Accumulated Depreciation/Amortization for:					
Computers	202,783	52,704	16,894	4,198	242,791
Furniture and Equipment	662,398	6,461	13,371	(4,198)	651,290
Phones	17,446	6,558	-	-	24,004
Intangible Assets - Software	184,085	5,000	43,987	-	145,098
Leasehold Improvements	4,253	3,190	-	-	7,443
Automobiles	12,121	6,324	-	-	18,445
Total for SACOG	1,083,086	80,237	74,252	-	1,089,071
Net Book Value of Assets					
Computers	95,720	115,567	-	1,681	212,968
Furniture and Equipment	18,951	22,875	-	(1,681)	40,145
Phones	26,962	6,287	-	-	33,249
Intangible Assets - Software	5,000	(5,000)	-	-	-
Leasehold Improvements	43,598	(3,190)	-	-	40,408
Automobiles	19,499	(6,324)	-	-	13,175
Total for SACOG	209,730	130,215	-	-	339,945
Total Net Book Value of Capital Assets	$ 209,730	$ 130,215	$ -	$ -	$ 339,945

NOTE F — Payables

Payables as of June 30, 2018, for SACOG are as follows:

Fund Name	Accounts Payable	Accrued Liabilities	Due to Other Governments	Total
Planning and Administration	$ 4,251,428	$ 9,488	$ -	$ 4,260,916
PTMISEA	3,510,325	-	-	3,510,325
State Transit Assistance & State of Good Repair Fund	-	-	10,625,458	10,625,458
Sacramento County Local Transportation Fund	-	-	3,952,827	3,952,827
Sutter County Local Transportation Fund	-	-	528,657	528,657
Yolo County Local Transportation Fund	-	-	9,503,934	9,503,934
Capitol Valley Regional SAFE	520,038	-	-	520,038
Glenn County SAFE	29,159	-	-	29,159
Total Payables – Governmental Activities	$ 8,310,950	$ 9,488	$ 24,610,876	$ 32,931,314

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, 2018 were $655,388. There were also additional tenant costs of $19,976.

As of June 30, 2018, SACOG minimum lease payments required under the lease are as follows:

Year ending June 30	
2019	661,796
2020	166,913
Total	$ 828,709

NOTE H — Compensated Absences

Compensated absences activity for the fiscal year ended June 30, 2018, was as follows:

	July 1, 2017	Additions	Deletions	June 30, 2018	Due within One year
Compensated Absences	$ 796,030	772,276.00	654,280.00	$ 914,026	$ 123,002

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 granting 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.

Commitments for the Planning and Administration Fund totaled $4,769,551 at June 30, 2018. The PTMISEA Fund commitments totaled $2,352,787 at June 30, 2018, and the CVR-SAFE Fund commitments totaled $732,269 at June 30, 2018. 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) because 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 $24,886 at June 30, 2018.

NOTE J — 401(a)/ Special Pay Plans

The Board of Directors has established four 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 Insurance 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 solely 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. In July 2017, the plan was further modified to provide for all employees with a PTO balance over 592 hours to have the excess balance deposited into the Special Pay Plan, subject to IRS limitation. Total contributions to this plan were $133,271 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 solely by voluntary employee contributions.

NOTE J — 401(a)/ Special Pay Plans, Continued

The fourth plan is for eligible employees who opt out of retiree health benefits and instead choose to have ten years of the Kaiser two-party Sacramento premium rate at the time of retirement deposited into a health retirement savings account (HRSA). Additionally, new hires starting employment with SACOG on or after July 1, 2017 will receive $50 per month deposited into the HRSA plan as a hybrid defined benefit/defined contribution plan. SACOG will continue to pay the then-current minimum health insurance contribution for retirees (PEMHCA minimum), which is currently $133 per month. Total contributions to this plan as of June 30, 2018, were $24,853.

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 Powers Authority. 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 Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple- Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. SACOG sponsors one miscellaneous rate Plan. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Assembly Bill (AB) 340 Pension reform created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of "new member" under PEPRA. Employees who meet the definition of "classic member" hired on or after January 1, 2013 fall into the Tier II benefit formula.

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

NOTE L — Pension Plan, Continued

cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The rate plan provisions and benefits in effect at June 30, 2018, 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	11.20%	9.34%	7.07%

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 1.10 percent of the employees' contribution on behalf of its Tier I employees and the employee contributed the remaining 6.90 percent. For Tier II, SACOG paid 1.10 percent of the employee's contribution, and the employee contributed 5.90 percent. For the PEPRA Tier, SACOG paid zero percent of the employee's contribution and the employee contributes the full 6.5 percent. Based on the most recently MOU with SEA, employees shall pay their full employee share of PERS contributions by 2019. For FY 2018-19, SACOG's contribution toward employee's contribution will drop to 0.1 percent for Tier I and Tier II and will drop to zero percent after June 30, 2019. Additionally, Tier I and Tier II employees shall also split with SACOG (50-50) of any normal increase of the employer rate, with a 1 percent cap for the burden on employees after June 30, 2019.

SACOG's employer contributions to the Plan for the year ended June 30, 2018 were $1,231,550 for Tier 1, $69,455 for Tier II, and $94,447 for PEPRA, for a total of $1,395,452.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources to Pensions

As of June 30, 2018, SACOG reported a net pension liability for its proportionate share of the net pension liability of the Plan of $15,661,853.

SACOG's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017 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

NOTE L — Pension Plan, Continued

proportionate share of the net pension liability measured as of June 30, 2016, and 2017 was as follows:

Proportion - June 30, 2016	0.15979%
Proportion - June 30, 2017	0.15793%
Change - Increase (Decrease)	-0.00186%

For the year ended June 30, 2018, SACOG recognized pension expense of $2,874,196. At June 30, 2018, 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
Difference between expected and actual experience	$ 18,120	$ 259,612
Changes in assumptions	2,248,349	171,440
Net differences between projected and actual earnings on plan investments	508,482	-
Changes in proportion and differences between employer's contributions and proportionate share of contributions	226,266	89,251
Pension contributions subsequent to measurement date	1,395,452	
Total	$ 4,396,669	$ 520,303

The $1,395,452 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, 2019. 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	
2019	734,473
2020	1,278,395
2021	769,943
2022	(301,897)
Total	2,480,914

Actuarial Assumptions – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Services
Mortality	Derived using CalPERS' Membership Data for all Funds[1]

[1] The underlying mortality assumptions and all other acturial assumptions used in the June 2016 valuation were based on results of a 2014 CalPERS Experience Study for the period from 1997 to 2011. The experience study report can be obtained at CalPERS website.

NOTE L — Pension Plan, Continued

Changes of Assumption - For the measurement date of June 30, 2017, the discount rate was reduced from 7.65 percent to 7.15 percent.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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 table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

		Long-term expected real rate of return	
Asset Class	Target Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
	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 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plan run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

NOTE L — Pension Plan, Continued

Sensitivity of the Proportionate Share 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 7.15%, 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	Current Discount Rate	1% Increase
	6.15%	7.15%	8.15%
Net Pension Liability	$23,073,054	$15,661,853	$9,523,763

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 Postemployment Benefit Plan (OPEB)

General Information about the OPEB Plan

Plan Description

SACOG has established a Retiree Healthcare Plan (HC Plan) and participates in an agent multi-employer plan with the California Employer's Retiree Benefit Trust (CERBT or The Plan). The CERBT was established by Chapter 331 of the 1988 California Statutes, and employers elect to participate in the CERBT to pre-fund health, dental, and other non-pension postemployment benefits for their retirees and survivors. The CERBT has pooled administrative and investments functions, while separate employer accounts are maintained to prefund and pay for health care or other postemployments in accordance to terms of participating employers' plans. The Plan is administered by the California Public Employees' Retirement System (CalPERS). 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.

Benefits Provided

Through June 30, 2017, SACOG provided 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. On July 1, 2017, a new Memorandum of Understanding between SACOG and the SACOG Employees Association modified post-retirement health benefits for future retirees (current employees) and all new hires. The long-term effect of this change should reduce SACOG's overall OPEB liability with the reduction of future benefits for current employees and the introduction of a hybrid defined benefit/defined contribution plan for new employees. Current employees will receive the existing MOU post-retirement benefits until December 31, 2018 with the exception that the "opt out" provided is only for an HRSA, not cash (see post-retirement opt-out description below).

- Tier I employees receive 100 percent of their health premiums up to the maximum amount of the Kaiser Bay Area/Sacramento Family rate, currently $1,906.55 per month.

NOTE M — Other Postemployment Benefit Plan (OPEB), Continued

- 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 $1,381.12 per month.

In addition, employees hired prior to July 1, 2006, may "opt out" of any retiree health benefits in exchange for monthly Health Retirement Savings Account 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, 2018, 16 retirees and their spouses met the Tier I eligibility requirements; and there no Tier II retiree and no Tier III retirees.

After January 1, 2019, there shall be two Tiers:

- Tier 1: For employees hired prior to July 1, 2017, those who retire from SACOG and retire from CalPERS within 120 days would receive the same SACOG contribution towards the medical benefit premium amount as existing employees, with the vesting schedule based on years of service at SACOG if applicable, below. As the employee benefit portion paid by SACOG increases, retirees will see this same increase. SACOG will pay the then-current PEMHCA minimum, which is set by CalPERS. The current rate is $128 per month towards CalPERS-provided health premiums. The rest of the premium will be paid to the retiree through an HRSA, and the premium amount will be deposited by direct deposit to the retiree once the retiree identifies annually to the benefits administrator the monthly premium amount. Tier 1 employees hired prior to July 1, 2006 will still be eligible for the "opt out" option described above.

- Tier 2: For employees hired starting on or after July 1, 2017, those who retire from SACOG and retire from CalPERS within 120 days will receive the then-current PEMHCA minimum, which is set by CalPERS. The current rate is $128 per month towards CalPERS-provided health premiums. An additional $50 per month will be added to a portable HRSA during employment at SACOG (i.e., the employee can take the HRSA funds if they leave SACOG, pre- or post-retirement).

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.

NOTE M — Other Postemployment Benefit Plan (OPEB), Continued

At June 30, 2016, the most recent valuation date, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	54
Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to, but not yet receiving benefits	1
Total	91

OPEB Liability

The Agency's net OPEB liability of the HC Plan was measured as of June 30, 2017, using an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures.

Actuarial Assumptions – The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Acturial Assumptions:	
Valuation Date	June 30, 2016
Inflation	2.00%
Salary increases	3.25%
Investment rate of return	7.00%
Mortality Rate	Mortality rates were based on the 2013 CalPERS actuarial experience study, which assumed future mortality improvements using Society of Actuaries (SOA) Scale MP-14 converging to ultimate rates in 2022
Healthcare cost trend rate	***Non-Medicare*** – 7.9% for 2019, decreasing to an ultimate rate of 5.0% for 2031 and later years ***Medicare*** – 5.4% for 2018, decreasing to an ultimate rate of 5.0% for 2031 and later years

The long-term expected rate of return on the HC Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	60.0%	5.5%
REITs	8.0%	5.1%
US Fixed Income	32.0%	1.7%
Total	100%	

NOTE M — Other Postemployment Benefit Plan (OPEB), Continued

Discount Rate – The discount rate used to measure the total OPEB liability was 7.0 percent for the Plan. 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 the Agency's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, the HC 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 plan investments was applied to all periods of projected benefit payments to determine the total liability. Changes in the Net OPEB liability for the HC Plan measured as of June 30, 2017 are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017	$ 9,195,166	$ 3,706,333	$ 5,488,833
Changes in the year:			
Service Cost	225,664	-	225,664
Interest on the total OPEB liability	644,344	-	644,344
Differences between expected and actual experience	51,759	-	51,759
Contribution - employer	-	478,305	(478,305)
Net investment income	-	391,353	(391,353)
Benefit payments, induding refunds of employee contributions	(439,248)	(439,248)	-
Administrative expenses	-	(1,986)	1,986
Net changes	482,519	428,424	54,095
Balance at June 30, 2018	$ 9,677,685	$ 4,134,757	$ 5,542,928

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of SACOG, as well as what the SACOG's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate, for measurement period ended June 30, 2017.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB Liability	$6,995,926	$5,542,928	$4,370,216

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of SACOG, as well as what the SACOG's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.9% Non-Medicare/4.4% Medicare) or one percentage point higher (8.9% Non-Medicare/6.4% Medicare) than the current healthcare cost trend rates (7.9% Non-Medicare/5.4% Medicare):

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	$4,400,327	$5,542,928	$6,911,319

NOTE M — Other Postemployment Benefit Plan (OPEB), Continued

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

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Agency recognized OPEB expense of $524,397 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 653,354	$ -
Changes in assumptions	45,153	-
Net difference between projected and actual earnings on plan investments	-	104,507
Total	$ 698,507	$ 104,507

The $653,354 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Amortization
2019	$ (19,521)
2020	(19,521)
2021	(19,521)
2022	(19,520)
2023	6,606
Thereafter	12,123
Total	$ (59,354)

Contributions

The contribution rate is determined on an annual basis by an independent actuary and is authorized by the SACOG Board of Directors. The annual contribution is based on the actuarially determined contribution. Employees are not required to contribute to the plan. Contributions recognized by the plan from the employer for the year ended June 30, 2018 were $653,354.

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

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

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. As of June 30, 2018, the SACOG PTMISEA's cash balance is $14.0 million and outstanding accounts payable is $3.5 million.

The PTMISEA activity for the fiscal years ended June 30, 2017, and 2018 are as follows:

Cash Balance at June 30, 2016	$	17,382,683
Receipts: Interest		140,924
Receipts: PTMISEA Funding		3,902,487
Disbursements: Connect Card Implementation		(421,544)
Disbursements: Fixed Route Bus replacement YCTD		(2,600,000)
Disbursements: On Board Digital Surveillance-Paratransit		(115,521)
Disbursements: Replacement Buses-Elk Grove		(1,741,330)
Disbursements: 1 Paratransit bus-Unitrans Davis		(40,000)
Disbursements: Surveillance Equipment		(274,872)
Disbursements: Southline SSCP-Long Lead items		(954,251)
Disbursements: Downtown/Riverfront Streetcar		(146,990)
Disbursements: Bus Maintenance Facility II-CNG Fuel		(21,681)
Disbursements: LRT Crossing Enhancements		(15,845)
Disbursements: Wheelchair project YCTD		(11,460)
Cash Balance at June 30, 2017	$	15,082,599
Receipts: Interest		174,139
Receipts: PTMISEA Funding		107,820
Disbursements: Connect Card Implementation		(181,063)
Disbursements: On Board Digital Surveillance-Paratransit		(176,835)
Disbursements: ADA Transit Plan		(52,704)
Disbursements: Southline SSCP-Long Lead items		(402,124)
Disbursements: Downtown/Riverfront Streetcar		(20,326)
Disbursements: Bus Maintenance Facility II-CNG Fuel		(534,752)
Disbursements: LRT Crossing Enhancements		(26,135)
Cash Balance at June 30, 2018	$	13,970,619

NOTE O — New Accounting Pronouncements

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations,* effective for fiscal years beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in the Statement. SACOG has not determined the effect, if any, on the financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities,* effective for fiscal years beginning after December 15, 2018. This Statement establishes criteria for identifying fiduciary activities of all

NOTE O — New Accounting Pronouncements, Continued

state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. SACOG has not determined the effect, if any, on the financial statements.

In June 2017, GASB issued Statement No. 87, *Leases,* effective for fiscal years beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. SACOG has not determined the effect, if any, on the financial statements.

In March 2018, GASB issued Statement No. *88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for fiscal years beginning after June 15, 2018. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. SACOG has not determined the effect, if any, on the financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests,* effective for the fiscal years beginning after December 15, 2018. The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. SACOG has not determined the effect, if any, on the financial statements.

NOTE P - CHANGE IN ACCOUNTING PRINCIPLES

SACOG adopted Governmental Accounting Standards Board (GASB) Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. Refer to Note M for further disclosures related to the Plan and related balances. As a result of the implementation, SACOG restated beginning net position as noted below:

Governmental Activities	June 30, 2017 Previously Presented	Restatement	June 30, 2017 Restated
Deferred outflows of resources related to OPEB	$ -	$ 478,305	$ 478,305
Other Postemployment Benefit (OPEB) Liability	-	5,488,833	5,488,833
Other Postemployment Benefit (OPEB) Obligation	339,687	-	339,687
Net Position - Beginning of year	$ 34,994,168	$ (4,670,841)	$ 30,323,327

Required Supplementary Information

Schedule of SACOG'S Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

	2018	2017	2016	2015
SACOG's proportion of the net pension liability	0.15793%	0.15979%	0.16382%	0.14297%
SACOG's proportionate share of the net pension liability	$ 15,661,853	$ 13,826,741	$ 11,244,576	$ 8,896,169
Covered payroll	$ 5,214,553	$ 5,066,256	$ 5,070,320	$ 5,095,286
SACOG's proportionate share of the net pension liability as a percentage of covered payroll	33.29%	36.64%	45.09%	57.28%
Plan fiduciary net position as a percentage of the total pension liability	70.93%	74.06%	78.40%	79.82%
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Notes to Schedule

* Fiscal year 2015 was the first year of implementation, therefore, only four years are shown.

Required Supplementary Information

Schedule of Contributions – Retirement Plan

Last 10 Fiscal Years*

	2018	2017	2016	2015
Actuarially determined contributions	$ 1,395,452	$ 1,292,761	$ 1,194,202	$ 984,832
Contributions in relation to the actuarially determined contribution	1,395,452	1,292,761	1,194,202	984,832
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 5,530,574	$ 5,214,553	$ 5,066,256	$ 5,070,320
Contributions as a percentage of covered payroll	25.23%	24.79%	23.57%	19.42%

Notes to Schedule

* - Fiscal year 2015 was the first year of implementation, therefore, only four years are shown.

Required Supplementary Information

Schedule of Changes in the Net OPEB Liability and Related Ratios

Last 10 Fiscal Years*

	2018*
Total OPEB liability	
Service cost	$ 225,664
Interest on the total OPEB liability	644,344
Differences between actual and expected experience	51,759
Changes in assumptions	
Benefit payments, induding refunds of employee contributions	(439,248)
Net change in total OPEB liability	482,519
Total OPEB liability - beginning	9,195,166
Total OPEB liability - ending (a)	$ 9,677,685
Plan fiduciary net position	
Contributions - employer	$ 478,305
Net investment income	391,353
Benefit payments	(439,248)
Administrative expenses	(1,986)
Net change in plan fiduciary net position	428,424
Plan fiduciary net position - beginning	3,706,333
Plan fiduciary net position - ending (b)	4,134,757
Net OPEB liability - ending (a)-(b)	$ 5,542,928
Plan fiduciary net position as a percentage of the total OPEB liability	42.72%
Covered-employee payroll	$ 5,191,432
Net OPEB liability as percentage of covered-employee payroll	106.77%

Notes to Schedule:

* - Fiscal year 2018 was the 1st year of implementation.

Required Supplementary Information

Other Postemployment Benefit Plan (OPEB)
Schedule of Contributions
Last 10 Fiscal Years*

	2018*
Actuarially determined contribution	$ 607,178
Contributions in relation to the contribution actuarially determined	478,305
Contribution deficiency (excess)	$ 128,873
Covered-employee payroll	5,529,653
Contributions as a percentage of covered-employee payroll	8.65%

Notes to Schedule

Valuation date:	Actuarially determined contribution rates are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Amortization period	15 years
Asset valuation method	Market value
Inflation	2.00%
Healthcare cost trend rates	7.9% Non-Medical/5.4% Medical
Investment rate of return	7.00%
Retirement age	55
Mortality	Based on CalPERS Experience Study

* - Fiscal year 2018 was the 1st year of implementation.

Schedule of Revenues and Expenditures
Board of Directors and Advocacy
Budget and Actual
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget (Over) and
	Original	Final	Amounts	Under Budget
Revenues:				
Member assessments	$ 439,862	$ 439,862	$ 424,530	$ (15,332)
Investment earnings	-	-	71,896	71,896
Funds from board and advocacy reserve	9,000	9,000	-	(9,000)
Total revenues	448,862	448,862	496,426	47,564
Expenditures:				
Current:				
Meetings	83,000	83,000	90,191	(7,191)
Directors fees	50,000	50,000	51,426	(1,426)
Consultant	175,000	175,000	40,323	134,677
Other (printing, supplies)	14,000	14,000	15,515	(1,515)
Memberships	36,000	36,000	23,779	12,221
Salaries and benefits	89,244	89,244	221,169	(131,925)
Total expenditures	447,244	447,244	442,403	4,841
Excess of expenditures over revenues	$ 1,618	$ 1,618	$ 54,023	$ 52,405

Schedule of Indirect Service Costs

For the Fiscal Year Ended June 30, 2018

DIRECT COSTS:		
Salaries	$	3,590,011
INDIRECT COSTS:		
Allocated indirect costs (86.55%):		
Service costs		3,107,154
Actual indirect costs:		
Building expenses		675,365
Career development program		99,761
Consultants		234,109
Depreciation		80,237
Insurance		91,079
Legal		81,456
Office equipment		34,093
Office equipment maintenance		3,294
Meetings		13,741
Memberships		28,050
Miscellaneous		43,368
Travel expenses		13,712
Parking		11,360
Postage		6,018
Publications/periodicals		3,335
Salaries		1,224,653
Computer software and maintenance		171,244
Supplies		41,181
Accounting services		870
Telecommunications		28,286
Temporary labor services		92,365
Printing costs		18,974
Total indirect costs		2,996,551
Over-absorbed indirect costs	$	110,603

Statistical Section

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Statistical Section

For the Fiscal Year Ended June 30, 2018

This section of SACOG's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the SACOG's overall financial health. This information has not been audited by the independent auditor.

Financial Trends

These schedules contain trend information to help the reader understand how the SACOG's financial performance and wellbeing has changed over time.

Demographic and Economic Information

These schedules contain demographic and economic indicators to assist the reader in understanding the environment within which SACOG's financial activities take place.

Principal Employers Operational Information

These schedules contain service and infrastructure data to help the reader understand how the information in the SACOG's financial report relates to the services SACOG provides and the activities it performs.

Principal Employers Operational Information

These schedules contain service and infrastructure data to help the reader understand how the information in the SACOG's financial report relates to the services SACOG provides and the activities it performs.

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Net Position by Component
For Ten Fiscal Years Ended June 30

	2009	2010	2011	2012
GOVERNMENTAL ACTIVITIES:				
Net Investment in Capital Assets	$ 2,062,372	$ 1,282,726	$ 769,096	$ 281,982
Restricted for Transportatio Projects	-	-	-	-
Restricted for Transportation Claimants	11,681,253	13,895,556	34,088,672	38,980,228
Unrestricted	27,759,660	35,583,893	17,851,804	16,669,133
Total governmental activities Net Position	**$ 41,503,285**	**$ 50,762,175**	**$ 52,709,572**	**$ 55,931,343**

Government Activities. Therefore, the Primary Government Activities section is not shown.

Source: Agency Annual Reports

Net Position by Component
For Ten Fiscal Years Ended June 30

2013	2014	2015	2016	2017	2018
$ 102,217	$ 148,847	$ 174,906	$ 204,303	$ 209,730	$ 339,945
882,560	917,880	700,946	574,181	473,445	485,831
49,966,728	36,701,567	37,546,082	32,365,872	30,653,263	32,188,187
16,183,317	15,798,418	5,215,052	2,952,631	3,657,730	957,629
$ 67,134,822	**$ 53,566,712**	**$ 43,636,986**	**$ 36,096,987**	**$ 34,994,168**	**$ 33,971,592**

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

Source: Agency Annual Reports

Statement of Activities & Changes in Net Position

For Ten Fiscal Years Ended June 30

	2009*	2010	2011**	2012
EXPENSES				
Transportation Claimants	$ 62,570,554	$ 62,176,903	$ 51,508,069	$ 73,899,504
Planning and Administration	14,959,542	17,283,003	20,668,754	16,548,264
Sacramento Emergency Clean Air & Transportation Program	8,984,793	2,494,831	1,313	58,172
SACOG Managed Fund	1,941,314	1,068,276	-	-
PTMISEA	68,584	4,742,226	1,579,144	6,385,003
Capitol Valley SAFE	2,302,480	2,431,941	2,293,278	2,247,338
Glenn County SAFE	30,311	33,236	16,061	15,851
Total Expenses	**$ 90,857,578**	**$ 90,230,416**	**$ 76,066,619**	**$ 99,154,132**
PROGRAM REVENUES				
Operating Grants and Contributions:				
Planning and Administration	16,900,076	14,153,990	17,371,115	11,909,077
Sacramento Emergency Clean Air & Transportation Program	11,437,452	-	-	-
PTMISEA	4,060,255	15,319,020	800,000	13,695,246
Charges for Services:				
Planning and Administration	1,190,472	430,347	581,041	481,980
SACOG Managed Fund	3,051,000	-	-	-
Capitol Valley SAFE	2,195,851	2,145,307	2,081,247	2,261,157
Glenn County SAFE	30,243	29,386	28,722	30,763
Total Program Revenues	38,865,349	32,078,050	20,862,125	28,378,223
Net Expense	**$ (51,992,229)**	**$ (58,152,366)**	**$ (55,204,494)**	**$ (70,775,909)**
General Revenues and Other Changes in Net Assets				
State Shared Revenue - Sales and Use Taxes	$ 63,210,973	$ 66,132,449	$ 55,894,683	$ 73,300,929
Investment Earnings	766,571	529,002	261,290	249,031
In-Kind Revenue	-	627,948	649,531	293,611
Other	653,710	121,857	346,387	154,109
Total General Revenues	**$ 64,631,254**	**$ 67,411,256**	**$ 57,151,891**	**$ 73,997,680**
Change in Net Position	12,639,025	9,258,890	1,947,397	3,221,771
Net Position - Beginning	28,864,260	41,503,285	50,762,175	52,709,572
Prior Period Adjustment Pension Liability GASB 68	-	-	-	-
Prior Period Adjustment Pension Liability GASB 75	-	-	-	-
Net Position - Ending	**$ 41,503,285**	**$ 50,762,175**	**$ 52,709,572**	**$ 55,931,343**

Note; For SACOG, governmental activities are the same as the Primary Government Activities. Therefore, the Primary Government Activities section is not shown.
*2009 numbers have been restated
**2011 The SACOG Managed Fund activity was transferred into the SACOG Planning and Administration Fund due to GASB 54 reporting requirements.
***2017 Net Position was restated due to implementation of GASB 75.

Source: Individual internal fund statements

Statement of Activities & Changes in Net Position

For Ten Fiscal Years Ended June 30

2013	2014	2015	2016	2017***	2018
$ 72,395,499	$ 82,519,242	$ 80,040,856	$ 81,636,347	$ 79,530,309	$ 90,155,212
18,329,698	23,478,952	19,462,387	16,149,917	22,248,042	21,322,636
-	-	-	-	-	-
-	-	-	-	-	-
20,405,161	10,872,693	9,424,005	5,452,494	4,930,158	4,018,076
2,030,134	1,955,345	2,091,288	2,472,852	2,961,035	3,177,595
10,196	23,781	16,712	90,061	889	29,140
$ 113,170,688	**$ 118,850,013**	**$ 111,035,248**	**$ 105,801,671**	**$ 109,670,433**	**$ 118,702,659**
15,319,095	22,010,737	15,820,697	11,371,902	17,663,047	18,072,722
-	-	-	-	303,776	-
27,710,682	170,197	10,780,660	887,174	3,902,487	149,858
561,106	424,844	586,896	851,521	577,946	1,035,151
-	-	-	-	-	
2,189,461	2,269,183	2,326,565	2,521,364	2,487,681	2,490,482
29,655	30,303	30,790	31,453	32,667	32,551
45,809,999	24,905,264	29,545,608	15,663,414	24,967,604	21,780,764
$ (67,360,689)	**$ (93,944,749)**	**$ (81,489,640)**	**$ (90,138,257)**	**$ (84,702,829)**	**$ (96,921,895)**
$ 77,777,632	$ 79,607,818	$ 82,089,764	$ 82,144,492	$ 83,067,575	$ 99,868,505
336,414	81,680	(49,608)	407,335	421,368	547,564
320,458	582,399	-	-	-	-
129,664	104,742	58,562	46,431	111,067	154,091
$ 78,564,168	**$ 80,376,639**	**$ 82,098,718**	**$ 82,598,258**	**$ 83,600,010**	**$ 100,570,160**
11,203,479	(13,568,110)	609,078	(7,539,999)	(1,102,819)	3,648,265
55,931,343	67,134,822	53,566,712	43,636,986	36,096,987	30,323,327
-	-	(10,538,804)	-	-	-
-	-	-	-	(4,670,841)	-
$ 67,134,822	**$ 53,566,712**	**$ 43,636,986**	**$ 36,096,987**	**$ 30,323,327**	**$ 33,971,592**

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

*2009 numbers have been restated

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

***2017 Net Position was restated due to implementation of GASB 75.

Source: Individual internal fund statements

Planning and Administration Fund
Changes in Fund Balance
For Ten Fiscal Years Ended June 30

	2009*	2010	2011**	2012
REVENUES				
Federal	$ 7,463,171	$ 12,157,504	$ 13,637,674	$ 8,678,720
State	1,406,497	1,204,156	3,088,223	2,676,805
Local	1,012,580	743,493	645,220	553,552
Charges for Services	840,987	146,077	296,771	197,710
Member Assessments	349,485	284,270	284,270	284,270
Investment Earnings	80,243	12,696	56,532	50,047
In-Kind	-	625,448	649,531	293,611
Other	622,954	86,467	288,978	66,295
Total Revenues	11,775,917	15,260,111	18,947,199	12,801,010
EXPENDITURES				
Planning and Administration	13,155,044	16,981,392	20,022,388	15,857,825
Community Design Grants	-	-	390,310	-
Planning Grants	1,188,305	-	-	-
Payments to SMF agencies	-	-	-	517,451
Capital Outlay	48,806	42,278	16,816	42,023
Total Expenditures	14,392,155	17,023,670	20,429,514	16,417,299
Deficiency of Revenues under Expenditures	(2,616,238)	(1,763,559)	(1,482,315)	(3,616,289)
OTHER FINANCING SOURCES				
Transfers in	2,301,584	2,033,399	2,124,575	2,547,066
Transfers out	-	-	-	-
Change in Fund Balance	(314,654)	269,840	642,260	(1,069,223)
Fund Balance - Beginning	3,518,209	3,203,555	14,603,324	15,245,584
Fund Balance - Ending	$ 3,203,555	$ 3,473,395	$ 15,245,584	$ 14,176,361
RESERVATIONS OF FUND BALANCE - PRE GASB 54				
Reserved for Prepaid Items	$ 118,876	$ 68,505	-	-
Unreserved, Desiginated for Contingencies	700,000	700,000	-	-
Operating Cash Reserve	1,500,000	1,500,000	-	-
Fund Balance Categories under GASB 54				
Nonspendable - prepaid Items	212,056	151,573	58,725	72,497
Restricted:				
Restricted for Transportation Projects	-	-	-	-
Committed:				
Board and Advocacy	-	-	109,539	211,122
Community Design Grantees	-	-	1,412,071	1,820,244
Assigned:				
Legal Defense	-	-	500,000	500,000
Self Insurance	-	-	200,000	200,000
Project Specific Carryover Funds	-	194,065	194,065	193,182
GIS Receipients	-	75,451	62,397	89,897
Unassigned:				
Unassigned Fund Balance	672,623	783,801	12,708,787	11,089,419
Total Ending Fund Balance	**$ 3,203,555**	**$ 3,473,395**	**$ 15,245,584**	**$ 14,176,361**

*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.

Source: Individual internal fund statements

Planning and Administration Fund
Changes in Fund Balance
For Ten Fiscal Years Ended June 30

2013	2014	2015	2016	2017	2018
$ 9,533,766	$ 12,847,391	$ 10,476,372	$ 7,560,062	$ 12,059,126	$ 12,710,609
4,654,503	4,783,759	3,923,625	2,726,891	904,757	3,386,211
1,130,826	1,410,738	1,420,700	1,084,949	1,425,276	3,621,790
277,719	140,574	302,626	475,533	153,416	595,289
284,270	284,270	284,270	375,988	424,530	439,862
75,288	11,847	(22,172)	54,698	71,896	92,779
320,458	582,399	-	-	-	-
79,108	69,354	36,732	46,431	111,067	122,115
16,355,938	20,130,332	16,422,153	12,324,552	15,150,068	20,968,655
18,182,940	22,331,342	19,002,274	15,106,301	21,655,454	19,165,515
-	-	-	-	-	-
-	-	-	-	-	-
146,758	1,005,170	647,705	453,123	272,244	554,757
66,086	95,110	75,716	90,755	68,258	210,452
18,395,784	23,431,622	19,725,695	15,650,179	21,995,956	19,930,724
(2,039,846)	(3,301,290)	(3,303,542)	(3,325,627)	(6,845,888)	1,037,931
2,445,564	2,802,773	2,821,163	2,891,043	3,082,708	3,063,312
-	-	-	-	-	-
405,718	(498,517)	(482,379)	(434,584)	(3,763,180)	4,101,243
14,176,361	14,582,079	14,083,562	13,601,182	13,166,598	9,403,418
$ 14,582,079	$ 14,083,562	$ 13,601,182	$ 13,166,598	$ 9,403,418	$ 13,504,661
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
95,313	18,011	75,929	81,339	66,217	59,025
882,560	917,880	583,947	574,181	473,445	485,831
233,770	166,323	37,999	384	7,985	32,385
1,712,060	1,256,846	797,670	1,351,093	1,029,814	1,601,425
500,000	500,000	500,000	500,000	500,000	500,000
200,000	200,000	200,000	200,000	200,000	200,000
193,182	193,182	193,182	193,182	193,182	193,182
117,397	139,897	162,397	184,897	209,897	234,897
10,647,797	10,691,423	11,050,059	10,081,522	6,722,878	10,197,916
$ 14,582,079	**$ 14,083,562**	**$ 13,601,183**	**$ 13,166,598**	**$ 9,403,418**	**$ 13,504,661**

*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.
Source: Individual internal fund statements

Changes in Fund Balances – Governmental Funds

For Ten Fiscal Years Ended June 30

	2009*	2010	2011	2012
REVENUES				
Sales and Use Taxes	$ 63,210,973	$ 66,132,449	$56,694,683	$ 86,996,175
Vehicle registration fees and traffic fines	2,226,094	2,174,693	2,109,969	2,291,919
Intergovernmental:				
Federal	7,463,171	12,157,504	13,637,674	8,678,720
State	20,445,532	16,523,176	3,088,223	2,676,805
Local	7,540,080	792,331	645,220	553,552
Charges for services	840,987	146,077	296,771	197,710
Member assessments	349,485	284,270	284,270	284,270
Investment earnings	766,571	529,002	261,290	249,031
In-Kind	524,413	627,948	649,531	293,611
Other	129,297	121,857	346,387	154,109
Total Revenues	**103,496,603**	**99,489,307**	**78,014,018**	**102,375,902**
EXPENDITURES				
City of Elk Grove	4,816,070	4,453,961	3,855,576	5,708,010
City of Citrus Heights	3,030,674	2,718,195	2,387,142	3,376,119
City of Davis	2,742,094	2,875,410	2,054,718	3,074,492
City of Folsom	2,469,833	2,342,024	1,936,048	2,788,369
City of Galt	817,643	745,182	657,899	929,674
City of Isleton	29,461	25,426	22,299	31,494
City of Live Oak	128,846	236,516	464,676	333,610
City of Marysville	39,846	67,049	-	-
City of Sacramento	314,308	253,973	270,420	331,851
City of West Sacramento	1,850,226	1,952,997	1,487,468	2,132,866
City of Rancho Cordova	39,750	32,551	34,747	42,932
City of Wheatland	57,047	73,562	45,266	62,663
City of Winters	283,631	292,099	219,278	312,839
City of Woodland	2,226,637	2,317,034	1,755,475	2,523,464
City of Yuba City	135,202	508,249	2,787,330	1,345,087
County of Sacramento	1,145,801	1,109,664	1,051,691	1,365,862
County of Sutter	232,880	538,880	1,232,138	715,189
County of Yolo	953,893	969,937	735,302	1,042,866
County of Yuba	311,142	549,293	374,072	352,238
Sacramento Regional Transit District	37,381,148	36,298,222	27,382,646	43,151,709
Yolo County Transportation District	67,986	143,020	-	201,715
Yuba-Sutter Transit Authority	1,765,555	2,268,254	1,264,700	2,251,612
Paratransit, Inc	1,730,882	1,405,405	1,489,178	1,824,843
SAFE services	348,682	403,004	384,153	360,441
Freeway service patrol	791,631	814,681	834,494	851,210
Equipment and maintenance	573,455	443,720	450,983	459,685
Insurance and DMV fees	19,666	17,365	21,255	19,780
Planning and Administration	14,912,347	17,118,422	20,156,239	15,945,296
Other SAFE Projects	-	-	-	-
SACOG Managed Fund	1,941,314	1,068,276	-	517,451
Public Transportation Moderization Improvement & Service Enhancement	68,584	4,742,226	1,579,144	6,385,003
Community Design Grants	-	-	390,310	-
SECAT grants or refunds	8,984,793	2,494,831	1,313	58,172
Capital outlay	48,806	42,278	16,816	42,023
Total Expenditures	90,259,833	89,321,706	75,342,776	98,538,565
Excess of Revenues over Expenditures	13,236,770	10,167,601	2,671,242	3,837,337
OTHER FINANCING USES				
Transfers in	2,301,584	2,033,399	2,124,575	2,547,066
Transfers out	(2,301,584)	(2,033,399)	(2,124,575)	(2,547,066)
Total other financing uses	-	-	-	-
Net Change in Fund Balances	13,236,770	10,167,601	2,671,242	3,837,337
Fund Balance - Beginning	27,108,311	40,345,081	50,512,682	53,183,924
Fund Balance - Ending	**$ 40,345,081**	**$ 50,512,682**	**$53,183,924**	**$ 57,021,261**

*2009 was restated.

Source: Individual internal fund statements

Changes in Fund Balances – Governmental Funds

For Ten Fiscal Years Ended June 30

2013	2014	2015	2016	2017	2018
$ 105,488,314	$ 79,778,015	$92,870,424	$83,031,666	$ 86,970,062	$100,018,363
2,219,115	2,299,485	2,357,355	2,552,816	2,520,348	2,523,033
9,533,766	12,847,391	10,476,372	7,560,062	12,059,126	12,710,609
4,654,503	4,783,759	3,923,625	2,726,891	1,208,533	3,386,211
1,130,826	1,410,738	1,420,700	1,084,949	1,425,276	3,621,790
277,719	140,574	302,626	475,533	153,416	595,289
284,270	284,270	284,270	375,988	424,530	439,862
336,414	81,680	(49,608)	407,335	421,368	547,564
320,458	582,399	-	-	-	-
129,664	104,742	58,562	46,431	111,067	154,091
124,375,049	**102,313,053**	**111,644,326**	**98,261,671**	**105,293,726**	**123,996,812**
5,784,892	6,359,521	6,640,834	6,782,505	6,744,562	7,620,753
3,016,818	3,368,745	3,464,765	3,509,808	3,503,965	3,910,696
3,522,718	3,643,141	3,773,822	3,518,718	3,489,076	3,365,531
2,667,342	2,965,270	2,994,838	3,094,786	3,095,668	3,616,313
857,479	966,917	993,483	1,008,347	1,012,626	1,144,221
29,151	32,531	33,478	33,835	33,744	38,353
319,649	336,684	293,500	366,996	401,570	292,369
-	77,028	-	-	-	-
295,055	339,472	353,082	357,147	382,018	393,501
2,514,725	2,651,674	2,757,538	2,574,828	2,620,351	2,455,887
41,159	47,641	49,906	50,994	54,992	57,925
55,756	85,968	51,472	63,164	45,132	54,850
338,503	367,905	381,115	353,484	355,397	339,376
2,840,885	2,993,489	3,109,907	2,898,327	2,939,922	2,718,286
1,464,744	1,696,190	1,289,439	1,540,935	1,647,686	957,774
1,579,742	1,681,590	1,667,857	1,693,570	1,724,568	1,934,991
679,161	756,226	641,138	774,868	813,077	573,460
1,258,760	1,366,234	1,381,364	1,255,389	1,379,008	1,282,356
410,109	883,272	359,374	395,445	83,965	177,955
40,062,709	44,128,867	44,967,604	45,903,513	43,985,229	52,973,969
2,807,839	2,872,942	2,732,566	203,485	121,910	3,599,419
214,427	213,026	140,588	3,268,262	2,967,874	451,737
1,633,876	1,882,136	1,963,186	1,987,941	2,127,969	2,195,490
436,837	367,588	364,335	814,681	742,901	1,126,665
848,418	831,623	857,834	886,303	924,423	1,083,741
455,440	656,886	584,818	414,471	920,121	487,710
20,393	11,291	21,462	22,293	22,907	26,129
18,258,075	22,443,080	19,281,825	15,531,462	22,075,284	19,648,005
-	-	-	866,767	-	-
-	-	-	-	-	-
20,405,161	10,872,693	9,424,005	5,452,494	4,930,158	4,018,076
146,758	1,005,170	647,705	453,123	272,244	$ 554,757
-	-	-	-	-	-
66,086	95,110	75,716	90,755	-	$ 210,452
113,032,667	115,999,910	111,298,556	106,168,696	109,418,347	117,310,747
11,342,382	(13,686,857)	345,770	(7,907,025)	(4,124,621)	6,686,065
2,445,564	2,445,564	2,821,163	2,891,043	3,082,708	3,063,312
(2,445,564)	(2,445,564)	(2,821,163)	(2,891,043)	(3,082,708)	(3,063,312)
-	-	-	-	-	-
11,342,382	(13,686,857)	345,770	(7,907,025)	(4,124,621)	6,686,065
57,021,261	68,363,643	54,676,786	55,022,555	47,115,530	42,990,909
$ 68,363,643	**$ 54,676,786**	**$ 55,022,556**	**$ 47,115,530**	**$ 42,990,909**	**$ 49,676,974**

Source: Individual internal fund statements

Components of Fund Balances
For Ten Fiscal Years Ended June 30

	2009*	2010	2011	2012
MAJOR FUNDS - Pre GASB 54				
Reserved	$ 121,026	$ 70,656		
Unreserved, designated for:				
Contingencies	760,000	700,000		
Operating Cash Reserve	1,500,000	2,542,000		
Board and Advocacy	212,056	151,573		
Project Specific Carryover Funds	-	194,065		
Community Design Grantees	-	1,660,260		
Reserved for GIS receipients	-	75,451		
Post Retirement Health Benefits	3,789,940	2,785,847		
Total unreserved, designated	6,261,996	8,109,196	-	-
Unreserved, undesignated	33,999,177	42,332,830		
Fund Balance Categories under GASB 54				
Reserved for prepaid items	-	-	60,877	74,621
Restricted:				
SECAT Program	-	-	11,959	-
PTMISEA Funds	-	-	14,151,893	21,528,870
State Transit Assistance Funds	-	-	113,418	255,441
State of Good Repair Funds	-	-	-	-
Local Transportation Funds - Sacramento County	-	-	13,017,462	9,397,543
Local Transportation Funds - Yuba County	-	-	389,688	693,038
Local Transportation Funds - Sutter County	-	-	573,654	668,609
Local Transportation Funds - Yolo County	-	-	2,154,733	2,191,913
Capitol Valley Regional SAFE	-	-	3,571,169	4,127,375
Glenn County SAFE	-	-	104,696	117,439
Restricted for Transportation Projects	-	-	-	-
Committed:				
Board and Advocacy	-	-	109,539	211,122
Community Design Grantees (SMF)	-	-	1,412,071	1,820,244
Assigned:				
Legal Defense	-	-	500,000	500,000
Self Insurance	-	-	200,000	200,000
Project Specific Carryover Funds	-	-	194,065	193,182
GIS Receipients	-	-	62,397	89,897
Post Employment Benefits (OPEB)	-	-	2,805,516	2,820,548
Planning and Administration Fund	-	-	1,042,000	1,042,000
Assigned:				
Unassigned Fund Balance			12,708,787	11,089,419
Total Fund Balance	**$ 40,382,199**	**$ 50,512,682**	**$ 53,183,924**	**$ 57,021,261**

* 2009 was restated.
Format conforms with GASB 54 guidelines.
Source: Agency Annual Reports

Components of Fund Balances
For Ten Fiscal Years Ended June 30

2013	2014	2015	2016	2017	2018
-	-	-	-	-	-
97,511	20,472	75,929	84,654	66,217	59,025
-	-	-	-	306,460	309,945
28,952,646	18,276,282	19,578,874	15,178,617	14,269,401	10,566,038
(72,779)	351,541	915,777	-	144,397	1,229,432
-	-	-	-	-	816,435
13,270,404	11,856,983	10,998,193	12,228,043	11,492,510	13,547,839
761,228	67,647	258,426	79,005	421,767	717,973
537,017	116,659	481,406	277,365	-	481,342
1,741,805	968,827	(21,478)	116,307	-	1,045,919
4,573,048	4,926,394	5,183,974	4,392,796	3,892,104	3,341,870
130,580	137,234	150,910	93,739	126,624	131,394
882,560	917,880	700,946	574,181	473,445	485,831
233,770	166,323	27,063	384	7,985	32,385
1,712,060	1,256,846	797,670	1,351,093	1,029,814	1,601,425
500,000	500,000	500,000	500,000	500,000	500,000
200,000	200,000	200,000	200,000	260,000	200,000
193,182	193,182	193,182	193,182	193,182	193,182
117,397	139,897	162,397	184,897	209,897	234,897
3,885,417	3,889,196	3,875,291	3,909,655	3,939,388	3,984,126
-	-	-	-	-	-
10,647,797	10,691,423	10,943,996	7,751,612	5,657,718	10,197,916
$ 68,363,643	**$ 54,676,786**	**$ 55,022,556**	**$ 47,115,530**	**$ 42,990,909**	**$ 49,676,974**

Source: Agency Annual Reports

Total Population by Jurisdiction

For Ten Fiscal Years Ended June 30

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
SACOG Region	**2,290,482**	**2,312,406**	**2,327,914**	**2,341,006**	**2,360,844**	**2,378,721**	**2,404,700**	**2,439,231**	**2,473,098**	**2,500,667**
El Dorado County	**179,150**	**180,682**	**180,483**	**180,712**	**182,286**	**182,404**	**184,917**	**183,750**	**185,062**	**188,399**
Placerville	10,324	10,365	10,306	10,369	10,441	10,527	10,673	10,702	10,743	10,642
South Lake Tahoe	21,517	21,407	21,328	21,343	21,498	21,409	21,738	20,807	21,024	21,892
Unincorporated	147,309	148,910	148,849	149,000	150,347	150,468	152,506	152,241	153,295	155,865
Placer County	**340,995**	**347,133**	**351,463**	**355,328**	**357,463**	**366,115**	**369,454**	**373,976**	**382,837**	**389,532**
Auburn	13,232	13,307	13,378	13,468	13,446	13,804	13,818	14,070	14,096	14,611
Colfax	1,843	1,946	1,966	1,977	1,969	1,998	1,994	2,068	2,070	2,150
Lincoln	41,787	42,589	43,144	43,572	43,818	45,206	45,837	47,339	48,165	48,591
Loomis	6,416	6,427	6,460	6,500	6,493	6,608	6,623	6,692	6,775	6,824
Rocklin	55,566	56,720	57,767	58,295	58,484	59,672	60,252	60,531	64,417	66,830
Roseville	114,869	118,180	120,307	122,060	123,514	126,956	128,382	134,073	135,868	137,213
Unincorporated	107,282	107,964	108,441	109,456	109,739	111,871	112,548	109,203	111,446	113,313
Sacramento County	**1,406,168**	**1,417,259**	**1,427,961**	**1,435,153**	**1,445,806**	**1,454,406**	**1,470,912**	**1,495,297**	**1,514,770**	**1,529,501**
Citrus Heights	83,317	83,382	83,583	83,881	84,345	84,544	85,147	86,291	87,013	87,731
Elk Grove	149,302	152,652	154,440	155,937	159,074	160,688	162,899	167,965	171,059	172,116
Folsom	71,625	72,139	72,393	72,725	72,294	74,014	74,909	77,246	78,525	78,447
Galt	23,584	23,654	23,757	24,076	24,185	24,289	24,607	25,450	25,693	26,018
Isleton	802	805	808	810	815	815	820	846	854	837
Rancho Cordova	62,724	64,024	65,475	66,093	66,927	67,839	69,112	72,203	73,872	74,210
Sacramento	463,633	466,740	469,477	470,956	473,509	475,122	480,105	485,683	493,025	501,344
Unincorporated	551,181	553,863	558,028	560,675	564,657	567,095	573,313	579,613	584,729	588,798
Sutter County	**93,918**	**94,765**	**94,620**	**95,065**	**95,851**	**95,733**	**95,948**	**97,308**	**96,956**	**97,238**
Live Oak	8,355	8,422	8,446	8,247	8,341	8,481	8,546	8,346	8,636	8,781
Yuba City	64,042	64,818	64,792	65,300	65,841	65,677	66,363	68,052	67,445	67,280
Unincorporated	21,521	21,525	21,382	21,518	21,669	21,575	21,039	20,910	20,875	21,177
Yolo County	**198,642**	**200,484**	**201,071**	**202,133**	**205,999**	**206,381**	**209,393**	**214,555**	**218,896**	**221,270**
Davis	65,143	65,558	65,421	65,052	66,471	66,656	66,757	68,314	68,740	68,704
West Sacramento	47,962	48,582	49,048	49,292	50,460	50,836	51,272	53,082	53,163	54,163
Winters	6,638	6,630	6,609	6,839	6,974	6,979	6,954	7,214	7,255	7,292
Woodland	54,750	55,400	55,345	55,646	56,908	57,223	57,525	57,526	59,616	60,426
Unincorporated	24,149	24,314	24,648	25,304	25,186	24,687	26,885	28,419	30,122	30,685
Yuba County	**71,609**	**72,083**	**72,316**	**72,615**	**73,439**	**73,682**	**74,076**	**74,345**	**74,577**	**74,727**
Marysville	12,310	12,304	12,098	12,104	12,250	12,266	12,051	12,010	11,973	11,883
Wheatland	3,506	3,519	3,459	3,469	3,493	3,495	3,437	3,519	3,509	3,497
Unincorporated	55,793	56,260	56,759	57,042	57,696	57,921	58,588	58,816	59,095	59,347

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.

Total Households by County

For Ten Fiscal Years Ended June 30

	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		2016		2017	
	Total Units	Vacant	Total Units	Vacant	Total Units	Vacant
SACOG Region	**948,072**	**89,424**	**952,314**	**87,702**	**959,216**	**85,701**
El Dorado County	89,293	18,471	89,675	20,038	90,353	19,584
Placer County	158,518	20,458	159,959	20,724	162,489	20,647
Sacramento County	562,950	41,311	564,517	37,602	567,281	37,165
Sutter County	34,140	2,736	34,205	2,701	34,339	2,630
Yolo County	75,231	3,931	75,869	3,781	76,449	3,306
Yuba County	27,940	2,517	28,089	2,856	28,305	2,369

	2018	
	Total Units	Vacant
SACOG Region	**966,695**	**79,505**
El Dorado County	91,745	17,480
Placer County	164,820	20,746
Sacramento County	570,305	33,249
Sutter County	34,363	2,154
Yolo County	77,138	3,509
Yuba County	28,324	2,367

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.

Labor Force & Unemployment by County

For Ten Fiscal Years Ended June 30

	2008				2009			
	Labor Force	Employment	Unemploy-ment	Rate %	Labor Force	Employment	Unemploy-ment	Rate %
SACOG Region	**1,128,600**	**1,045,200**	**83,400**	**7.4**	**1,128,400**	**997,800**	**130,600**	**11.6**
El Dorado County	92,400	85,900	6,400	6.9	91,800	81,500	10,300	11.3
Placer County	176,200	164,700	11,500	6.5	179,000	160,100	18,900	10.6
Sacramento County	690,400	640,800	49,600	7.2	687,600	609,600	78,000	11.3
Sutter County	42,000	36,900	5,200	12.3	42,100	34,900	7,200	17.0
Yolo County	99,500	92,200	7,300	7.4	99,200	88,000	11,200	11.3
Yuba County	28,100	24,700	3,400	12.0	28,700	23,700	5,000	17.3

	2010				2011			
	Labor Force	Employment	Unemploy-ment	Rate %	Labor Force	Employment	Unemploy-ment	Rate %
SACOG Region	**1,111,000**	**966,700**	**144,500**	**13.0**	**1,110,800**	**974,400**	**136,500**	**12.3**
El Dorado County	90,800	79,400	11,500	12.6	91,000	80,300	10,700	11.8
Placer County	177,100	156,800	20,300	11.5	175,100	156,200	18,900	10.8
Sacramento County	674,900	588,600	86,300	12.8	675,600	594,100	81,500	12.1
Sutter County	42,100	33,800	8,300	19.8	43,300	35,200	8,200	18.8
Yolo County	98,000	85,300	12,700	13.0	97,800	85,700	12,100	12.4
Yuba County	28,100	22,800	5,400	19.1	28,000	22,900	5,100	18.2

	2012				2013			
	Labor Force	Employment	Unemploy-ment	Rate %	Labor Force	Employment	Unemploy-ment	Rate %
SACOG Region	**1,118,600**	**997,100**	**121,500**	**10.9**	**1,114,500**	**1,015,100**	**99,200**	**8.9**
El Dorado County	90,500	81,100	9,400	10.4	90,100	82,600	7,500	8.3
Placer County	178,800	162,000	16,800	9.4	178,200	164,800	13,400	7.5
Sacramento County	680,200	608,400	71,800	10.6	678,200	619,100	59,000	8.7
Sutter County	42,800	35,300	7,500	17.6	42,600	36,200	6,400	14.9
Yolo County	98,500	87,200	11,300	11.5	97,900	88,700	9,200	9.4
Yuba County	27,800	23,100	4,700	16.9	27,500	23,700	3,700	13.6

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

Labor Force & Unemployment by County

For Ten Fiscal Years ended June 30

	2014				2015			
	Labor Force	Employment	Unemploy-ment	Rate %	Labor Force	Employment	Unemploy-ment	Rate %
SACOG Region	**1,122,000**	**1,038,000**	**84,000**	**7.5**	**89,100**	**84,100**	**5,100**	**5.7**
El Dorado County	88,800	82,600	6,200	7.0	178,200	169,200	9,000	5.0
Placer County	176,500	165,400	11,100	6.3	689,000	647,600	41,400	6.0
Sacramento County	682,200	632,200	50,000	7.3	44,800	40,000	4,800	10.8
Sutter County	44,500	38,800	5,700	12.7	103,900	97,200	6,700	6.4
Yolo County	101,800	94,000	7,800	7.7	28,100	25,500	2,600	9.2
Yuba County	28,200	25,000	3,200	11.2	28,200	25,000	3,200	11.2

	2016				2017			
	Labor Force	Employment	Unemploy-ment	Rate %	Labor Force	Employment	Unemploy-ment	Rate
SACOG Region								
El Dorado County	**89,700**	**85,200**	**4,500**	**5.1**	**89,900**	**86,000**	**3,900**	**4.4**
Placer County	179,800	171,800	8,000	4.4	182,200	175,200	7,000	3.8
Sacramento County	697,400	660,100	37,300	5.4	702,000	669,500	32,600	4.6
Sutter County	45,300	41,000	4,300	9.6	45,700	41,800	3,900	8.6
Yolo County	106,300	100,100	6,100	5.8	107,800	102,400	5,400	5.0
Yuba County	28,300	25,900	2,400	8.5	28,500	26,400	2,100	7.4

Source: Labor Force Data for Sub-County Areas (Annual), State of California Employment Development Department

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

Largest Employment Centers by County

For Last Two Fiscal Years

El Dorado County

2016			2017		
Employer	# of Emps	%	Employer	# of Emps	%
El Dorado County	1,860	3.6%	El Dorado County	1,899	3.3%
Blue Shield of California	1,341	2.6%	Marshall Medical Center	1,573	2.7%
Red Hawk Casino	1,300	2.5%	Blue Shield of California	1,250	2.1%
Marshall Medical Center	1,202	2.3%	Red Hawk Casino	1,200	2.1%
DST Output	850	1.7%	U.S. Government	823	1.4%
Barton Health	840	1.6%	Barton Health	742	1.3%
U.S. Government	788	1.5%	State of California	724	1.2%
State of California	743	1.4%	El Dorado Union High School Distri	650	1.1%
El Dorado County Office of Education	669	1.3%	Safeway	636	1.1%
El Dorado Union High School District	650	1.3%	Sierra-at-Tahoe Resort LLC	500	0.9%
Raleys Inc	507	1.0%	Raleys	464	0.8%
Sierra-at-Tahoe Resort LLC	500	1.0%	Lake Tahoe Unified School District	407	0.7%
County Employment Estimate	51,300	100.0%	County Employment Estimate	58,300	100.0%

Placer County

2016			2017		
Employer	# of Emps	%	Employer	# of Emps	%
Sutter Health	5,435	3.6%	Sutter Health	5,634	3.4%
Kaiser Permanente	5,361	3.5%	Kaiser Permanente	5,609	3.4%
Placer County	2,700	1.8%	Placer County	2,898	1.7%
Squaw Valley Resort	2,500	1.6%	Thunder Valley Casino Resort	2,500	1.5%
Hewlett-Packard Co.	2,100	1.4%	Hewlett-Packard Co.	2,000	1.2%
Sierra Joint Community Colleges	1,940	1.3%	Pride Industries	1,446	0.9%
Thunder Valley Casino Resort	1,915	1.3%	Safeway	1,169	0.7%
Pride Industries	1,155	0.8%	Squaw Valley Resort	1,161	0.7%
Union Pacific Railroads	1,091	0.7%	City of Roseville	1,146	0.7%
City of Roseville	1,067	0.7%	Union Pacific Railroads	1,091	0.7%
Roseville City School District	1,038	0.7%	Roseville City School District	1,000	0.6%
Raley's Inc	934	0.6%	Raley's Inc	901	0.5%
County Employment Estimate	152,300	100.0%	County Employment Estimate	166,600	100.0%

Sacramento County

2016			2017		
Employer	# of Emps	%	Employer	# of Emps	%
State of California	73,676	11.4%	State of California	76,200	11.6%
Sacramento County	11,950	1.8%	Sacramento County	12,514	1.9%
UC Davis Health System	10,145	1.6%	Kaiser Permanente	10,517	1.6%
US Government	10,007	1.5%	UC Davis Health System	10,467	1.6%
Sutter Health	8,905	1.4%	US Government	10,322	1.6%
Kaiser Permanente	8,885	1.4%	Sutter Health	9,911	1.5%
Dignity Health	7,853	1.2%	Dignity Health	8,039	1.2%
Intel Corp	6,000	0.9%	Intel Corp	6,000	0.9%
Elk Grove Unified School District	5,863	0.9%	Apple Inc.	5,000	0.8%
City of Sacramento	4,300	0.7%	Elk Grove Unified School District	4,620	0.7%
Sacramento City Unified School District	4,213	0.7%	City of Sacramento	4,458	0.7%
County Employment Estimate	647,700	100.0%	County Employment Estimate	657,300	100.0%

Information for 2018 is not yet available.

Largest Employment Centers by County

For Last Two Fiscal Years

Sutter County

2016			2017		
Employer	# of Emps	%	Employer	# of Emps	%
Sutter County	1,000	3.6%	Yuba City Unified School District	1,242	4.0%
Wal-Mart	500	1.8%	Sutter County	1,001	3.2%
Sunsweet Growers	600	2.1%	Sunsweet Growers	634	2.0%
Sierra Gold Nurseries	400	1.4%	Sierra Gold Nurseries	550	1.8%
Sysco Sacramento	350	1.2%	Walmart	500	1.6%
Fountains Skilled Nursing	310	1.1%	Sysco Sacramento	460	1.5%
Fremont Hospital	440	1.6%	Yuba City	312	1.0%
Sutter Medical	340	1.2%	Fountain Skilled Nursing	308	1.0%
Yuba City	312	1.1%	Sutter Medical Foundation	300	1.0%
County Employment Estimate	28,100	100.0%	County Employment Estimate	31,000	100.0%

Yolo County

2016			2017		
Employer	# of Emps	%	Employer	# of Emps	%
University of California, Davis	30,000	27.7%	University of California, Davis	30,000	27.7%
State of California	2,753	2.5%	State of California	3,378	3.1%
US Government	2,316	2.1%	US Government	2,414	2.2%
Cache Creek Casino Resort	2,300	2.1%	Cache Creek Casino Resort	2,150	2.0%
Yolo County	1,411	1.3%	Yolo County	1,406	1.3%
Woodland Joint Unified School District	1,116	1.0%	Woodland Joint Unified School District	1,145	1.1%
Raley's Inc	1,007	0.9%	Walgreens	803	0.7%
Walgreens	839	0.8%	Woodland Memorial Hospital	737	0.7%
Woodland Memorial Hospital	712	0.7%	Raley's Inc.	732	0.7%
Sutter Health	665	0.6%	Sutter Health	721	0.7%
Clark Pacific Corp.	591	0.5%	Pacific Gas & Electric	645	0.6%
Nugget Market Inc.	435	0.4%	City of West Sacramento	550	0.5%
City of Davis	385	0.4%	Clark Pacific Corp.	535	0.5%
County Employment Estimate	108,300	100.0%	County Employment Estimate	111,300	100.0%

Yuba County

2016			2017		
Employer	# of Emps	%	Employer	# of Emps	%
Rideout Memorial Hospital	1,250	7.6%	Rideout Memorial Hospital	1,475	8.5%
Beale AFB	1,300	7.9%	Beale AFB	1,500	8.6%
Yuba County	914	5.5%	Yuba County	904	5.2%
State of California	800	4.8%	State of California	957	5.5%
Marysville Joint Unified School District	650	3.9%	Marysville Joint Unified School District	910	5.2%
Yuba Community College District	550	3.3%	Yuba Community College District	550	3.2%
WalMart	450	2.7%	WalMart	420	2.4%
Wheatland Elementary School District	320	1.9%	Yuba county Office of Education	200	1.1%
Yuba county Office of Education	250	1.5%			
County Employment Estimate	16,500	100.0%	County Employment Estimate	17,400	100.0%

Information for 2018 is not yet available.

Public School Enrollment by County

For Ten Fiscal Years Ended June 30

	2009	2010	2011	2012	2013
SACOG Region	**397,285**	**398,098**	**399,127**	**400,310**	**401,784**
El Dorado	29,662	29,336	29,972	29,781	29,441
Placer	65,708	67,088	68,278	68,815	69,831
Sacramento	238,346	237,722	236,936	237,362	238,290
Sutter	19,599	20,020	20,652	21,110	21,170
Yolo	29,507	29,591	29,366	29,404	29,250
Yuba	14,463	14,341	13,923	13,838	13,802

	2014	2015	2016	2017	2018
SACOG Region	**402,061**	**403,258**	**406,734**	**411,074**	**417,220**
El Dorado	27,237	26,960	26,987	27,021	27,875
Placer	70,141	70,496	71,435	72,769	75,063
Sacramento	240,216	241,022	242,725	244,394	245,906
Sutter	21,390	21,459	21,693	22,633	23,690
Yolo	29,185	29,345	29,681	29,841	30,067
Yuba	13,892	13,976	14,213	14,416	14,619

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

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

Average Weekly & Annual Wages by County

For Ten Fiscal Years Ended June 30

	2008		2009		2010		2011	
	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
SACOG Region	**$833**	**$43,316**	**$842**	**$43,784**	**$861**	**$44,772**	**$876**	**$45,552**
El Dorado County	$742	$38,584	$748	$38,896	$736	$38,272	$740	$38,490
Placer County	$824	$42,848	$839	$43,628	$861	$44,772	$883	$45,924
Sacramento County	$867	$45,084	$875	$45,500	$899	$46,748	$915	$47,557
Sutter County	$608	$31,616	$629	$32,708	$628	$32,656	$639	$33,249
Yolo County	$776	$40,352	$777	$40,404	$790	$41,080	$799	$41,534
Yuba County	$701	$36,452	$716	$37,232	$750	$39,000	$754	$39,185

	2012*		2013*		2014		2015	
	Average Weekly Wages	Mean Annual Wages[2]	Average Weekly Wages	Average Annual Wages[2]	Average Weekly Wages	Average Annual Wages	Average Weekly Wages	Average Annual Wages[1]
SACOG Region	**$997**	**$51,844**	**$997**	**$51,844**	**$919**	**$47,788**	**$954**	**$49,614**
El Dorado County	$1,005	$52,261	$1,005	$52,238	$805	$41,860	$837	$43,524
Placer County	$1,005	$52,261	$1,005	$52,238	$947	$49,244	$989	$51,428
Sacramento County	$1,005	$52,261	$1,005	$52,238	$948	$49,296	$983	$51,116
Sutter County	$820	$42,633	$821	$42,676	$682	$35,464	$714	$37,128
Yolo County	$1,005	$52,261	$1,005	$52,238	$847	$44,044	$872	$45,344
Yuba County	$820	$42,633	$821	$42,676	$774	$40,248	$823	$42,796

	2016		2017	
	Average Weekly Wages	Average Annual Wages[1]	Average Weekly Wages	Average Annual Wages
SACOG Region	**$964**	**$50,128**	**$993**	**$51,636**
El Dorado County	$871	$45,292	$899	$46,748
Placer County	$1,013	$52,676	$1,036	$53,872
Sacramento County	$986	$51,272	$1,015	$52,780
Sutter County	$727	$37,804	$739	$38,428
Yolo County	$891	$46,332	$928	$48,256
Yuba County	$835	$43,420	$877	$45,604

* 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)

Information for 2018 is not yet available.

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

Summary of Full-Time Equivalent Employees By Function & Program

For Ten Fiscal Years Ended June 30

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FUNCTION										
Chief Executive Officer*	1	1	1	1	1	1	1	1	1	1
Chief Operations Officer/General Counsel	-	-	-	-	1	1	1	1	1	1
Administration	9	8	9	9	8	8	8	9	10	10
Finance	5	4	4	4	4	3	3	4	4	6
Research Analysts**	9	10	12	12	11	11	11	11	11	13
Information Technology	2	2	2	1	1	1	1	1	1	1
Planning	19	19	19	19	23	22	22	21	24	22
Public Affairs and Communications	5	5	5	5	6	5	6	7	7	6
Interns	1	2	2	2	2	2	3	1	5	8
Total Approved Full-Time Positions	**51**	**51**	**54**	**53**	**57**	**54**	**56**	**56**	**64**	**68**

*Formerly called Executive Director

** Formerly called Geographic Information Systems

Source: Individual internal fund statements

Summary of Full-Time Equivalent Employees By Project

For Ten Fiscal Years Ended June 30

	2009	2010	2011	2012	2013	2014	2015
Direct Projects							
Metropolitan Transportation Plan	n/a	n/a	12.0	10.8	3.9	4.7	11.1
Sustainable Communities Strategy Implementation Grant from Strategic Growth Council, Round #2	n/a	n/a	n/a	n/a	1.0	1.2	2.9
Services to Other Agencies (pass-through)	n/a	n/a	0.2	0.3	0.2	0.1	0.7
Misc Other Funding	n/a	n/a	n/a	0.2	0.6	0.4	1.1
Government Relations, Public Affairs & Administration	5.1	4.5	4.7	4.0	5.6	6.1	5.5
Long-Range Transportation Planning	3.5	6.0	3.7	3.5	4.2	3.0	1.7
Short-Range Transportation Planning &	0.4	1.1	2.8	1.3	2.3	1.6	2.5
Continuing Transportation Implementation	11.0	8.9	6.8	7.8	6.9	8.1	6.7
Land Use & Housing Planning	11.1	10.2	4.4	3.5	6.8	8.4	4.2
Public Services	2.8	2.7	n/a	n/a	n/a	n/a	n/a
Member & Agency Services	4.7	3.7	7.0	8.6	9.6	8.6	5.7
Services to Other Agencies	0.5	0.5	0.5	0.4	1.0	0.7	1.6
Board and Advocacy	0.3	0.2	0.2	0.2	0.6	0.4	1.3
Subtotal - Direct Projects	39.4	37.8	42.3	40.7	42.7	43.4	45.0
Indirect	12.4	12.8	11.7	12.3	14.3	10.6	10.6
Total FTEs Based on Total Hours	**51.8**	**50.6**	**54.0**	**53.0**	**57.0**	**54.0**	**55.6**

Source: Individual internal fund statements

Summary of Full-Time Equivalent Employees By Project

For Ten Fiscal Years Ended June 30

	2016	2017	2018
Direct Projects			
Core and Long-Range Member, Agency, and Transportaion Services and Planning Activities	27.3	28.2	34.1
Discrtionary Tranportaion Planning Grant Activities	2.1	1.6	1.2
Other Planning Grant and Partnersips	7.0	2.8	1.4
Regional Bikeshare Pilot Project	n/a	2.2	2.1
Downtown Riverfront Streetcar Project	n/a	1.5	1.3
Connect Card	n/a	2.5	0.9
Pass-Throug to other Agencies	0.0	0.0	0.0
Services to Other Agencies	2.9	1.8	2.7
Board and Advocacy	1.8	1.3	0.6
Subtotal - Direct Projects	41.1	42.0	44.3
Indirect	12.9	22.3	23.7
Total FTEs Based on Total Hours	**54.0**	**64.2**	**68.0**

Source: Individual internal fund statements

Planning & Administration Fund
Indirect Service Cost Comparison
For the last Ten Fiscal Years Ended June 30

	2009	2010	2011	2012
INDIRECT COSTS				
Building Costs	$ 677,089	$ 601,854	$ 582,991	$ 575,236
Career Development Program	89,195	42,699	46,247	50,103
Consultants	269,661	100,131	45,655	45,455
Depreciation	86,257	82,426	45,844	44,537
Insurance	68,903	68,251	68,376	67,924
Legal	259,557	242,566	245,404	40,782
Maintenance	11,580	14,590	6,762	3,439
Meetings	12,187	7,269	8,737	8,678
Memberships	25,511	17,246	28,795	11,663
Miscellaneous	3,719	4,664	4,660	5,242
Mileage	12,915	14,171	13,749	13,717
Office Equipment	11,044	2,823	4,520	12,499
Parking	9,450	10,376	10,200	10,650
Postage	9,014	17,998	10,462	8,219
Printing	9,081	(1,931)	(18,297)	(8,146)
Publications	3,567	2,264	2,686	1,497
Salaries and Benefits	1,423,539	1,496,208	1,475,280	1,600,335
Software & Maintenance	51,418	62,364	86,315	66,675
Supplies	53,275	70,105	56,512	45,136
Accounting Services	9,420	9,844	12,943	10,189
Unemployment Costs	-	-	4,279	1,281
Telephone/Telcommunications	39,244	37,349	40,350	45,640
Temporary services/Recruitment	132	384	403	1,623
OPEB ARC	-	405,800	-	-
Total Indirect Costs	**$ 3,135,758**	**$ 3,309,451**	**$ 2,782,873**	**$ 2,662,374**

Source: Individual internal fund statements

Planning & Administration Fund
Indirect Service Cost Comparison
For the last Ten Fiscal Years Ended June 30

2013	2014	2015	2016	2017	2018
$ 597,186	$ 602,173	$ 595,752	$ 627,635	$ 662,936	$ 675,365
50,515	58,748	40,713	64,409	75,491	99,761
38,972	91,669	156,099	193,000	153,126	234,109
42,462	47,330	49,658	61,358	62,831	80,237
69,721	76,403	69,777	72,503	72,193	91,079
78,814	67,426	95,132	92,152	111,393	81,456
5,366	8,537	9,377	8,037	6,509	3,294
4,798	2,052	1,916	1,655	1,628	13,741
4,818	6,412	24,701	43,282	41,012	28,050
5,960	5,972	10,458	8,359	32,803	43,368
10,548	11,392	12,799	14,869	13,345	13,712
14,878	32,878	48,062	43,835	61,122	34,093
9,925	8,300	8,607	7,510	8,070	11,360
6,954	6,739	3,819	5,028	12,473	6,018
(6,204)	14,266	2,209	22,944	17,250	18,974
2,589	1,885	2,057	2,442	4,222	3,335
1,911,553	1,560,919	1,683,761	991,498	1,048,707	1,224,653
63,373	72,148	120,135	121,058	99,682	171,244
49,377	26,867	39,181	16,154	22,662	41,181
12,142	39,153	12,567	14,481	6,006	870
4,619	-	4,520	5,333	-	-
35,154	37,542	25,512	22,940	28,228	28,286
865	41,062	20,154	37,880	48,916	92,365
-	-	-	-	-	-
$ 3,014,385	**$ 2,819,873**	**$ 3,036,966**	**$ 2,478,361**	**$ 2,590,606**	**$ 2,996,551**

Source: Individual internal fund statements

Capital Assets – by Fund

For Ten Fiscal Years Ended June 30

	2009	2010	2011	2012
Planning and Administration Fund:				
Furniture/equipment/computers	$ 235,902	$ 109,415	$ 80,386	$ 77,873
Capital Valley Regional SAFE:				
Call boxes	1,779,369	1,139,355	667,898	196,441
Glenn County SAFE:				
Call boxes	47,101	33,956	20,812	7,668
Total	**$ 2,062,372**	**$ 1,282,726**	**$ 769,096**	**$ 281,982**

Source: Individual internal fund statements

Capital Assets – by Fund

For Ten Fiscal Years Ended June 30

2013	2014	2015	2016	2017	2018
$ 102,217	$ 148,847	$ 174,906	$ 204,303	$ 209,730	$ 339,945
-	-	-	-	-	-
-	-	-	-	-	-
$ 102,217	**$ 148,847**	**$ 174,906**	**$ 204,303**	**$ 209,730**	**$ 339,945**

Source: Individual internal fund statements

Miscellaneous Statistics

For Fiscal Year Ended June 30, 2018

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

Single Audit Section

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Schedule of Expenditures of Federal Awards

For Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Grant Award Number	Federal Expenditures	Expenditures to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Transit Services Programs Cluster:				
New Freedom Program	20.521	CA-57-X060-01	$ 203,613	$ 203,613
Subtotal - Transit Services Programs Cluster:			203,613	203,613
Federal Transit Cluster:				
Federal Transit - Pilot Program for Transit-Oriented Development Planning	20.500	CA-2016-122-00	218,439	210,238
Subtotal - Federal Transit Capital Investment Grants			218,439	210,238
Federal Transit Formula Grants - Streetcar	20.507	CA-95-X275-00	1,436,125	1,369,704
Federal Transit Formula Grants - Transit Asset Management	20.507	CA-90-2253-00	63,233	-
Passed through Sacramento Regional Transit				
Federal Transit Formula Grants - Connect Card	20.507	CA-2017-161-00	61,607	-
Subtotal - Federal Transit - Formula Grants			1,560,965	1,369,704
Subtotal - Federal Transit Cluster			1,779,404	1,579,942
Subtotal - Federal Transit Programs			1,983,017	1,783,555
Passed through the State of California,				
Department of Transportation				
Highway Planning and Construction Cluster:				
Highway Planning and Construction - Planning	20.205	74A0816	3,032,451	-
Highway Planning and Construction - FHWA Partnership Planning	20.205	74A0816	409,974	212,251
Highway Planning and Construction - CMAQ - Connect Card Implementation	20.205	03-6085-015-N	78,388	60,652
Highway Planning and Construction - CMAQ - SECAT Program	20.205	03-6085-011-N	908,864	-
Highway Planning and Construction - CMAQ - Transportation Demand Management	20.205	03-6085F15	1,085,558	410,772
Highway Planning and Construction - CMAQ - Regional Bike Share	20.205	03-6085F15	1,466,223	-
Highway Planning and Construction - Regional Surface Transportation Program	20.205	03-6085F15	851,583	-
Subtotal - Highway Planning and Construction Cluster:			7,833,041	683,675
Metropolitan Transportation Planning and State Metropolitan Planning & Research				
Section 5303 Metropolitan Transportation Planning	20.505	74A0816	972,646	-
Section 5304 Statewide Metroplitan Planning	20.505	74A0816	29,107	-
Subtotal - Metropolitan Transportation Planning and State Metropolitan Planning & Research			1,001,753	-
Total U.S. Department of Transportation			10,817,811	2,467,230
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 10,817,811**	**$ 2,467,230**

Notes to the Schedule of Expenditures of Federal Awards
For Fiscal Year Ended June 30, 2018

NOTE #1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Sacramento Area Council of Governments (SACOG) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of SACOG, it is not intended to and does not present the financial position, changes in net position, or cash flows of SACOG.

NOTE #2 – SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE #3 – INDIRECT COST RATE

SACOG elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE #4 – FEDERAL CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

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

NOTE #5 – PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the Schedule will show, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, SACOG has determined that no identifying number is assigned for the program or SACOG was unable to obtain an identifying number from the pass-through entity.

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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

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

We have audited, 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 the governmental activities and each major fund of the Sacramento Area Council of Governments (SACOG) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise SACOG's basic financial statements and have issued our report thereon dated January 31, 2019. 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. Our report included an emphasis of matter regarding SACOG's adoption of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployement Benefits Other Than Pensions*, effective July 1, 2017.

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.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

2151 River Plaza Dr., Suite 308, Sacramento, CA 95833 P 916.570.1880 F 916.570.1875 W vtdcpa.com

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*.

SACOG's Response to Findings

SACOG's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs and separate corrective action plan. 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* 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
January 31, 2019

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 Compliance Supplement* that could have a direct and material effect on each of SACOG's major federal programs for the year ended June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

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, 2018.

2151 River Plaza Dr., Suite 308, Sacramento, CA 95833 P 916.570.1880 F 916.570.1875 W vtdcpa.com

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 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
January 31, 2019

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS	
Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) 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 2 CFR 200.516(a)?	No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) YEAR ENDED JUNE 30, 2018

I. FINANCIAL STATEMENT FINDINGS

FINDING 2018-001

TIMECARD APPROVALS

Criteria:

Employee hours processed through the payroll system should be approved by an employee's supervisor in a timely manner. The supervisors' certification is the main approval over the payroll time entered. SACOG's payroll system should maintain support evidencing the supervisor's timely certification of employee time.

Condition Found:

Significant Deficiency - Based on the testing over the payroll process, we noted that supervisors access the payroll system and certify the employees' payroll time for each pay period. However, if a subsequent change or correction is made to employee time, the timesheet is required to be re-approved by the employee's supervisor. The payroll system is not currently designed to maintain a log of changes to employee time and only documents the most recent approval of time by the supervisor. As such, for many timesheets selected for testing, the supervisor approval in the system was dated subsequent to the pay period tested.

Context:

The condition noted above was identified during our testing over the approval of payroll time processed through SACOG's electronic timekeeping system.

Effect:

SACOG was not able to provide evidence of timely supervisor certification of employee's payroll time processed through the electronic payroll system.

Cause:

SACOG's system does not maintain an audit trail of modifications made to payroll time processed.

Recommendation:

We recommend that SACOG review the current design of the payroll system to identify a solution that will enable SACOG the ability to maintain documentation of timely approval of hours worked for it employees each pay period.

View of Responsible Officials and Planned Corrective Action:

See separate corrective action plan.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018

Finding No.	Program Name/Description	CFDA No.	Compliance Requirement	Status of Corrective Action
2017-001	Procurement Process	N/A	N/A	Implemented
2017-002	Timecard Approvals	N/A	N/A	Not Implemented – See Finding 2018-001 See SACOG's separate Summary Schedule of Prior Audit Findings for Status of Corrective Action Plan
2017-003	Federal Transit Cluster	20.500/20.507	Cash Management	Implemented
2017-004	Federal Transit Cluster	20.500/20.507	Reporting	Implemented
2017-005	Federal Transit Cluster	20.500/20.507	Subrecipient Monitoring	Implemented

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

James Corless
Executive Director

Erik Johnson
Deputy Executive Director of Operations

Kacey Lizon
Deputy Executive Director of Planning & Programs

Kirk Trost
Senior Advisor/General Counsel

Matt Carpenter
Director of Transportation Services

Bruce Griesenbeck
Data and Analysis Manager

Monica Hernandez
Director of Innovation & Partnerships

Clint Holtzen
Interim Planning Manager

Christina Lokke
Policy Manager

Loretta Su
Finance Director

PROJECT STAFF

Jeri Krajewski
Senior Accountant

Mayxay Xiong
Accountant

Maria Kishov
Accountant

David Ghiorso, CPA
Retired Annuitant

Carlo Maskarino
Accounting Intern

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