

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

Annual Comprehensive FINANCIAL REPORT | 2022



YEAR ENDED
JUNE 30, 2022



VISION

Southern California's Catalyst
for a Brighter Future.

MISSION

To foster innovative regional
solutions that improve the lives
of Southern Californians through
inclusive collaboration, visionary
planning, regional advocacy,
information sharing, and
promoting best practices.

Funding: The preparation of this report was financed in part through grants from the United States Department of Transportation – Federal Highway Administration and the Federal Transit Administration. Additional financial assistance was provided by the California State Department of Transportation

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**Southern California
Association of Governments**
Annual Comprehensive Financial Report
Year Ended June 30, 2022

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Southern California Association of Governments

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Introductory Section



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January 31, 2023

Honorable Jan C. Harnik, President
Members of the Regional Council
Southern California Association of Governments
900 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017

Subject: SCAG's Annual Comprehensive Financial Report for Fiscal Year (FY)
2021-2022

Dear President Harnik and Members of the Regional Council:

As Executive Director and Chief Financial Officer for the Southern California Association of Governments (SCAG), we hereby submit SCAG's Annual Comprehensive Financial Report (ACFR) for the fiscal year that ended June 30, 2022.

This Letter of Transmittal is the first item in the introductory section of the ACFR. Its purpose is to first provide information about financial statements in the ACFR and give comments assessing SCAG's financial condition. The second purpose is to profile SCAG, including its governance, organization, planning mandates and requirements. It highlights significant planning programs mandated by federal and state requirements and demonstrates their successful management in FY 2021-2022.

We also prepared Management's Discussion and Analysis (MD&A) of our financial performance for the fiscal year. Specific revenue and expenditure information about our transportation, goods movement, aviation, environmental and housing grants, and the related planning work is reviewed in the MD&A. The MD&A incorporates information about the grants, the project budgets, and the projects completed during the year. We encourage readers to examine the MD&A together with this transmittal letter.

The introductory section of the ACFR includes the following attachments in addition to the Letter of Transmittal:

- Listing of officers and members of the Regional Council
- SCAG's Management Organizational Chart
- SCAG's Finance Division Organizational Chart
- The Certificate of Achievement for Excellence in Financial Reporting awarded to SCAG by the Government Finance Officers Association in recognition of our FY 2020-2021 ACFR.

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Certificate of Achievement for Excellence in Financial Reporting

We are pleased to report that the Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to SCAG for its ACFR for the fiscal year that ended June 30, 2021. This was the nineteenth consecutive year that SCAG has received this prestigious award. The award is the highest form of recognition in governmental accounting and financial reporting and its attainment represents a significant accomplishment.

The preparation and publication of the ACFR was done by the professional staff in our Accounting Department which is in the Finance Division. We express our appreciation to them and to other staff members of SCAG, who contributed in any way to the preparation of the ACFR.

The Annual Comprehensive Financial Report

This ACFR consists of required financial statements and other supplementary financial information prescribed by the Governmental Accounting Standards Board (GASB). The ACFR is a representation by management concerning SCAG's finances. Accordingly, we assert that to the best of our knowledge and belief, the ACFR is complete, accurate, and reliable in all material respects and we assume responsibility for the completeness and reliability of all the financial information presented in this report.

To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework. This framework includes accounting, contracts, budgets, and project management policies and procedures that are designed both to protect SCAG's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the 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.

Independent Audit

SCAG's basic financial statements have been externally audited by Eide Bailly, LLP a certified public accounting firm, licensed and qualified to perform audits in the State of California. The goal of the independent audit is to provide reasonable assurance that the financial statements of SCAG for the fiscal year that ended June 30, 2022 are free of material misstatement. The Report of the Independent Auditors is also included in the ACFR.

The Single Audit Report

The independent audit of the financial statements in this ACFR is part of a broader, federally mandated Single Audit Report designed to meet the special needs of federal grantor agencies. The standards applied in the Single Audit Report require consideration of internal controls, and compliance with legal and federal requirements in the administration of federal awards. There were no findings reported by Eide Bailly, LLP. The Single Audit Report for the year ended June 30, 2022 is issued separately from the ACFR and is available upon written request to the Chief Financial Officer.

Management Discussion and Analysis

The provisions of GASB 34, as amended by GASB 37 and GASB 38, require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). MD&A is an opportunity for management to reach

beyond the familiar to a new and different analytical overview of financial activities. The transactions and events in FY 2021-2022 are discussed fully in the MD&A.

The basic financial statements are comprised of the government-wide, governmental fund financial statements, and the notes to the financial statements. These financial reports combine to form a single, integrated set of financial statements. This Letter of Transmittal is designed to complement the MD&A, which is located following the Report of Independent Auditors in the Financial Section of the ACFR.

SCAG Management & Financial Goals for FY 2022-2023

Connect SoCal 2024 Development

SCAG's next Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS), Connect SoCal 2024, will be prepared over the next two years in anticipation of an April 2024 adoption date. SCAG will build from the strategies and policies established in Connect SoCal 2020, such as the Core Vision and Key Connections. However, in developing Connect SoCal, SCAG must continue to monitor and reexamine trends and emerging issues to put forth a plan that addresses the region's evolving needs, challenges, and opportunities. In June 2022, the Regional Council adopted the Policy Development Framework for Connect SoCal 2024 which includes the plan's preliminary vision and goals, key policy priorities, including those identified by the board since 2020, and an outline of the focus and responsibility of each Policy Committee and the three new subcommittees: 1) Next Generation Infrastructure; 2) Resilience & Conservation; and 3) Racial Equity & Regional Planning. These new subcommittees will help dive deeper into key areas for Connect SoCal to make recommendations on how to address these emerging issues within Connect SoCal 2024.

Regional Early Action Planning Program (REAP 1.0)

SCAG was awarded \$47 million in Regional Early Action Planning (REAP 1.0) state funding from Assembly Bill (AB) 101 to support local governments and stakeholders with planning activities that accelerate housing production and meet the region's goals for producing 1.3 million new units of housing by 2029, as determined by the 6th Cycle Regional Housing Needs Assessment (RHNA). The REAP 1.0 funding is a one-time planning program that authorizes subregional partnerships and encourages inter-governmental collaboration on projects that have a broader regional impact on housing production. SCAG is administering the REAP funds through a combination of direct technical assistance (including housing element data components and policy assessments), subregional partnerships with councils of government, community-based partnership grants in collaboration with philanthropic organizations, and planning support offered through the Sustainable Communities Program to local jurisdictions or entities serving single or multiple jurisdictions. AB 101 originally required that all REAP 1.0 funds must be expended by December 31, 2023. SB 197, which was enacted on June 30, 2022, and immediately took effect, extended the REAP 1.0 expenditure deadline to December 31, 2024.

Regional Early Action Planning Program (REAP 2.0)

The Regional Early Action Planning Grant Program for 2021 (REAP 2021 or REAP 2.0) was established through AB 140 as part of the mid-year budget revise for the State's FY 2021-2022 budget. REAP 2.0 will provide \$246 million to the SCAG region to support transformative and innovative projects that implement the region's Sustainable Communities Strategy and help achieve goals of more housing and transportation options that reduce reliance on cars. In July 2022, the Regional Council approved the REAP 2.0 Program Development Framework, which reflects robust outreach and engagement with regional

partners to help guide the development of the specific funding programs and projects that were included in the full program application submitted to the State in December 2022.

Racial Equity Early Action Plan

In July 2020, the Regional Council made a commitment to advancing justice, equity, diversity, and inclusion throughout Southern California and established an ad hoc Special Committee on Equity & Social Justice to advise the Regional Council on policies and practices to advance regional equity. The Committee met on a quarterly basis starting in September 2020 and concluding in March 2021, culminating in the development of an early action plan. In May 2021, the Regional Council adopted the Racial Equity Early Action Plan (EAP), which will guide and sustain SCAG's regional leadership in service of equity and social justice over the years to come. A status report for the EAP was released in January 2023. Also, the EAP included a Racial Equity Baseline Conditions Report that highlighted past transportation and housing policies and provided a preliminary baseline assessment of racial equity in the region. An updated version of this report was released in November 2022.

Digital Divide Resolution/Digital Equity Call for Action

In February 2021, the Regional Council adopted the Digital Divide Resolution, which recognizes the need to close the digital divide and provide long-term community benefits that include the ability to fully engage in the digital economy, access existing and emerging services, expands economic opportunities, and is a viable strategy which assists in reducing greenhouse gas (GHG) emissions, and reduction in vehicle miles traveled (VMT). In September 2022, the Regional Council approved SCAG's partnership with the California Emerging Technology Fund (CETF) for a Digital Equity Call for Action to leverage and bolster the existing campaign for the Affordable Connectivity Program (ACP). SCAG seeks to explore opportunities to support the promotion of the ACP in alignment with SCAG's VMT reduction goals and equity commitments.

Profile of SCAG

Representatives from city and county governments along with other local agencies throughout Southern California come together at SCAG to develop solutions to common concerns in transportation, housing, air quality, and other issues. SCAG also acts as an information clearinghouse, providing cities and counties an array of demographic, forecasting, mapping, and other regional statistics and data.

SCAG closely coordinates its efforts with several partners at the local, state, and federal levels. In addition to its federal and state funding partners, SCAG's planning efforts are also closely coordinated with 15 sub-regional organizations, six county transportation commissions, representatives from the tribal government planning boards, the business community, and the public at large.

SCAG is the largest Metropolitan Planning Organization (MPO) in the nation, representing: Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties.

- 191 cities
- 16 federally recognized tribal governments
- 38,000 square miles
- 19 million people
- 15th largest economy in the world

Governing Body of SCAG

The Regional Council is SCAG's main governing body. The membership is comprised of 88 individuals representing 191 cities, six counties, six County Transportation Commissions, one representative from the Transportation Corridor Agencies, one public transit representative, one Tribal Government representative, one representative for the air districts within Southern California and one non-voting, ex-officio representative of the private sector. Except for the private sector representative, all serve as elected officials from within the six-county region. All policy-making, the annual Overall Work Program (OWP), project budgets, and all material financial matters are discussed and acted upon through the Regional Council. A listing of each member and his or her respective representation are included in the Introductory Section.

The Regional Council's policy-making process and operational oversight are guided by the work of an Executive/Administration Committee (EAC), made up of the SCAG officers (President, First Vice President, Second Vice President and the Immediate Past President); the three Policy Committee chairs and vice chairs; the chair and vice chair of the Legislative, Communications and Membership Committee; four additional Regional Council members appointed by the SCAG President; one representative from the Tribal Government Planning Board; and one ex-officio, non-voting member representing the private sector. There are three main policy committees: Transportation; Community, Economic and Human Development; and Energy and Environment. In addition, all financial operations are reviewed and managed by the EAC as well as monitored by the Audit Committee.

SCAG's Mandates

As an MPO, SCAG is responsible under federal law for:

(a) Development of the Regional Transportation Plan

The Regional Transportation Plan (RTP) is a long-range (20+ years) visioning plan that must be updated every four years. The RTP is required under federal law while State law requires that the RTP include a Sustainable Communities Strategy (SCS). These documents are known collectively at SCAG as the RTP/SCS or "Connect SoCal." Connect SoCal balances future mobility and housing needs with economic, equity, environmental and public health goals. It embodies a collective vision for the region's future and is developed with input from the public, local governments, county transportation commissions (CTCs), tribal governments, non-profit organizations, businesses, and local stakeholders in the six-county SCAG region as well as other state and federal agencies.

Connect SoCal includes a combination of transportation and land use strategies that help the region achieve California's greenhouse gas (GHG) emission reduction goals and Federal Clean Air Act requirements, preserve open space, improve public health and roadway safety, support our vital goods movement industry, and utilize resources more efficiently. Connect SoCal includes projections for socioeconomic growth in the region to establish a basis for developing needs and strategies for future investments. Major transportation projects of regional significance seeking federal, or state funding must be consistent with Connect SoCal. At the core of Connect SoCal is a listing of thousands of transportation projects ranging from highway improvements, railroad grade separations, bicycle lanes, new transit hubs and replacement bridges. SCAG is also responsible for reviewing all Congestion Management Plans (CMPs) for consistency with the RTP/SCS.

As Connect SoCal sets a framework for the region's future transportation investments, various studies are undertaken to support its update, development, and implementation. Transportation studies encompassing all modes of mobility (e.g., highway, express lanes, transit, rail, active transportation, goods

movement, capacity enhancements, etc.), policy analysis, corridor studies, and land use studies are undertaken in consultation with numerous stakeholders and project sponsors. Land use studies and environmental analyses are also undertaken to comply with various state and federal requirements.

Modeling analysis encompasses a major portion of the Connect SoCal effort, and all its major components are subject to performance criteria that assess and measure performance and define the benefits and impacts of proposed projects and initiatives. Modeling studies and technical analysis form the foundation of this work. A major modeling component is air quality and conformity analysis, which ensures that all required federal and state air quality requirements are met. Connect SoCal is also required to be financially constrained which necessitates those projects proposed for inclusion have realistic funding streams. This ensures the integrity and reasonableness of Connect SoCal. Connect SoCal 2020 was adopted by SCAG's Regional Council in May 2020.

(b) Development of the Federal Transportation Improvement Program

The Federal Transportation Improvement Program (FTIP) is a listing of multi-modal transportation projects proposed over a six-year period for the SCAG region. The projects include highway improvements, transit, rail and bus facilities, high occupancy vehicle lanes, active transportation, signal synchronization, intersection improvements, freeway ramps, etc. SCAG produces a biennial FTIP update for the region on an even-year cycle.

The FTIP is prepared to implement projects and programs listed in the RTP/SCS and is developed in compliance with state and federal requirements. The six County Transportation Commissions in the SCAG region have the responsibility under State law of proposing their county program, using current RTP/SCS policies, programs, and projects as a guide, from among submittals by cities and local agencies. The locally prioritized lists of projects are forwarded to SCAG for review. From their lists, SCAG develops the FTIP based on consistency with the current RTP/SCS, inter-county connectivity, financial constraint, and conformity determination. The current 2023 FTIP was federally approved in December 2022, and includes approximately 1,800 projects for the region, totaling over \$35.9 billion over a six-year period.

(c) Transportation Conformity Analysis

In developing the RTP/SCS and FTIP, SCAG is responsible for ensuring that transportation plans and programs are consistent with, or conform to, the goals and objectives of applicable state air quality plans to attain federal air quality standards as required by the Federal Clean Air Act. Failure to achieve transportation conformity could result in rejection of the RTP/SCS and FTIP and withholding of federal funding and/or federal approval for Southern California's critical transportation needs. The FHWA and FTA have approved the transportation conformity determination for Connect SoCal 2020.

(d) Integrated Growth Forecast

SCAG is responsible for producing socioeconomic estimates and projections at multiple geographic levels in multiple years following policy direction from the Community, Economic and Human Development (CEHD) policy committee. In addition, SCAG works closely with an expert panel of economists and demographers, California Department of Finance (DOF), California Department of Housing and Community Development (HCD), subregions, local jurisdictions, county transportation commissions, the public and other major stakeholders. The socioeconomic estimates and projections are used for federal, and state mandated long-range planning efforts such as the RTP/SCS, the FTIP, the Air Quality Management Plan (AQMP) and the Regional Housing Needs Assessment (RHNA). The AQMP and RHNA are further described below.

SCAG is also a council of governments and is thus responsible under California state law for:

(a) Development of the Sustainable Communities Strategy

Required by SB 375, SCAG develops the Sustainable Communities Strategy (SCS) as an integral component of the regional transportation plan. SCAG reaches out to local jurisdictions to determine the range of land use and transportation priorities to develop a series of scenarios for regional growth, ultimately arriving at consensus for Connect SoCal's Growth Vision to help guide the plan's strategies, programs, and projects. Connect SoCal sets forth a forecasted development pattern for the region that integrates the transportation network, transportation measures and policies which will reduce GHG emissions from automobiles and light trucks and achieve overall GHG reduction targets as set by the California Air Resources Board (ARB). On March 22, 2018, ARB formally updated SCAG's per-capita GHG reduction target at an ambitious 19 percent by 2035. The 2020 per-capita GHG reduction target was not updated and remained at 8 percent. As prepared, implementation of Connect SoCal will achieve the 2020 and 2035 GHG emission reduction targets established by ARB.

(b) Development and Submittal of Connect SoCal Technical Methodology

In accordance with California Government Code Section 65080(b)(2)(J)(i), SCAG is required to submit to the ARB the Technical Methodology that SCAG intends to use to estimate the GHG emissions from its SCS, prior to starting the formal public participation process required by SB 375.

(c) Development of the Regional Housing Needs Assessment

The Regional Housing Needs Assessment (RHNA) is a requirement of State housing law and is a process that determines projected and existing housing need for all jurisdictions (city or unincorporated county) in California. The process to determine a RHNA allocation is conducted by a council of governments, such as SCAG, every eight (8) years. Every jurisdiction must plan for its RHNA allocation in its housing element of its General Plan by ensuring there is enough sites and zoning to accommodate their RHNA allocation. Many jurisdictions use the housing element as an opportunity to complement their economic development, open space, and sustainability goals with its housing goals. Once updated, housing elements are reviewed by the California Department of Housing and Community Development (HCD) and must be adopted by the jurisdiction. The 5th cycle RHNA allocation for the SCAG region was adopted in October 2012 and covers the housing element planning period October 2013 to October 2021. The 6th cycle allocation, which will cover the planning period October 2021 through October 2029, was adopted in March 2021.

(d) Compliance with the California Environmental Quality Act and Intergovernmental Review

In accordance with the California Environmental Quality Act (CEQA), SCAG, as Lead Agency, prepares a Program Environmental Impact Report (PEIR) for the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS), which is updated every four years. The program level environmental impact report conducts a regional-wide assessment and discloses potential impacts of the RTP/SCS on the environment at a regional level. The PEIR also considers program-wide mitigation measures and broad policy alternatives. The PEIR provides a foundation for subsequent, project-specific environmental reviews that may be conducted by local implementation agencies serving as CEQA lead agencies for later projects with narrower scope. The PEIR for the adopted Connect SoCal 2020 is SCAG's latest certified PEIR, certified in May 2020 by the Regional Council. SCAG is currently preparing a PEIR for the upcoming Connect SoCal 2024. The Connect SoCal 2024 Draft PEIR is expected to be available for public review in Fall 2023.

Additionally, pursuant to Presidential Executive Order 12372 (Intergovernmental Review (IGR) of Federal Programs), SCAG is the authorized regional agency responsible for the review of applications for federal grants and financial assistance programs, federally required state plans, federal development activities, and federal environmental documents. SCAG also reviews environmental documents of projects of regional significance for consistency with regional plans pursuant to CEQA Guidelines.

(e) South Coast Air Quality Management Plan

Pursuant to California Health and Safety Code Section 40460, SCAG is responsible for preparing and approving the portions of the South Coast Air Quality Management Plan (AQMP) for the South Coast Air Basin, commonly known as Appendix IV-C, which includes an overview of the adopted Connect SoCal; a list of committed transportation control measures (TCMs) in the South Coast Air Basin that are federally enforceable and subject to timely implementation; and, pursuant to Clean Air Act requirements, an analysis of reasonably available TCMs. In November 2022, the Regional Council approved the transmittal of the final Appendix IV-C for the 2022 AQMP to the SCAQMD.

Long-Term Financial Planning

SCAG has stable finances and continuously evaluates its financial outlook to address challenges in a proactive manner. The FY 2021-2022 financial statements reflect the measures SCAG has taken in prior years to operate using a model that balances revenues and expenditures. Traditionally, the Consolidated Planning Grant (CPG) revenue allocations (FHWA PL and FTA 5303 grants) have been sufficient to cover SCAG's core planning activities, but those costs have grown over time as personnel costs have risen and as SCAG has broadened its activities. Fortunately, SCAG was successful in its bid to increase its Transportation Development Act (TDA) revenues, and, thanks to Assembly Bill 1403, SCAG has had an additional annual revenue stream since FY 2011-2012 to continue its level of operations. In FY 2021-2022 TDA revenues exceeded \$6 million. SCAG is also receiving new Sustainable Communities Grant funds of around \$5.3 million starting in 2018 pursuant to the terms of Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017. The SB 1 revenues are estimated to be available for allocation for 10 years after the bill was passed, through FY 2026-2027. In 2019, SCAG was awarded \$47 million in Regional Early Action Planning (REAP 1.0) state funding from Assembly Bill (AB) 101 to support local governments and stakeholders with planning activities that accelerate housing production. The expenditure deadline for REAP 1.0 is December 31, 2024. Additionally, the Regional Early Action Planning Grant Program for 2021 (REAP 2.0) was established through AB 140, which will provide \$246 million to the SCAG region to support transformative and innovative projects that implement the region's Sustainable Communities Strategy. The expenditure deadline for REAP 2.0 is June 30, 2026.

Overall Work Program

SCAG's Overall Work Program (OWP) is the foundation for annual financial planning and internal administrative budget control. It consists of all projects and budgets allocated and necessary to perform the planning work to be accomplished in the following year and identifies the funding source(s) for each project. The budget includes line items for direct labor and non-labor expenses, fringe benefits, and indirect costs. When the OWP is completed, it is submitted to and approved by the SCAG Regional Council and our external funding agencies. In addition, formal amendments to the OWP which involve major budgetary revisions are reviewed and approved by the Regional Council and applicable funding agencies.

Like the OWP, SCAG annually establishes the agency's General Fund Budget, which is used to pay for legislative activities, sponsorships, and SCAG's General Assembly among other items.

Acknowledgements

On behalf of each member of the management team at SCAG, we express our sincere gratitude to you, President Harnik, and all the members of the Regional Council for your leadership, hard work and support throughout the year. We recognize that being a member of the Regional Council is a demanding responsibility which requires a tremendous investment of time, and we appreciate your efforts. With leadership from the Regional Council, the work of management and our excellent staff, we are prepared to continue supporting the complex and challenging work of regional planning for Southern California's future economic, transportation, and social vitality.

Sincerely,

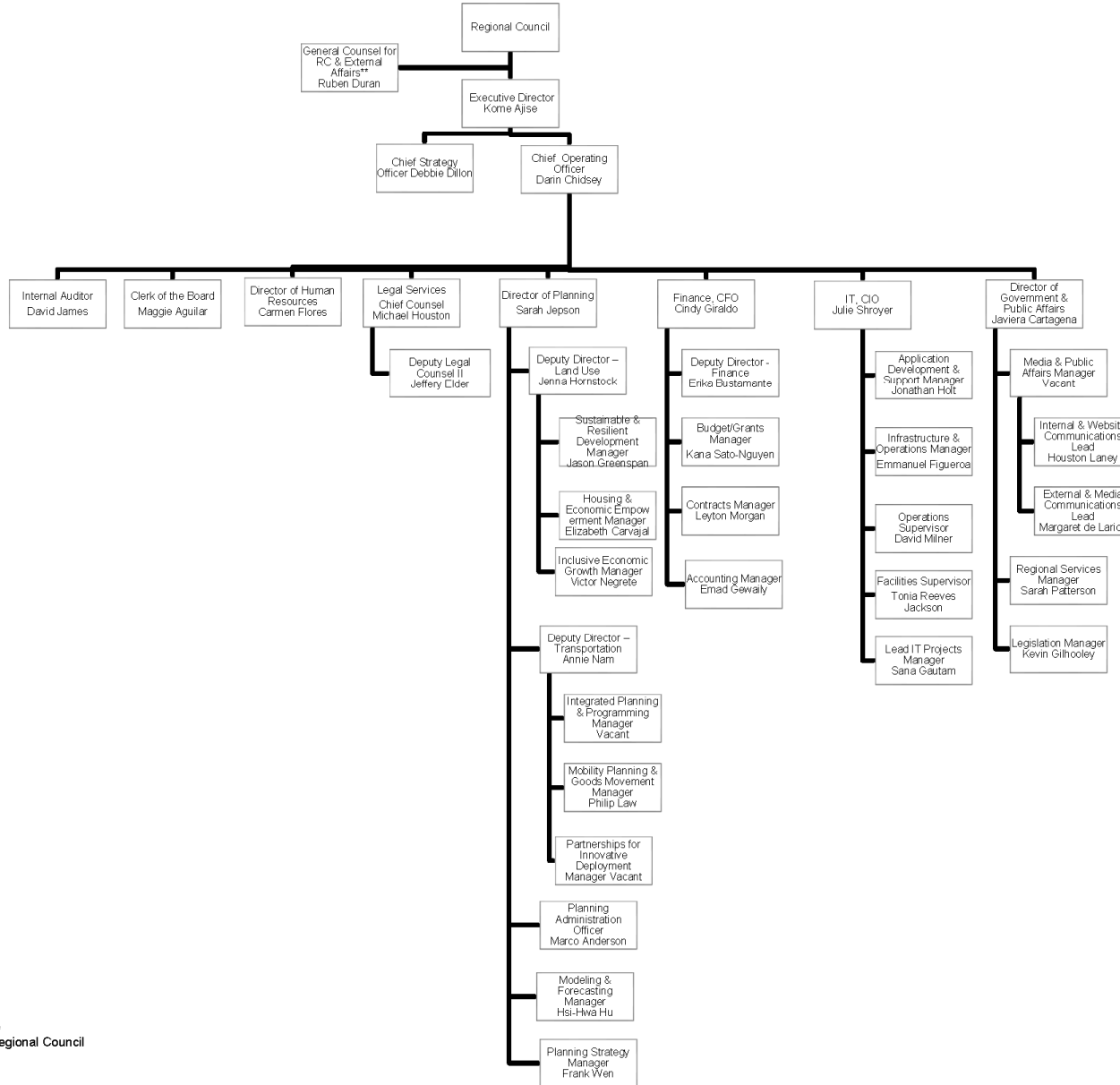


Kome Ajise
Executive Director



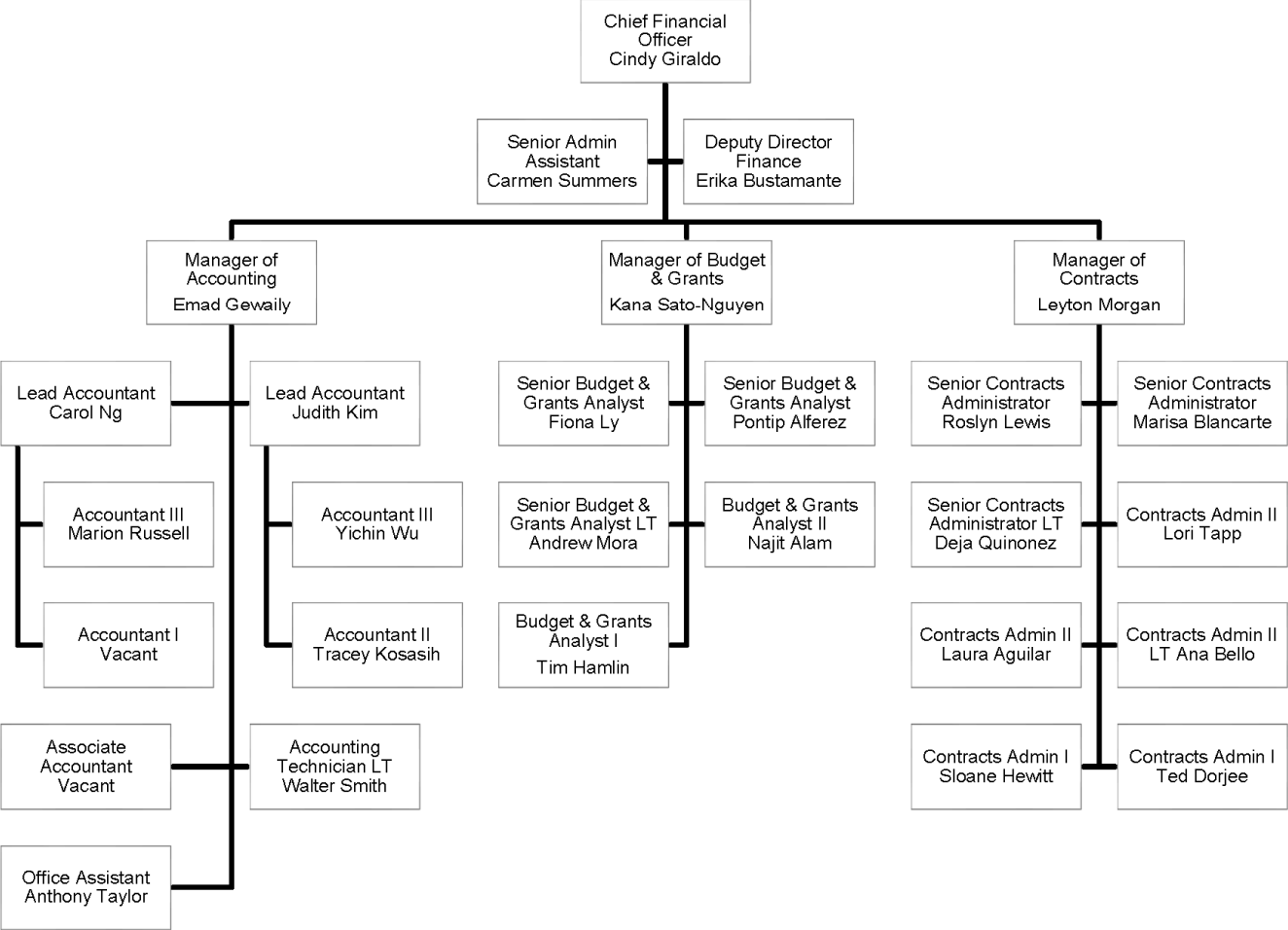
Cindy Giraldo
Chief Financial Officer

SCAG Organization Chart – June 2022



* Report to Audit Committee
 ** Takes direction from the Regional Council

Finance Division





Government Finance Officers Association

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Southern California Association of Governments

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Financial Section



Independent Auditor's Report

The Honorable Members of the Regional Council
Southern California Association of Governments

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern California Association of Governments (SCAG) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise SCAG's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of SCAG, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SCAG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, SCAG has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Correction of Errors

As discussed in Note 15 to the financial statements, certain errors resulting in an understatement of prepaid expenses and capital assets as of June 30, 2021, were discovered by management of SCAG during the current year. Accordingly, a restatement has been made to the fund balance of the general fund and net position of the governmental activities as of June 30, 2021, to correct the error. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SCAG's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SCAG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SCAG’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, the budgetary comparison information, the Schedule of Changes in the Net Pension Liability and Related Ratios and Schedule of Plan Contribution to the California Public Employees Retirement System (CalPERS), the Schedule of Changes in the Net Pension Liability and Related Ratios and Schedule of Plan Contributions to the Public Agency Retirement System (PARS), the Schedule of Changes in the Net OPEB Liability and Related Ratios and Schedule of OPEB Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SCAG’s basic financial statements. The supplemental combining financial statements and supplemental schedules of indirect costs, fringe benefits, and distribution of salaries and fringe benefits by project type are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplemental combining financial statements and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023, on our consideration of SCAG'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 SCAG'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 SCAG's internal control over financial reporting and compliance.



Rancho Cucamonga, California
January 31, 2023

Management's Discussion and Analysis

INTRODUCTION

This management's discussion and analysis (MD&A) of the Southern California Association of Governments' (SCAG) financial performance provides an overview of SCAG's financial activities for the fiscal year ended June 30, 2022. This overview should be read in conjunction with the transmittal letter and the accompanying financial statements to obtain a thorough understanding of SCAG's financial condition.

The MD&A is intended to serve as an introduction to SCAG's basic financial statements. The basic financial statements are composed of the government-wide financial statements, the governmental fund financial statements, and notes to the basic financial statements. These various presentations combine to form a single, integrated set of basic financial statements.

In this MD&A, the Statement of Net Position and the individual accounts, which comprise total assets and deferred outflows of resources and liabilities and deferred inflows of resources, are discussed and analyzed for the reader. Specific information about the functional areas of grant revenues reported in the Statement of Activities is also provided. Revenue and expenditure information about transportation, railroad, aviation, high-speed rail, housing, and other grants is reviewed. Finally, there is summary information about project work undertaken and completed by SCAG in FY 2021-2022.

FINANCIAL HIGHLIGHTS

Revenues increased to \$70.9 million in FY 2021-2022 from \$57.9 million in FY 2020-2021, an increase of \$13.0 million, or 22.5%.

Federal revenues increased by \$2.9 million; state revenues increased by \$7.8 million; local revenues increased by \$1.5 million; and General Fund revenues increased by \$0.8 million.

Net position increased by \$3.1 million from (\$28.0) to (\$24.9) million primarily due to decreased net pension liabilities.

Cash increased by \$0.2 million; receivables increased by \$2.7 million; the over-recovered indirect and fringe benefits costs amount to \$3.7 million; accounts and contracts payable decreased by \$1.0 million; and accrued liabilities increased by \$0.2 million.

Cash balances were adequate to support operations. There were no draws on SCAG's line of credit in FY 2021-2022.

As noted above, receivables increased \$2.7 million to \$20.9 million due to higher State receivables totaling \$14.2 million. No receivables are past due at year-end.

Accounts and contracts payable (AP) payments to vendors are disbursed on a current basis. AP balances decreased \$1.0 million to \$9.0 million.

The unfunded net pension liability of \$32.2 million to CalPERS and PARS decreased \$14.7 million from \$46.9 million last year due to strong CalPERS investment returns. SCAG's liability for other post-employment benefits was \$0.9 million, down from last year by \$2.2 million.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of SCAG's finances. They are similar to private sector financial statements in that both use accrual accounting and are designed to provide operational accountability. This means reporting the extent to which SCAG met its operating objectives. There are two basic government-wide financial statements: the statement of net position and the statement of activities.

The Statement of Net Position is the basic government-wide statement of financial position. It presents information on all assets and liabilities, deferred outflows of resources and deferred inflows 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 SCAG is improving or deteriorating.

The Statement of Activities presents information showing how net position has changed during the most recent fiscal year. Changes in net position are reported when the underlying event giving rise to the transaction occurs, regardless of when cash is received or paid. Since, it is not dependent on the timing of cash flows, some revenues and expenses that are reported in this statement will result in cash inflows and outflows in future fiscal years.

The government-wide financial statements distinguish between the activities of SCAG that are principally supported by grants or contracts, and the General Fund activities which are intended to be covered primarily by dues paid by SCAG's members. Changes in net position are a result of the financial activities of the General and Transportation Development Act (TDA) funds, not from the grant funds, which operate on a cost-reimbursement basis. The government-wide financial statements can be found on pages 18 and 19 of this report.

FUND-BASED REPORTING

The primary role of fund-based financial statements is fiscal accountability. This means demonstrating whether SCAG complied, in the short-term (usually a fiscal year), with the legal restrictions associated with its funding. The governmental funds report the same activities as the government-wide financial statements, but they use modified accrual basis of accounting. Governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term – financing requirements.

The focus of governmental funds is narrower than the government-wide financial statements; however, it is useful to compare and reconcile the governmental funds with the information presented in the government-wide financial statements. A comparison will provide a better understanding of the near-term and long-term impact of SCAG's financial decisions. Governmental funds financial statements are reconciled to the government-wide financial statements to facilitate comparison. The reconciliations are reported in the basic financial statements.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements and the governmental funds financial statements. The notes provide the reader with information about accounting policies, data and information about cash, indirect overhead, commitments and contingencies, retirement pension plans, and other items. The notes to the basic financial statements can be found on pages 24 to 55 of this report.

Statement of Net Position

The Statement of Net Position is prepared using accrual accounting since its measurement focus is total economic resources. Thus, it reports both long-term and short-term assets and deferred outflows of resources, and liabilities and deferred inflows of resources. At the end of FY 2021-2022, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$24.9 million compared to \$28.0 million in FY 2020-2021 resulting in a net position increase of \$3.1 million.

The following is a summary of net positions as of June 30, 2022 and 2021:

	June 30	
	2022	2021
Current and other assets	\$ 36,814,958	\$ 34,410,301
Capital assets, net	29,305,300	6,083,678
Total assets	66,120,258	40,493,979
Deferred outflows of resources	6,528,353	6,949,572
Current liabilities	22,231,389	18,777,346
Noncurrent liabilities	63,342,301	56,431,266
Total liabilities	85,573,690	75,208,612
Deferred inflows of resources	11,945,501	272,316
Net position		
Invested in capital assets	1,267,140	1,639,425
Restricted	9,391,854	8,609,460
Unrestricted	(35,529,574)	(38,286,262)
Total net position	\$ (24,870,580)	\$ (28,037,377)

Cash and Cash Equivalents

Over the last year, cash and cash equivalents has increased \$0.2 million to \$13.7 million. On June 30, 2022, cash as a percentage of total assets was 20.8%.

Accounts Receivable (AR)

ARs from federal, state, local and other agencies at the end of FY 2021-2022 were \$20.9 million compared to \$18.2 million the year before. AR balances represented 31.6% of total assets compared to 44.9% in FY 2020-2021.

SCAG has continued to monitor ARs. Each AR was fully documented, and its collection was carefully monitored. All AR balances are considered collectible.

Under the terms of the Master Fund Transfer Agreement (MFTA) with the California Department of Transportation, SCAG may submit billings for actual allowable costs incurred (and not necessarily paid). However, SCAG must pay all billed costs within ten days of reimbursement by Caltrans.

Federal ARs at \$6.3 million were \$6.1 million less than last year. State receivables increased by \$8.9 million to \$14.1 million. Local grants and contracts receivable decreased less than \$0.1 million to \$0.4 million. Other receivables also decreased to less than \$0.1 million.

Accounts and Contracts Payable (AP)

The AP balance decreased from \$10.1 million to \$9.1 million.

Line of Credit (LOC)

During FY 2021-2022, SCAG did not draw on its LOC.

The LOC is a \$6.5 million credit line with an independent financial institution, which expires on March 31, 2024. Cash advances, if requested, are secured by an assignment of moneys due only from Caltrans. Advances on the line must be in minimum amounts of \$350,000 and are due 45 days from the date of the advance. The current agreement provides for a choice of two interest rate structures. Variable rate advances incur interest at the prime rate plus 0.5%. SOFR advances incur a fixed rate of interest for a fixed period which is 2.61% for a one-month term and 2.76% for a three-month term above the bank's SOFR rate.

Financing Agreements

During FY 2017-18, SCAG entered into two five-year Equipment Financing Agreements with Bank of the West to finance the acquisition of furniture and audio-visual equipment in SCAG's new headquarters building in Los Angeles. The furniture financing was in the amount of \$1,241,980 at 4.86%, while the equipment financing was in the amount of \$701,505 at 5.44%. SCAG makes monthly repayments. The furniture financing ends in January 2023 and the audio-visual equipment financing ends in March 2023.

Capital Assets

Net capital assets total \$29,305,300. These assets have continuing value, which contribute to efficiency and effectiveness in conducting SCAG's transportation planning activities. For additional information, the reader is referred to note 6 of the basic financial statements.

The policy with respect to capitalizing assets is that the asset must cost more than \$5,000 (\$100,000 for intangible assets) and have a useful life of more than one year. Net investment in capital assets includes computer equipment, leasehold improvements, and furniture and fixtures as follows:

	June 30	
	2022	2021
Construction in progress	\$ -	\$ 523,208
Computer equipment and software, net	1,512,653	752,400
Leasehold improvements, net	4,581,905	4,712,410
Furniture and fixtures, net	31,885	95,660
Right to use leased asset, net	23,178,857	-
	\$ 29,305,300	\$ 6,083,678

Statements of Activities

All current year revenues and expenses are accounted for in the Statement of Activities. It recognizes revenues when earned and expenses when they are incurred, regardless of the timing of related cash inflows and outflows. This statement measures the results of operations over the year and can be used to analyze the revenues earned and expenses incurred to benefit the project objectives established by the grantors. Specific grants, which are included in the distribution of the functional areas of transportation, aviation, environmental, high-speed rail, housing, sustainability/housing and administration, are described below.

	June 30	
	2022	2021
REVENUES		
Charges for services - member dues	\$ 2,193,246	\$ 1,861,517
Operating grants and contributions	68,210,165	55,993,555
General revenues:		
Interest Income	210,718	74,632
Other revenue	340,575	7,500
	70,954,704	57,937,204
EXPENSES		
Transportation	20,848,493	19,694,557
Modeling	13,002,647	10,690,326
Environmental	4,022,867	4,188,153
Public Involvement	3,677,128	3,261,091
Sustainability/Housing	23,223,681	16,301,434
Administration	3,114,015	5,293,557
	67,888,831	59,429,118
Change in net position	3,065,873	(1,491,914)
Net position - beginning, as restated	(28,037,377)	(26,545,463)
Prior period adjustment (Note 15)	100,924	
Net position - ending	\$ (24,870,580)	\$ (28,037,377)

Total revenues in FY 2021-2022 were \$70.9 million compared to \$57.9 million last year. This is an increase of \$13.0 million or 25%. This increase is primarily attributable to the Regional Early Action Planning (REAP) grant received by SCAG from the Department of Housing and Community Development in FY 2020-21.

The increase in net position of \$3.1 million is primarily due to the decreased net pension liabilities.

Major Expenses

In FY 2021-2022, salary expenses were \$23.8 million which included non-worktime (e.g., vacation leave, sick leave, holiday, and other paid time off) compared to \$17.6 million in FY 2020-2021. Salaries, including non-worktime, represent about 31.7% of total expenses.

Consultant expenses are the next largest expense line item. They increased \$6.8 million to \$23.9 million in FY 2021-2022 from \$17.0 million in FY 2020-2021. They represent about 35.2% of total expenses. Detailed information concerning specific consultant activities is analyzed below in the discussion about major revenues and expenses of federal, state, and local grants and the General Fund.

Federal Transportation Grants Major FHWA and FTA Grants

On annual basis, SCAG receives two major federal grants for Metropolitan Planning from the Federal Highway Administration (FHWA) and Section 5303 from the Federal Transit Administration (FTA), also known as the Consolidated Planning Grant (CPG). These two federal grants are used to develop regional plans for transportation, integrated planning, air quality and other regionally significant transportation related issues. In accordance with federal and state laws, SCAG develops a long-range Regional Transportation Plan (RTP) every four years and a Federal Transportation Improvement Program (FTIP) every two years.

The RTP lays out the framework for investments in transportation infrastructure and maintaining it over the long-term. The FTIP, on the other hand, is a near-term program that identifies specific funding allocations for transportation projects to be implemented within the SCAG region over the next six years. Both the RTP and the FTIP must comply with all applicable state and federal requirements, including transportation conformity, fiscal constraint and inter-agency consultation and public outreach.

FHWA PL and FTA 5303 revenues amounted to \$19.8 million and \$12.8 million, respectively, in FY 2021-2022. These two grants were billed \$32.6 million in FY 2021-2022 compared to \$29.1 million in FY 2020-2021. Salaries and fringe benefits accounted for \$12.1 million, consultant expenses were \$2.5 million and the balance consisted of indirect overhead of \$17.1 million and other direct project costs of \$0.9 million. Other direct project expenses include professional services, travel, printing, and other non-labor costs.

Other Federal Grants

In addition to the two metropolitan planning funding programs under the federal Consolidated Planning Grant (CPG), there are several other federal grant programs awarded to SCAG to fund specific project activities.

FTA Section 5339 Bus and Bus Facilities and FTA 5312 Low or No Emission Vehicle Deployment Program (LoNo) Program

During FY 2015-2016, in partnership with Riverside Transit Agency, SCAG applied and received a grant award in the amount of approximately \$3.2 million in FTA Section 5339 funds for their Bus Stops and Shelters Acquisition project. In FY 2016-2017, SCAG also received a grant award in the amount of approximately \$0.9 million in FTA Section 5339 and \$9.8 million in FTA Section 5312 funds, for SunLine's Bus Procurement project. In FY 2017-2018, SCAG continued to administer the aforementioned grant projects and received another grant award in the amount of approximately \$5.6 million in FTA Section 5312 funds for Los Angeles County Metropolitan Transportation Authority and Foothill Transit Battery Bus Procurement and Charging Equipment project. In FY 2020-2021, SCAG partnered with Anaheim Transportation Network and received a grant award in the amount of \$2.0 million for 40 electric buses. For all grant programs, SCAG is responsible for passing through the funds and ongoing monitoring and compliance of the grant program.

FTA Section 5304 and FHWA Partnership Planning

The Caltrans Sustainable Transportation Planning Grant Program offers two discretionary grant programs on an annual basis. SCAG has been a successful grant recipient under this program to further the region's Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). Under this grant program the total FTA Section 5304 and FHWA Partnership Planning budget for FY 2021-2022 was approximately \$1.3 million. The total amount expended for these two grant programs was about \$1.1 million in FY 2021-2022. The unused balance for grants not expiring at the end of fiscal year is carried forward to FY 2022-2023 and future years, if needed, subject to authorization from Caltrans.

FHWA Active Transportation Program

In FY 2017-2018, SCAG was awarded \$1.8 million in FHWA funds from Caltrans Local Assistance Office to build onto the previously funded Active Transportation Safety & Encouragement Campaign Program. The project continued being implemented during FY 2021-2022. Caltrans is the Direct Recipient of the funds from FHWA and SCAG is responsible for managing the program.

Office of Traffic Safety Active Transportation Safety

In FY 2020-2021, SCAG received a grant award in the amount of \$1.3 million from Office of Traffic Safety (OTS) for the Pedestrian and Bicycle Safety Program and completed the grant activities during FY 2021-2022. The funds were used to conduct a regional active transportation safety and encouragement campaign to reduce bicycle and pedestrian collisions. In FY 2021-2022, SCAG secured another grant award from OTS in the amount of \$1.3 million to continue the effort to promote and educate bicycle and pedestrian safety. OTS is the Direct Recipient of the National Highway Traffic Safety Administration funds and SCAG is responsible for managing the program.

Department of Energy, Energy Efficiency & Renewable Energy

SCAG received a cooperative agreement award in the amount of \$90,000 in FY 2020-2021, and \$107,500 in FY 2021-2022. The funds are used for Clean Cities Outreach, Education and Performance Tracking project.

In FY 2021-22, SCAG received a grant award in the total amount of \$30,000 for Artificial Intelligence-Based Mobility Monitoring System and Analytics Demonstration Pilot project. The University of California, Irvine is the Direct Recipient of the Department of Energy funds and SCAG is responsible for managing the project. Also in FY 2021-22, SCAG received a grant award in the total amount of \$238,977 for Testing and Evaluation of Curb Management and Integrated Strategies to Catalyze Market Adoption of Electric Vehicles project. The Los Angeles Cleantech Incubator is the Direct Recipient of the Department of Energy funds and SCAG is responsible for managing the project. The award funding for both projects is being prorated, and the prorated amount is authorized for disbursement on an annual basis.

State Grants

The Sustainable Communities Competitive Grants reside under the Caltrans Sustainable Transportation Planning Grant Program and include the traditional State Highway Account (SHA) funds and Senate Bill (SB) 1 funds that are deposited into the Road Maintenance and Rehabilitation Account (RMRA). SB1, the Road Repair and Accountability Act of 2017, is a transportation funding bill that supports and implements the RTP/SCS and helps achieve the State's greenhouse gas (GHG) reduction targets. SB1 expanded the existing Caltrans' Sustainable Transportation Planning Grant Program by offering a formula grant program to the MPOs. Under this formula grant program, SCAG, as an MPO, received a grant award in the amount of \$5.6million in FY 2017-2018, \$5.3 million in FY 2018-2019, \$5.3 million in FY 2019-2020, \$5.3 million in FY 2020-2021, and an additional \$5.3 million in FY 2021-2022. The SB1 grant funds support various programs for the development and implementation of the SCS. The unused balance for formula grants not expiring at the end of fiscal year are carried forward to FY 2022-2023 and future years, if needed, subject to authorization from Caltrans. In FY 2019-2020, SCAG received two competitive grant awards in SHA funds for approximately \$1.0 million to support Transportation Broadband Strategies to Reduce Vehicle Miles Traveled (VMT) and GHG project as well as SB 743 VMT Mitigation Assistance Program. The SHA funded work of these projects was completed in FY 2021-22.

In FY 2016-2017, SCAG received a grant award in the amount of \$2.5 million directly from the South Coast Air Quality Management District (SCAQMD) for the AB2766/MSRC funding program. The funds are used for implementing the *Go Human* Program and all the *Go Human* events were completed in FY 2021-2022. In FY 2018-2019, SCAQMD also awarded SCAG \$2.0 million for implementation of Future Communities Pilot Program to research new and innovative concepts for reducing VMT and carry out a few pilot programs, and SCAG continued the grant activities in FY 2021-2022. Additionally, SCAG received a grant award in the amount of \$16.8 million from SCAQMD for the Last Mile Freight Program to support the commercial deployment of zero emission or near-zero emission heavy and/or medium duty on-road trucks and supporting infrastructure. The unused grant balance not expiring at the end of fiscal year for the Future Communities Pilot Program and the Last Mile Freight Program is carried over to FY 2022-2023.

In FY 2017-2018, SCAG received two more grants from the Caltrans Local Assistance Active Transportation Program: \$1.15 million to develop six active transportation plans in disadvantaged communities, and \$1.29 million to implement active transportation, safe routes to school, and complete streets plans for seven cities in the SCAG region. The former project was completed in FY 2021-22 and the latter project continued being implemented in FY 2021-2022. Further, in FY 2019-2020, SCAG received several more grants from the Caltrans Local Assistance Office and continued the activities. These projects include \$2.6 million in temporary demonstration of active transportation infrastructure as well as public engagement activities, and \$0.22 million in active transportation and safety education program for students and parents in underserved communities in the county of Imperial. The projects continued being implemented in FY 2021-2022. In FY 2021-22, SCAG was awarded \$4.67 million from the Caltrans Local Assistance Office to support implementation of the Sustainable Communities Program projects. The unused grant balance for the Caltrans Local Assistance Programs not expiring at the end of fiscal year is carried over to FY 2022-2023.

In FY 2020-2021, SCAG received from the Department of Housing and Community Development \$47 million in Regional Early Action Planning (REAP) funding to support local governments and stakeholders with housing planning activities that accelerate housing production and meet the region's goals of housing productions as determined by the sixth Cycle Regional Housing Needs Assessment (RHNA). Further in FY 2021-2022, the Department of Housing and Community Development (HCD) allocated \$246 million to SCAG in Regional Early Action Planning Grant (REAP 2.0) funding to support transformative planning and implementation activities that meet housing and equity goals, reduce VMT per capita and advance implementation of the region's SCS or alternative planning strategy. The unused grant balance for both funding not expiring at the end of fiscal year is carried over to FY 2022-2023.

In FY 2021-22, SCAG also received a grant award in the amount of \$0.60 million for the California Energy Commission's (CEC) Research Hub for Electric Technologies in Truck Applications (RHETTA) grant. SCAG is a subrecipient to the Electric Power Research Institute (EPRI) and the project is to study supporting infrastructure for medium and heavy-duty zero-emission trucks. The unused grant balance not expiring at the end of fiscal year is carried over to FY 2022-2023.

Lastly in FY 2021-22, SCAG received a grant award in the amount of \$3.5 million from the California Workforce Development Board in the Inclusive Economic Recovery Strategy (IERS) Grant funds to support implementation of recommendations of the IERS. The unused grant balance not expiring at the end of fiscal year is carried over to FY 2022-2023.

Local Revenues

Local revenues were \$7.3 million compared to \$5.8 million in FY 2020-2021 and consisted primarily of Transportation Development Act (TDA) funding. The TDA Fund, a major fund, had revenues of \$6.8 million. TDA funds are used primarily to meet the local match requirement for federal and state grants. SCAG receives these funds under the terms of the State of California Public Utilities Code Section 99233.2, which authorizes the Transportation Commissions in Los Angeles, Orange, Riverside and San Bernardino counties to allocate up to $\frac{3}{4}$ of 1 percent of their local transportation funds to SCAG as the multi-county planning agency for the region.

General Fund

Management is required by SCAG's By-laws to submit an annual budget for the General Fund (GF) to the Regional Council (RC) and the RC presents it to the General Assembly for final approval. The GF is used as working capital and its resources are available for any authorized purpose, not otherwise required or allowed to be accounted for in another fund. Thus, GF cash is routinely used to pay invoices that are in the process of being billed to the grantor.

The comparative summary statement of revenues, expenditures, and changes in fund balances of the GF shown below is reported on a modified accrual basis. In FY 2021-2022, total expenditures exceed the annual revenues and other financing sources resulting in a decrease in fund balance.

	June 30	
	2022	2021
Revenues:		
Membership assessments	\$ 2,193,246	\$ 1,861,517
General assembly	340,575	7,500
Interest and other	210,718	74,632
Total revenues	2,744,539	1,943,649
Expenditures:		
Transportation	82,532	1,400
Environmental	180,551	-
Public Involvement	65,853	600
Sustainability/Housing	369,310	-
Administration	977,869	1,177,304
Debt Service	1,303,171	-
Capital outlay	1,026,796	1,254,684
Indirect cost	35,987,809	18,992,533
Indirect cost recovery	(39,696,515)	(20,666,267)
Under-recovery of indirect costs	-	1,673,734
Over-recovery of indirect costs	3,708,706	-
Total expenditures	4,006,082	2,433,988
Deficiency of revenues over expenditures	(1,261,543)	(490,339)
Other financing sources (uses):		
Transfers in	-	646,292
Transfers out	(913,052)	(70,753)
Total other financing sources (uses)	(913,052)	575,539
Change in fund balance	(2,174,595)	85,200
Fund balance, beginning of year	7,023,495	6,938,295
Prior period adjustment (Note 15)	342,815	-
Fund balance, beginning of year, as restated	7,366,310	6,938,295
Fund balance, end of year	\$ 5,191,715	\$ 7,023,495

Dues assessed to member jurisdictions

The main source of revenues in the General Fund is dues assessed and collected from member cities, counties, Transportation Commissions and Tribal Governments in the region. Dues are used to fund the expenses of the RC and its committees, and other budgeted expenses described below, which are not otherwise chargeable to a grant.

The RC has implemented formal policies to retain members and grow dues collections. By-law amendments have been approved to permit increases in dues equal to the consumer price index. The collection of membership dues increased in FY 2021-2022 to \$2,193,246 from \$1,861,517, in FY 2020-2021, an increase of 16.4%.

Other GF Revenues and Interest Income

Total other revenues and interest income increased in FY 2021-2022 to \$210,718 from \$74,632 in FY 2020-2021. The increase includes \$164,700 of revenue recognized as the result of a write-off of the over-recovered indirect cost balance at June 30, 2021. The reader is referred to Note 4 – Indirect Cost Rate Proposal and Fringe Benefits Recovery Rate.

Cash that was not needed as working capital to support daily operations was invested in the Los Angeles County Investment Pool. The SCAG Investment Policy provides standards and guidelines for the prudent investment of funds by SCAG in conducting its investment and cash management responsibilities. The reader is referred to Note 3 – Cash and Cash Equivalents for additional information.

GF Budget vs. Actual Expenditures

GF expenditures overall were \$4.0 million compared to the budget of \$4.2 million, a difference of \$0.2 million. The Regional Conference & General Assembly was held in person in FY 2021-2022 after two years of virtual events due to the COVID-19 pandemic, which resulted in higher expenditures than in the prior year. The GF budget includes RC expenditures including member stipends, travel, monthly RC meeting expenses, and annual meetings. It also includes contracted federal and state lobbying, and legal fees.

Next Year's Budgets

SCAG's Comprehensive Budget for FY 2022-2023 is \$124.7 million compared to \$147.1 million in FY 2021-2022, a net decrease of \$22.4 million or 15.2% mainly due to a decrease in Federal FTA pass-through grants that SCAG will administer for local transit operators and a decrease in local funds to support the FTA grant projects.

Requests for Information

This report is designed to provide a general overview of SCAG finances for readers of the Annual Comprehensive Financial Report. Detailed questions concerning any of the information in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Southern California Association of Governments, 900 Wilshire Boulevard, Ste. 1700, Los Angeles, California 90017.

Basic Financial Statements

Southern California Association of Governments

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>
Assets	
Cash and cash investments	\$ 13,749,135
Receivables	
Federal grants	6,277,127
State grants and contracts	14,169,275
Local grants and contracts	429,506
Other	29,304
Prepays	2,153,835
Other assets	6,776
Capital assets, net	<u>29,305,300</u>
Total assets	<u>66,120,258</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	5,830,562
Deferred outflows of resources related to OPEB	<u>697,791</u>
Total deferred outflows of resources	<u>6,528,353</u>
Liabilities	
Accounts and contracts payable	9,057,068
Accrued liabilities	814,560
Advances from grantors	466,117
Unearned revenues	8,184,938
Over-recovery of indirect costs	3,708,706
Noncurrent liabilities	
Due within one year	1,769,981
Due in more than one year	<u>61,572,320</u>
Total liabilities	<u>85,573,690</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	10,519,804
Deferred inflows of resources related to OPEB	<u>1,425,697</u>
Total deferred inflows of resources	<u>11,945,501</u>
Net Position	
Net investment in capital assets	1,267,140
Restricted for	
Transportation projects	9,391,854
Unrestricted	<u>(35,529,574)</u>
Total net position	<u>\$ (24,870,580)</u>

Southern California Association of Governments

Statement of Activities
Year Ended June 30, 2022

Functions/programs	Expenses	Program Revenues		Net (Expenses) Revenues and Change in Net Position
		Charges for Services - Member Dues	Operating Grants and Contributions	
Governmental Activities				
Transportation	\$ 20,848,493	\$ -	\$ 20,765,961	\$ (82,532)
Environmental	4,022,867	-	3,842,316	(180,551)
Modeling	13,002,647	-	13,002,647	-
Public Involvement	3,677,128	-	3,611,275	(65,853)
Sustainability initiatives	23,223,681	-	22,854,371	(369,310)
Administration	3,114,015	2,193,246	4,133,595	3,212,826
Total governmental activities	<u>\$ 67,888,831</u>	<u>\$ 2,193,246</u>	<u>\$ 68,210,165</u>	<u>2,514,580</u>
General revenues				
Interest income				210,718
Other revenue				<u>340,575</u>
Total general revenues				<u>551,293</u>
Change in Net Position				3,065,873
Net Deficit, Beginning of Year				(28,037,377)
Prior Period Adjustment (Note 15)				<u>100,924</u>
Net Deficit, End of Year, as Restated				<u>\$ (24,870,580)</u>

Southern California Association of Governments
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	FTA 5303 Fund	FHWA PL Fund	FTA 5312 Fund	TDA Fund	REAP AB 101 Fund	Nonmajor Funds	Total
Assets								
Cash and cash equivalents	\$ 13,749,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,749,135
Receivables								
Federal grants	-	2,342,937	2,461,562	1,770	-	-	1,470,858	6,277,127
State grants and contracts	-	-	-	-	-	11,867,755	2,301,520	14,169,275
Local grants and contracts	-	-	-	-	419,555	-	9,951	429,506
Other	29,304	-	-	-	-	-	-	29,304
Due from other funds	-	-	-	-	9,264,803	-	3,878,646	13,143,449
Prepays	2,153,835	-	-	-	-	-	-	2,153,835
Other assets	6,776	-	-	-	-	-	-	6,776
Total assets	\$ 15,939,050	\$ 2,342,937	\$ 2,461,562	\$ 1,770	\$ 9,684,358	\$ 11,867,755	\$ 7,660,975	\$ 49,958,407
Liabilities and Fund Balances								
Liabilities								
Accounts and contracts payable	\$ 804,886	\$ 631,267	\$ 5,026	\$ -	\$ 292,504	\$ 5,569,337	\$ 1,754,048	\$ 9,057,068
Accrued liabilities	814,560	-	-	-	-	-	-	814,560
Due to other funds	5,412,482	1,711,670	2,456,536	1,770	-	1,490,390	2,070,601	13,143,449
Advances from grantors	-	-	-	-	-	-	466,117	466,117
Unearned revenues	6,701	-	-	-	-	4,808,028	3,370,209	8,184,938
Over-recovery of indirect costs	3,708,706	-	-	-	-	-	-	3,708,706
Total liabilities	10,747,335	2,342,937	2,461,562	1,770	292,504	11,867,755	7,660,975	35,374,838
Fund Balances								
Nonspendable for								
Prepays and other assets	2,160,611	-	-	-	-	-	-	2,160,611
Restricted								
Transportation	-	-	-	-	9,391,854	-	-	9,391,854
Unassigned								
General fund	3,031,104	-	-	-	-	-	-	3,031,104
Total fund balances	5,191,715	-	-	-	9,391,854	-	-	14,583,569
Total liabilities and fund balances	\$ 15,939,050	\$ 2,342,937	\$ 2,461,562	\$ 1,770	\$ 9,684,358	\$ 11,867,755	\$ 7,660,975	\$ 49,958,407

Southern California Association of Governments
 Reconciliation of Total Governmental Fund Balances to the Statement of Net Position
 June 30, 2022

Total governmental fund balances	\$	14,583,569
Amounts reported for governmental activities in the accompanying statement of net position are different because:		
Capital assets, net of accumulated depreciation and amortization of \$10,156,166 used in governmental activities are not financial resources; they are therefore, not reported in the governmental funds financial statements		29,305,300
Long-term liabilities are not due and payable at year end; they are therefore, not reported in the governmental funds financial statements		
Compensated absences liabilities		(2,199,400)
Net pension liabilities		(32,217,251)
Net OPEB liability		(887,490)
Financing agreements		(277,446)
Lease liability		(27,760,714)
Deferred outflows of resources are not considered financial resources and are not reported in the governmental funds		
Pensions		5,830,562
OPEB		697,791
Deferred inflows of resources are not available to pay for current period expenses and are not reported in the governmental funds		
Pensions		(10,519,804)
OPEB		(1,425,697)
Net Position	\$	<u><u>24,870,580</u></u>

Southern California Association of Governments
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022

	General Fund	FTA 5303 Fund	FHWA PL Fund	FTA 5312 Fund	TDA Fund	REAP AB 101 Fund	Nonmajor Funds	Total
Revenues								
Federal grants, net	\$ -	\$ 12,820,292	\$ 19,779,863	\$ 818,146	\$ -	\$ -	\$ 4,946,295	\$ 38,364,596
State grants and contracts	-	-	-	-	-	14,064,782	8,464,983	22,529,765
Local grants and contracts	-	-	-	-	6,817,314	-	498,490	7,315,804
Membership assessments								
Cities	1,762,255	-	-	-	-	-	-	1,762,255
Counties	322,491	-	-	-	-	-	-	322,491
Commission	88,500	-	-	-	-	-	-	88,500
Transportation corridor agency	10,000	-	-	-	-	-	-	10,000
Air districts	10,000	-	-	-	-	-	-	10,000
General assembly	340,575	-	-	-	-	-	-	340,575
Interest and other	210,718	-	-	-	-	-	-	210,718
Total revenues	2,744,539	12,820,292	19,779,863	818,146	6,817,314	14,064,782	13,909,768	70,954,704
Expenditures								
Current:								
Transportation	82,532	3,827,193	6,173,291	818,146	2,238,270	-	7,709,061	20,848,493
Environmental	180,551	761,897	2,169,186	-	216,437	-	694,796	4,022,867
Modeling	-	3,411,715	5,864,555	-	1,857,994	-	1,868,383	13,002,647
Public involvement	65,853	2,582,308	340,543	-	213,294	-	475,130	3,677,128
Sustainability initiatives	369,310	1,038,343	2,967,921	-	1,625,927	14,064,782	3,157,398	23,223,681
Administration	977,869	1,198,836	2,264,367	-	369,585	-	5,000	4,815,657
Debt service								
Principal	266,613	-	-	-	413,401	-	-	680,014
Interest	1,036,558	-	-	-	13,064	-	-	1,049,622
Capital outlay	1,026,796	-	-	-	-	-	-	1,026,796
Indirect/fringe benefit cost	35,987,809	-	-	-	-	-	-	35,987,809
Indirect/fringe benefit cost recovery	(39,696,515)	-	-	-	-	-	-	(39,696,515)
Over-recovery	3,708,706	-	-	-	-	-	-	3,708,706
Total expenditures	4,006,082	12,820,292	19,779,863	818,146	6,947,972	14,064,782	13,909,768	72,346,905
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,261,543)	-	-	-	(130,658)	-	-	(1,392,201)
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	913,052	-	-	913,052
Transfers out	(913,052)	-	-	-	-	-	-	(913,052)
Total other financing sources (uses)	(913,052)	-	-	-	913,052	-	-	-
Change in Fund Balance	(2,174,595)	-	-	-	782,394	-	-	(1,392,201)
Fund Balances, Beginning of Year	7,023,495	-	-	-	8,609,460	-	-	15,632,955
Prior Period Adjustment (Note 15)	342,815	-	-	-	-	-	-	342,815
Fund Balances, Beginning of Year, As Restated	7,366,310	-	-	-	8,609,460	-	-	15,975,770
Fund Balances at End of Year	\$ 5,191,715	\$ -	\$ -	\$ -	\$ 9,391,854	\$ -	\$ -	\$ 14,583,569

Southern California Association of Governments
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental
 Funds to the Statement of Activities
 Year Ended June 30, 2022

Change in Fund Balances - Total Governmental Funds \$ (1,392,201)

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

Capital outlays are reported as expenditures in governmental funds.

However, in the statement of activities the cost of those capital assets is allocated over their estimated useful lives as depreciation and amortization expense.

Capital outlay	\$ 1,026,796	
Depreciation and amortization expense	<u>(1,837,204)</u>	(810,408)

Compensated absences are not recorded in the governmental funds and the corresponding changes in these balances are not reflected in the change in fund balance:

Compensated absences liabilities		(197,960)
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Debt service payments for principal payments are reported as expenditures in the governmental funds, but are not reported as expenses in the statement of activities.

Financing agreement principal payments		413,400
Lease principal payments		266,614

Governmental funds report pension/OPEB contributions as expenditures

Such amounts are reported as deferred outflows of resources on the full accrual basis. The impact of pension and OPEB accounting is as follows:

Change in net pension liability		14,681,742
Change in net OPEB liability		2,199,090
Change in pension deferred inflows/outflows		(10,816,591)
Change in OPEB deferred inflows/outflows		<u>(1,277,813)</u>

Change in Net Position of Governmental Activities		<u>\$ 3,065,873</u>
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Note 1 - Summary of Significant Accounting Policies**A. General Background**

The Southern California Association of Governments (SCAG) is a regional planning organization and a Council of Governments voluntarily established by its members in 1965 pursuant to the Joint Exercise of Powers Act. SCAG was established as a regional platform for the discussion, study, and agreement on long term regional policies regarding the orderly development of the Southern California Region pertaining to transportation, air quality, and growth management. The State of California and the federal government have designated SCAG as the comprehensive planning agency for the Southern California Region.

The region served by SCAG includes the counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura as well as cities within the boundaries of these counties. SCAG works with the region's agencies and decision makers to develop long range regional plans and strategies that provide for efficient movement of people, goods, and information; enhance economic growth and improve the quality of life. These plans can be used as a guide in addressing issues of regional/subregional concern and to help local agencies meet federal and state planning mandates. SCAG's policies and programs are governed by an 84-member Regional Council (RC). Members of the RC are locally elected officials who are appointed to serve two-year terms by their respective local jurisdictions. RC officers are elected by the RC membership and serve a one-year term.

The accompanying basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying basic financial statements include all financial activities of SCAG.

B. Government-wide and Fund Financial Statements

The basic financial statements of SCAG are composed of the following:

- Government-wide financial statements
- Governmental funds financial statements
- Notes to basic financial statements

Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about SCAG as a whole. All of SCAG's operations represent governmental activities and SCAG has no business type activities. Interfund balances have been eliminated in the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation. 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 related cash flows. Amounts paid to acquire capital assets are capitalized as assets in the government wide financial statements, rather than reported as expenditures.

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. When both restricted and unrestricted resources are available for SCAG, it is SCAG's policy to use restricted resources first, then unrestricted resources as they are needed.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) dues assessments charged to members who directly benefit from services and, 2) grants and contributions that are restricted to meeting the operational needs of a particular function. Other items not properly included among program revenues are reported as general revenues.

In general, expenses related to a predetermined fixed rate percentage applied to direct labor and fringe benefits are reported as indirect costs. SCAG policy for the allocation of indirect costs states they are allocated equitably to projects using the guidance, standards, and objectives contained in relevant federal and state regulations. Specifically, *Title 2 of U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is the primary federal reference, and the *Local Assistance Procedure Manual* is the State of California reference.

SCAG is permitted by these regulations to allocate indirect costs to projects using a predetermined fixed rate percentage applied to direct labor and fringe benefit costs incurred. The underlying documentation for the calculation of the fixed rate is submitted annually to SCAG's federal cognizant agency, the Federal Transit Administration, for review and approval of the fixed rate to be used in the following year. The proposed indirect cost rate is also submitted to the California Department of Transportation, Division of Audits and Investigations for review and acceptance. Upon approval of the Indirect Cost Allocation Plan, SCAG can use the rate to allocate indirect costs to grants, contracts, and other agreements with the Federal Government and the California Department of Transportation (Caltrans).

SCAG's accounting system is organized and operated on the basis of separate funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. All funds are classified as governmental funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures and liabilities are recorded when amounts are due and payable and revenue is recognized when earned and when considered measurable and available. Available means the revenue is collectible within the current period or within 5 months thereafter to be used to pay liabilities of the current period. Revenues on grants are recognized when all eligibility requirements are met and amounts are considered measurable and available.

All governmental funds are accounted for on a spending or "financial flow" measurement focus. Generally, only current assets and current liabilities are included in the Balance Sheets. The Statements of Revenues, Expenditures, and Changes in Fund Balances for governmental funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in the net current assets or fund balance.

C. Major Funds

SCAG considers the following funds as major governmental funds:

Governmental Funds

General Fund – The General Fund is available for any authorized purpose and is used to account for all financial activities of SCAG not required or allowed to be accounted for in another fund. The General Fund’s main source of revenue is membership dues, which are assessed and collected from the members of SCAG. The General Fund is the primary internal source of working capital.

The special revenue funds are described below:

Federal Transit Administration (FTA) Sec. 5303 Fund – This fund is established to account for revenues from FTA. These funds are available and restricted to support expenditures for specifically identified purposes and projects relating to public transportation.

Federal Highway Administration (FHWA) Planning (PL) Fund – This fund is established to account for revenues from FHWA. These funds are available and restricted to support expenditures for specifically identified purposes and projects related to highways and bridges.

Federal Transit Administration (FTA) Sec. 5312 Fund – This fund is established to account for revenues from FTA. These funds are available and restricted to support expenditures for specifically identified purposes and projects relating to public transportation.

Transportation Development Act (TDA) Fund – This fund is established to account for revenues from TDA. These funds are available and restricted to support expenditures for specifically identified purposes and projects related to the transportation planning and programming process.

Regional Early Action Planning (REAP) AB 101 Fund – This fund is established to account for revenues from REAP AB 101. These funds are available and restricted to support expenditures for specifically identified purposes and projects related to the accelerating of housing procedure and facilitating compliance in implementing the sixth cycle of the Regional Housing Needs Allocation.

D. Grant Revenues

All major and nonmajor fund revenues are recognized as program revenue to the extent that allowable expenditures under the grant have been incurred and amounts are considered measurable and available. Grant expenditures incurred in excess of grant revenues available are funded by the General Fund or other allowable funds by transfers. Disallowed costs, if any, associated with grant expenditures submitted for reimbursement in the current fiscal year are funded by transfers from the General Fund. Disallowed costs, if any, related to grant programs already completed and closed out by SCAG are recorded as administration expenditures of the General Fund.

E. Unearned Revenue and Advances from Grantors

Cash received from grantors in advance of actual grant expenditures being incurred is recorded as advances from grantors in the accompanying basic financial statements. Additionally, some jurisdictions pay their member dues for the following year in advance. These amounts are reported as unearned revenues in the basic financial statements.

F. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease liabilities represent SCAG's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments expected to be made during the lease term. The present value of the lease payments are discounted based on a borrowing rate determined by SCAG.

G. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposit accounts and amounts held by the County of Los Angeles Treasurer. Cash not needed for immediate working capital use is invested in interest bearing accounts.

H. Capital Assets

Capital assets, which include furniture and fixtures, computer equipment and leasehold improvements, are reported in the accompanying government wide financial statements. Capital assets are defined by SCAG as assets with an initial individual cost of more than \$5,000 (\$100,000 for intangible assets) and an estimated useful life in excess of one year. Such assets are recorded at cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a concession arrangement should be reported at acquisition value.

Right to use lease assets are recognized at the lease commencement date and represent SCAG's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. SCAG maintains a threshold level of \$75,000 or more for capitalizing right to use lease assets. Right to use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period for the leased building is 22 years.

The provision for depreciation of capital assets within SCAG is computed on the straight line method using these estimated useful lives:

Equipment	3 years
Intangible assets	5 years
Leasehold improvements	10 years
Furniture and fixtures	3 to 7 years

I. **Compensated Absences**

It is SCAG's policy to permit employees to accumulate earned but unused vacation benefits up to a maximum of 400 hours. Employees are paid 100% of their accumulated vacation when they terminate employment for any reason. All vacation is accrued and reported in the government-wide financial statements as compensated absences. It is estimated that a substantial part of the liability for compensated absences will be paid in the subsequent period from the General Fund and related Special Revenue Funds.

J. **New Governmental Accounting Standards Board (GASB) pronouncements issued, not yet effective**

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements prior to June 30, 2022, that have effective dates that may impact future financial statement presentation. The effect of these statements is currently under review by SCAG:

- GASB Statement No. 91, *Conduit Debt Obligations*
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- GASB Statement No. 96, *Subscription-based Information Technology Arrangements*
- GASB Statement No. 99, *Omnibus 2022*
- GASB Statement No. 100, *Accounting Changes and Error Corrections*
- GASB Statement No. 101, *Compensated Absences*

K. **Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the California Public Employees' Retirement System (CalPERS) and Public Agency Retirement System (PARS), and additions to/deductions from CalPERS' and PARS' fiduciary net positions have been determined on the same basis as they are reported by CalPERS and PARS. 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.

L. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) and additions to/deductions from CalPERS's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, CalPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

M. Deferred Outflows and Inflows of Resources

SCAG recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net assets by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net assets by the government that is applicable to a future reporting period.

SCAG reports deferred outflows and inflows of resources related to pension and OPEB on the government-wide statement of net position, under the full accrual basis of accounting. Refer to Note 12 and Note 14 for items identified as deferred inflows and outflows related to pension and OPEB, respectively.

N. Use of Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the basic financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from such estimates.

O. Fund Balance Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, defines fund balance as the difference between the assets and liabilities reported in SCAG's governmental funds. There are generally limitations on the purpose for which all or a portion of the resources of a governmental fund may be used. The force behind these limitations can vary significantly, depending upon their source.

Consequently, the fund balance reported in the annual financial statements is categorized into five components whereby each component identifies the extent to which a governmental entity is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The five components of fund balance are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples are inventories, prepaid expenses, long-term receivables, or non-financial assets held for resale.

Restricted fund balance includes resources that are subject to externally enforceable legal restrictions. It includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of SCAG's highest level of decision-making authority (Regional Council).

Assigned fund balance consists of funds that are set aside for specific purposes by SCAG's highest level of decision making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned fund balance is the residual classification for SCAG's general fund and includes all spendable amounts not contained in the other classifications. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The General fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The Regional Council, as SCAG's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken. Committed amounts cannot be used for any other purpose unless the Regional Council removes or changes the specific use through the same type of formal action taken to establish the commitment. SCAG does not have any fund balance that meets this classification as of June 30, 2022.

The Regional Council delegates the authority to assign fund balance to the Executive Director for purposes of reporting in the annual financial statements.

When both restricted and unrestricted resources are available for use, it is SCAG's policy to use restricted resources first and then unrestricted resources as they are needed. When using unrestricted fund balance amounts, SCAG's policy is to use committed amounts first, followed by assigned and then unassigned.

P. Implementation of GASB Statement No. 87

As of July 1, 2021, SCAG adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased 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. As a result of implementing this standard, SCAG recognized a right of use asset and lease liability of \$24,273,921 and \$28,027,328 as of July 1, 2021, respectively. The right of use asset balance at July 1, 2021 was offset by the remaining unamortized tenant improvement allowance balance totaling \$3,753,407. As a result of these adjustments there was no effect on beginning net position. The additional disclosures required by this standard are included in Note 10.

Note 2 - Stewardship, Compliance, and Accountability

Excess of expenditures over appropriations by function of individual funds is as follows:

Fund	Final Budget	Expenditures	Excess
Major Fund			
General Fund			
Public Involvement	\$ -	\$ 65,853	\$ 65,853
Sustainability	-	369,310	369,310
Transportation	-	82,532	82,532
Environmental	-	180,551	180,551
TDA Fund			
Environmental	129,953	216,437	86,484
Modeling	1,121,146	1,857,994	736,848
Administration	155,181	369,585	214,404

Reader is directed to the Required Supplementary Information section of this report for a more complete budget vs. actual comparison.

Note 3 - Cash and Cash Equivalents

A reconciliation of cash and cash equivalents as shown on the Statement of Net Position is as follows:

Book balance of deposits with financial institutions	\$ 11,263,898
Cash and cash equivalents in County of Los Angeles Treasury	2,484,642
Petty cash	595
	\$ 13,749,135

A. Deposits

At June 30, 2022, SCAG's cash and cash equivalents consisted of deposits with the County of Los Angeles Treasury, deposits with an independent financial institution, and petty cash on hand, all of which are presented in the accompanying basic financial statements at fair value.

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 (e.g., broker-dealer) 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. The California

Government Code and SCAG's investment policy do 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 (unless so waived by the governmental unit). 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.

California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2022, SCAG's deposits with financial institutions were covered by FDIC up to \$250,000, and the remaining amounts of \$11,111,431 were collateralized by the financial institution's agent as described above.

B. Investments Authorized by SCAG's Investment Policy

The SCAG Investment Policy provides standards and guidelines for the prudent investment of funds by SCAG in conducting its investment and cash management responsibilities. The policy is designed to achieve and maintain adequate working capital to support our operations, and grow our available resources and funds to the fullest extent possible. The objectives of such investments are: 1) the long-term preservation of capital, 2) adequate cash resources to meet our short term financial needs for liquidity; and 3) to earn a competitive rate of return on capital. SCAG funds may be invested in any instrument allowable by the State of California Government Code Section 53600 et. seq. so long as the investment is appropriate when SCAG's investment objectives and policies are taken into consideration.

C. County of Los Angeles Treasurer's Pool

At June 30, 2022, and as permitted by California Government Code Section 53635, a portion of SCAG's cash balance totaling \$2,367,418 was on deposit in the County Pool. SCAG's investments in the County Pool represent less than 1% of the County Pool's investments. Cash on deposit in the County Pool at June 30, 2022, is stated at fair value. The County Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. The County Treasurer prepares an Investment Policy Statement (policy) annually, which is presented to the Board of Supervisors for approval. The policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the California Government Code, and in general, the Treasurer's policy is more restrictive than state law. At June 30, 2022, the weighted average maturity for the County pool approximated 590 days and the County pool is not rated. For further information regarding the Los Angeles County Investment Pool, refer to the County of Los Angeles Comprehensive Annual Financial Report.

Fair Value Measurements

GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. SCAG categorizes its fair value measurements within the fair value hierarchy established by US GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and is as follows.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that SCAG has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation. The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Deposits and withdrawals are made on the basis of \$1 and not fair value. Accordingly, SCAG's cash and cash equivalents in the Los Angeles County Investment Pool at June 30, 2022, is uncategorized and not defined as a Level 1, Level 2, or Level 3 input.

Note 4 - Indirect Cost Rate Proposal and Fringe Benefits Recovery Rate

Indirect costs are budgeted and actual costs are allocated and recovered from all grantors based on a predetermined fixed rate percentage applied to the sum of actual direct labor and fringe benefit cost incurred. An indirect cost allocation plan/indirect cost rate proposal is prepared and submitted to SCAG's cognizant agency in accordance with the guidelines in 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200).

During the year ended June 30, 2022, SCAG began basing fringe benefit recovery on a fixed rate for regular staff and interns instead of actual cost incurred during the fiscal year. Variations between actual indirect costs incurred and the allocated and recovered amounts are recorded as receivables or liabilities, and included in the calculation of future year fringe benefit recovery rates.

In FY 2021-2022, SCAG's cognizant agency responsible for review and approval of the Indirect Cost Rate Proposal (ICRP) was determined to be the Federal Transit Administration (FTA). SCAG staff prepared the FY 2021-2022 ICRP in accordance with 2 CFR 200 and received a Negotiated Indirect Cost Rate Approval (NICRA) for the provisional indirect cost and fringe benefits rates in October 2021. Subsequently, an FTA financial management oversight (FMO) contractor was assigned to review SCAG's FY 2021-2022 ICRP. The FTA FMO contractor issued a final report in October 2022 and it indicated that the indirect cost and fringe benefit rates were prepared in accordance with the requirements of 2 CFR Part 200 and FTA Circular 5010.1E, which resulted in one recommended change. Although SCAG prepared ICRP submissions in prior years for review and approval by

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Caltrans, the FY 2022 ICRP represents the initial plan submitted for FTA review and approval, and a carryforward adjustment to the indirect rate calculation is not appropriate in an initial submission. This recommended change required SCAG to revise and resubmit its FY 2022 ICRP to remove the carryforward over-recovery adjustment of \$164,770 from prior years. This write-off resulted in \$164,770 in recorded Other income in the General Fund in FY 2021-2022. A carryforward adjustment calculation will be appropriate in future years, and accordingly a carryforward adjustment for the true-up of FY 2021-2022 budgeted versus actual costs will be included in the FY 2023-2024 ICRP submission. A recap of the carryforward amount follows:

	Indirect Costs and Fringe Benefits
Indirect costs and fringe benefits	\$ 35,987,809
Indirect costs and fringe benefits recovered	39,696,515
(Over) under-recovered indirect costs and fringe benefits	(3,708,706)
(Over) under-recovered indirect costs and fringe benefits, beginning of year	(164,770)
Disallowed indirect costs written off	164,770
(Over) under-recovered indirect costs and fringe benefits, end of year	\$ (3,708,706)

The balance of over-recovered indirect costs at June 30, 2022 amounting to \$3,708,706 will be carried forward as an adjustment to the calculation of the indirect cost carryforward for FY 2022-2023.

Note 5 - Unearned Revenue and Advances from Grantors

Unearned revenue consisted of the following:

A. Regional Early Action Planning (REAP) Grant Advances

SCAG was awarded Regional Early Action Planning (REAP) funding from Assembly Bill (AB) 101 to provide housing planning and process improvement services to cities and counties. \$4,808,028 is reported as unearned revenue as of June 30, 2022.

B. California Workforce Development Board (CWDB) Grant Advances

SCAG was awarded California Workforce Development Board funding from Senate Bill (SB) 129 to fund SCAG's Inclusive Economic Recovery (IERS) Implementation and Workforce Development for Displaced Workers Pilot. \$3,370,209 is reported as unearned revenue as of June 30, 2022.

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Note 6 - Capital Assets

SCAG's capital asset activity for the year ended June 30, 2022 was as follows:

	(Restated) Balance July 01, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated				
Construction in progress	\$ 523,208	\$ -	\$ (523,208)	\$ -
Capital assets being depreciated				
Computer equipment and software	6,939,396	1,023,593	-	7,962,989
Leasehold improvements	6,084,387	284,520	-	6,368,907
Furniture and fixtures	855,649	-	-	855,649
Total capital assets being depreciated	<u>13,879,432</u>	<u>1,308,113</u>	<u>-</u>	<u>15,187,545</u>
Less accumulated depreciation and amortization				
Computer equipment and software	(6,186,996)	(263,340)	-	(6,450,336)
Leasehold improvements	(1,371,977)	(415,025)	-	(1,787,002)
Furniture and fixtures	(759,989)	(63,775)	-	(823,764)
Total accumulated depreciation	<u>(8,318,962)</u>	<u>(742,140)</u>	<u>-</u>	<u>(9,061,102)</u>
Net capital assets	<u>6,083,678</u>	<u>565,973</u>	<u>(523,208)</u>	<u>6,126,443</u>
Right to use leased asset being amortized				
Right to use leased building	24,273,921	-	-	24,273,921
Less accumulated amortization for				
Right to use leased building	-	(1,095,064)	-	(1,095,064)
Net right to use leased asset	<u>24,273,921</u>	<u>(1,095,064)</u>	<u>-</u>	<u>23,178,857</u>
Total capital assets, net	<u>\$ 30,357,599</u>	<u>\$ (529,091)</u>	<u>\$ (523,208)</u>	<u>\$ 29,305,300</u>

Depreciation and amortization expense was charged to SCAG's functions/programs as follows:

Transportation	\$ 842,820
Environmental	97,715
Sustainability/Housing	542,662
Modeling	281,732
Public Involvement	72,275
	<u>\$ 1,837,204</u>

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Note 7 - Interfund Balances and Transfers

The interfund due to/from amounts at June 30, 2022 were as follows:

	Due From Other Funds	Due to Other Funds
Major Governmental Funds		
General fund	\$ -	\$ 5,412,482
FTA 5303 fund	-	1,711,670
FTA 5312 fund	-	1,770
FHWA PL fund	-	2,456,536
TDA fund	9,264,803	-
REAP AB101	-	1,490,390
Total	9,264,803	11,072,848
Non-Major Governmental Funds	3,878,646	2,070,601
	\$ 13,143,449	\$ 13,143,449

SCAG's General Fund is the organization's main operating fund and all cash receipts and disbursements are processed through the General Fund. Interfund due to/from transactions are used to account for the other funds' portion of these transactions. Interfund balances have been eliminated in the government wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

The interfund transfers in/out during the year ended June 30, 2022 were as follows:

	Transfers In	Transfers Out
Major Governmental Funds		
General fund	\$ -	\$ 913,052
TDA fund	913,052	-
Total	\$ 913,052	\$ 913,052

Of the \$913,052 transfer between the General fund and the TDA fund, \$824,414 was transferred from the General Fund to TDA to reimburse the net book value of fixed assets previously purchased with TDA funds. The General Fund will be reimbursed the cost of these assets through the remaining depreciation expense that will be included in the indirect cost rate in future years.

Note 8 - Commitments and Contingencies**A. Grants**

Amounts received or receivable from grantors are subject to audit and adjustment by grantor agencies, which include the USDOT, Caltrans, and other state agencies. Any disallowed costs, including amounts already collected, may constitute a liability of the applicable funds.

B. Contract Commitments

At June 30, 2022, SCAG is contractually committed to pay for certain future transportation, technical and other planning consulting services amounting to \$21,839,169.

C. Contingent Liabilities

In the ordinary course of its operations, SCAG is the subject of claims and litigation from outside parties. SCAG is insured for professional and general liability claims on a claims-made basis. In the opinion of management, there is no pending litigation or unasserted claims, the outcome of which would materially affect SCAG's financial position.

D. Liability, Workers' Compensation, and Purchased Insurance***Description of Self-Insurance Pool Pursuant to Joint Powers Agreement***

SCAG is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of more than 100 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

The California JPIA provides liability coverage that offers members two program options: the primary liability program and the excess liability program. Coverage in both programs includes bodily injury, personal injury, or property damage to a third party resulting from a member activity, including automobile liability. Employment practices liability is also a covered exposure. Claims for these programs are managed through a collaborative process with member communication and consultation. The California JPIA uses a third-party administrator to investigate and respond to all claims.

The primary liability program provides first-dollar coverage with no deductibles or member-retained limits. The program offers \$50 million of coverage per occurrence and is funded at the 70% – 80% confidence level. Although claims are managed through a collaborative process, the Authority retains ultimate settlement authority. The program is funded by annual contributions that represent an “all-inclusive” charge that covers the pool’s retained layer, excess and reinsurance premiums, claims administration fees, operating expenses, and most training and risk management program expenses. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/coverage/risk-sharing-pools/>.

Workers’ Compensation Program

The California JPIA provides workers’ compensation coverage that offers members two options: the primary workers’ compensation program and the excess workers’ compensation program. Coverage in both programs includes benefits to employees who are injured or become ill as a result of work-related activities. Benefits include medical treatment, indemnity payments, and other statutory requirements. All employers must provide workers’ compensation protection for their employees. Claims for these programs are managed through a collaborative process with member communication and consultation.

For 2021-22, the Authority’s pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers’ Compensation Law. Employer’s Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer’s Liability losses from \$5 million to \$10 million are pooled among members.

Purchased Insurance**Property Insurance**

SCAG participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. SCAG’s property is currently insured according to a schedule of covered property submitted by SCAG to the Authority. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

SCAG purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2021-22.

E. Other Employee Benefits

SCAG also provides health insurance, vision, and dental benefits to employees under fully insured plans. The benefits are funded on a pay-as you-go basis in which SCAG pays premiums up to a maximum amount to cover the employees who participate in the program or payments are made directly to employees who have elected not to participate in the program. During the year ended June 30, 2022, SCAG paid \$1,763,103 of health insurance premiums and \$267,055 of vision and dental insurance premiums, as well as \$607,029 to employees who had no health insurance elections.

Note 9 - Line of Credit

SCAG has a \$6.5 million line of credit arrangement with an independent financial institution, which expires on March 31, 2023. It was established to provide access to cash, if needed, on a current basis. If advances are requested, they are secured by an assignment of all monies due, or to be due, from Caltrans. Advances must be made in minimum amounts of \$350,000. The line of credit was not used in the year ended June 30, 2022 and no liability was outstanding.

The line of credit agreement contains certain covenants regarding timely repayment, maintenance of certain levels of financial position, and other criteria. At June 30, 2022, SCAG management believes SCAG was in compliance with the financial covenants.

Note 10 - Long-Term Liabilities

The following is a summary of changes in SCAG's long-term liabilities for the year ended June 30, 2022:

	Balance July 01, 2021 (As restated)	Additions	Deletions	Balance June 30, 2022	Due within One year
Compensated absences	\$ 2,001,440	\$ 1,399,878	\$ 1,201,918	\$ 2,199,400	\$ 1,262,014
Net pension liabilities - PARS	545,697	40,919	96,901	489,715	-
Net pension liabilities - PERS	46,353,296	12,528,470	27,154,230	31,727,536	-
Net OPEB liability	3,086,580	265,505	2,464,595	887,490	-
Financing agreements	690,846	-	413,400	277,446	277,446
Building Lease	28,027,328	-	266,614	27,760,714	230,521
Total Governmental Activities	<u>\$ 80,705,187</u>	<u>\$ 14,234,772</u>	<u>\$ 31,597,658</u>	<u>\$ 63,342,301</u>	<u>\$ 1,769,981</u>

Net pension liabilities, OPEB liabilities and compensated absences are liquidated from the General Fund.

A. Furniture and Equipment Financing Agreements

During fiscal year 2018, SCAG entered into two five-year financing agreements with Bank of the West to finance the acquisition of furniture and audio-visual equipment in SCAG's new headquarters building in Los Angeles. The furniture financing was in the amount of \$1,241,980 at 4.86% while the equipment financing was in the amount of \$701,505 at 5.44%. The amount of principal and interest outstanding as of June 30, 2022, is \$277,445 and \$5,279, respectively. These outstanding amounts contain a provision that in an event of a default, the outstanding amounts become immediately due if SCAG is unable to make payment. Principal and interest paid during the current year totaled \$439,004.

The future principal and interest requirements on the financing agreements are as follows:

Fiscal Year Ending June 30,	Furniture Financing		
	Principal	Interest	Total
2023	\$ 160,241	\$ 2,606	\$ 162,847
Total	\$ 160,241	\$ 2,606	\$ 162,847

Fiscal Year Ending June 30,	Equipment Financing		
	Principal	Interest	Total
2023	\$ 117,205	\$ 2,673	\$ 119,878
Total	\$ 117,205	\$ 2,673	\$ 119,878

B. Building Lease

On April 21, 2017, SCAG entered into a lease agreement as lessee for the use of a building. As of June 30, 2022, the value of the lease liability was \$27,760,714. SCAG is required to make monthly payments of \$109,531 through September 2043. The lease liability was valued using a discount rate of 4.06%, which is SCAG's incremental borrowing rate.

Remaining principal and interest payments on the building lease are as follows:

Fiscal Year Ending June 30,	Building Lease		
	Principal	Interest	Total
2023	\$ 230,521	\$ 1,123,026	\$ 1,353,547
2024	295,283	1,112,481	1,407,764
2025	364,739	1,099,216	1,463,955
2026	439,526	1,083,036	1,522,562
2027	519,755	1,063,718	1,583,473
2028-2032	4,017,633	4,902,299	8,919,932
2033-2037	7,050,613	3,800,802	10,851,415
2038-2042	11,227,635	1,972,742	13,200,377
2043-2044	3,615,009	99,204	3,714,213
Total	<u>\$ 27,760,714</u>	<u>\$ 16,256,524</u>	<u>\$ 44,017,238</u>

Note 11 - Related Party Transactions

For the year ended June 30, 2022, SCAG recorded \$2,193,246 as membership revenue. These revenues are received from member cities, counties, transportation commissions and two Indian tribes whose representatives also serve on the Regional Council of SCAG. Such revenues are shown as membership assessments in the accompanying basic financial statements. The individual member assessments are calculated by a variable fixed base amount dependent on population plus a pro-rata allocation based on population. The bylaws of SCAG specify the method of calculation for the annual member assessments.

Note 12 - Retirement Plans

SCAG participates in the California Public Employees' Retirement System (CalPERS) and Public Agency Retirement System (PARS) for supplemental pension plan which are subject to GASB Statement No. 68.

A summary of pension amounts for SCAG's plans at June 30, 2022 is presented below:

	CalPERS	PARS	Total
Deferred outflows - pensions	\$ 5,824,646	\$ 5,916	\$ 5,830,562
Deferred inflows - pensions	(10,519,804)	-	(10,519,804)
Net pension liability	31,727,536	489,715	32,217,251
Pension expenses (credits)	1,854,881	22,523	1,877,404

Defined Benefit Pension Plan - California Public Employees' Retirement System (CalPERS)**A. General Information about the Pension Plan*****Plan Descriptions***

All qualified permanent and probationary employees are eligible to participate in SCAG's Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by the CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and SCAG's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 or 52 depending on the member's date of entry into CalPERS, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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The Plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

Hire Date	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Earliest Retirement age	50	52
Monthly benefits, as a % of eligible annual compensation	1.1% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	9.427%	9.427%

Employees Covered

At June 30, 2022, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	235
Inactive employees entitled to but not yet receiving benefits	206
Active employees	147
Total	588

Contributions

Section 20814(c) of the California Public Employees' Retirement Law 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 each of the Tiers within the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. SCAG's contributions to the Plan for the year ended June 30, 2022 were \$5,662,040.

B. Net Pension Liability

SCAG's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.500%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

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 the 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. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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.

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.

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In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 PERF 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 equal 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.

Asset Class	Current Target Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

(a) An expected inflation rate of 2.00% used for this period

(b) An expected inflation rate of 2.92% used for this period

C. Changes in the Net Pension Liability

The following table shows the changes in net position liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020	\$ 139,294,683	\$ 92,941,387	\$ 46,353,296
Changes in the year			
Service Cost	2,662,398	-	2,662,398
Interest on the total pension liability	9,773,229	-	9,773,229
Differences between expected and actual experience	(82,799)	-	(82,799)
Contributions from the employer	-	4,826,633	(4,826,633)
Contributions from the employee	-	1,275,178	(1,275,178)
Net investment income	-	20,969,620	(20,969,620)
Benefit payments, including refunds of employee contributions	(7,709,152)	(7,709,152)	-
Administrative expenses	-	(92,843)	92,843
Net changes during measurement period	4,643,676	19,269,436	(14,625,760)
Balance at June 30, 2021	\$ 143,938,359	\$ 112,210,823	\$ 31,727,536

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of SCAG for the Plan, calculated using the discount rate for the Plan, as well as what SCAG's 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:

	Miscellaneous		
	1% Decrease (6.15%)	Current Discount rate (7.15%)	1% Increase (8.15%)
Net Pension Liability	\$ 48,732,604	\$ 31,727,536	\$ 17,536,102

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2022, SCAG recognized pension expense of \$1,854,881. At June 30, 2022, SCAG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 162,606	\$ (53,228)
Net differences between projected and actual earnings on plan investments	-	(10,466,576)
Contributions subsequent to measurement date	<u>5,662,040</u>	<u>-</u>
Total	<u>\$ 5,824,646</u>	<u>\$ (10,519,804)</u>

\$5,662,040 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30,</u>	
2023	\$ (2,533,099)
2024	(2,439,017)
2025	(2,502,427)
2026	<u>(2,882,655)</u>
Total	<u>\$ (10,357,198)</u>

Supplemental Defined Benefit Pension Plan – Public Agency Retirement System (PARS)**A. General Information about the Pension Plan*****Plan Description***

On January 1, 2002, SCAG adopted a PARS Supplementary Retirement Plan (Plan). It was established to provide supplemental retirement benefits to certain eligible employees who retired in 1999. The Plan is a single-agent employer defined benefit plan to pay the equivalent of retirement benefits based on the amount of a bonus paid to each employee as an incentive to early retirement. Management believed the bonus was eligible for retirement pension benefits through PERS. The bonuses were later deemed ineligible by PERS for the purpose of calculating benefits; consequently, the Plan was established to pay each retiree the retirement amount they would have received from PERS, if the bonus had been deemed eligible. The Plan is closed to new entrants. The Plan does not issue stand-alone financial reports.

The PARS' trust administrator is Phase II Systems, which was appointed by the member agencies affiliated with the trust. The US Bank is the appointed trustee and has full power and authority with respect to property held in the trust. The distributions by PARS are in addition to the retirement benefits received from PERS.

Benefits Provided

A participant is fully vested and eligible to receive benefits under the Plan, if designated by the plan administrator. There are 10 designated participants, and the amount of their monthly distribution is stated in the Plan. It is anticipated that there will not be any future eligible participants added to the Plan.

The Plan provides a lifetime retirement benefit in the amount specified in the Plan with respect to each participant. At the effective date of the Plan, the amount of the supplementary benefit was determined based on the participant's selection from various retirement benefit options available. Distributions are paid consistent with the method of distribution by PERS, including an annual two-percent (2 percent) compounding cost-of-living adjustment effective each year on May 1st.

The Plan's provisions and benefits in effect at June 30, 2022 are summarized as follows:

Employees Covered

At June 30, 2022, all employees covered by the benefit terms for each Plan were inactive employees or beneficiaries currently receiving benefits. There were 10 participants.

Contributions

Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by the actuarial firm of Milliman. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits paid to retirees during the year on a pay-as-you-go basis. SCAG is not prefunding these benefits. SCAG's contributions to the Plan for the year ended June 30, 2022 were \$80,354.

SCAG's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of that date. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

B. Net Pension Liability

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

	<u>PARS Miscellaneous</u>
Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.54%
Payroll Growth	None (1)
Projected Salary Increases	None (1)
Investment Rate of Return	6.0% (2)
Mortality	Males: RP-2000 Males rate projected to 2020 using scale BB (as prescribed by PARS) Females: RP-2000 Females rate projected to 2020 using scale BB (as prescribed by PARS)

(1) Plan has no active members.

(2) Net of pension plan investment expense, including inflation.

Discount Rate

The primary assumption in determining the sufficiency of a plan’s fiduciary net position relates to expected employer contributions. As of June 30, 2022, the Plan is not being prefunded. Thus, the employer contributions are sufficient to cover only current benefit payments. Since there is a date of depletion, the discount rate is much lower than the current 6% investment return assumption. Projected benefit payments are discounted using the municipal bond index after the date that assets are expected to be depleted. SCAG chose the Bond Buyer GO 20-Bond Municipal Bond Index. The bond index increased from 2.14% as of June 30, 2021 to 3.54% as of June 30, 2022. The Fiduciary Plan Net Position is \$78,464, leaving an unfunded liability, known as the Net Pension Liability of \$489,715.

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Notes to Financial Statements

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C. Changes in the Net Pension Liability

The following table shows the changes in net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021	\$ 608,182	\$ 62,485	\$ 545,697
Service Cost			
Interest on the total pension liability	12,377	-	12,377
Effect of economic/demographic gains or losses	24,027	-	24,027
Effect of assumption changes or inputs	(16,461)	-	(16,461)
Benefit payments	(59,946)	(59,946)	-
Contributions from the employer	-	80,354	(80,354)
Net investment income	-	86	(86)
Administrative expenses	-	(4,515)	4,515
Net changes	(40,003)	15,979	(55,982)
Balance at June 30, 2022	\$ 568,179	\$ 78,464	\$ 489,715

Plan Fiduciary Net Position - Separate financial statements are not issued and management has determined that the balances and activity are immaterial.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of SCAG for the Plan, calculated using the discount rate for the Plan, as well as what SCAG's 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 (2.54%)	Current Discount rate (3.54%)	1% Increase (4.54%)
	Net Pension Liability	\$ 527,258	\$ 489,715

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2022, SCAG recognized a pension expense of \$22,523. At June 30, 2022, SCAG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Deferred Inflows of Resources</u>
Net differences between projected and actual earnings	\$ 5,916	\$ -

Amounts reported as deferred outflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30,</u>	
2023	\$ 2,009
2024	1,706
2025	1,376
2026	<u>825</u>
Total	<u>\$ 5,916</u>

Note 13 - Deferred Compensation

SCAG has a deferred compensation plan that is available to substantially all employees. The plan allows employees to defer a portion of their current income from state and federal taxation. Employees may withdraw their participation at any time by giving written notice at least 30 days prior to the effective date of withdrawal. At June 30, 2022, plan assets totaling \$28,259,758 were held by independent trustees and, as such, are not reflected in the accompanying basic financial statements.

All amounts of compensation deferred under the plans are solely the property and rights of each beneficiary (pursuant to legislative changes effective in 1998 to the Internal Revenue Code Section 457, this includes all property and rights purchased and income attributable to these amounts until paid or made available to the employee or other beneficiary).

Note 14 - Post Employment Healthcare Plan**A. Plan Description**

SCAG participates in the California Public Employees' Retirement System's (CalPERS) California Employer's Retiree Benefit Trust Program (CERBT) to assist SCAG's payment of other post employment benefits (OPEB). SCAG's Retiree Health Program (Plan) provides OPEB for all permanent full-time employees. The Plan is an agent multiple-employer defined benefit other postemployment benefits plan administered by the California Public Employees' Retirement System (CalPERS). CalPERS issues a publicly available financial report that can be found on the CalPERS website.

B. Benefits Provided

SCAG provides healthcare benefits through the CalPERS Health Program for all eligible retirees and their dependents. Retirees are eligible for this benefit if they are 50 years of age or over, have completed 5 years of employment, or they have taken disability retirement. Healthcare benefit payments are made monthly for each retired employee up to a maximum of \$550 and no future increases are assumed. Retirees can select a healthcare plan from only among the plans available through CalPERS. All of the retiree health benefit continues to the surviving spouse.

Employees Covered by Benefit Terms

At June 30, 2021, the most recent valuation date, the following current and former employees were covered by the benefit terms of the plan:

Inactive employees or beneficiaries currently receiving benefits	104
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>171</u>
Total	<u><u>275</u></u>

Contributions

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, 2022 were \$697,791.

C. Net OPEB Liability

SCAG's net OPEB liability was measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability was measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2021. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

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Actuarial Assumptions – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.50%
Payroll Growth	2.75%
Investment Rate of Return	6.75%
Mortality	(1)
Healthcare Trend Rate	4.00%

(1) 2017 CalPERS Mortality for Miscellaneous and Schools Employees

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75 percent. 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 SCAG’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 plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on OPEB 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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized as follows:

Asset Class	Target Allocation	Long-Term Rate of Return Expected Real
<i>CERBT</i>		
All Equities	59%	7.55%
All Fixed Income	25%	4.25%
Real Estate Investment Trusts	8%	7.25%
All Commodities	3%	7.55%
Treasury Inflation Protected Securities (TIPS)	5%	3.00%
Total	100%	

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June 30, 2022

D. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	\$ 9,759,476	\$ 6,672,896	\$ 3,086,580
Changes in the year:			
Service cost	253,956	-	253,956
Interest on the total OPEB liability	643,752	-	643,752
Investment earnings	-	1,849,065	(1,849,065)
Changes in assumptions	(142,392)	-	(142,392)
Differences between expected and actual experience	(267,594)	-	(267,594)
Contributions - employer	-	840,296	(840,296)
Net investment income	-	-	-
Benefit payments	(698,772)	(698,772)	-
Administrative expenses	-	(2,549)	2,549
Net changes	(211,050)	1,988,040	(2,199,090)
Balance at June 30, 2022	<u>\$ 9,548,426</u>	<u>\$ 8,660,936</u>	<u>\$ 887,490</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate— The following presents the net OPEB liability of SCAG, as well as what SCAG's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 1,782,079	\$ 887,490	\$ 119,185

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of SCAG, as well as what SCAG's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.00%)	Healthcare Cost Trend Rates (4.00%)	1% Increase (5.00%)
Net OPEB Liability	\$ 519,195	\$ 887,490	\$ 1,288,480

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

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

For the year ended June 30, 2022, SCAG recognized OPEB expense of \$264,331. At June 30, 2022, SCAG 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	\$ 697,791	\$ -
Changes in assumptions	-	306,950
Differences between actual and expected experience	-	125,236
Net difference between projected and actual earnings on plan investments	-	993,511
	<u>\$ 697,791</u>	<u>\$ 1,425,697</u>
Total	<u>\$ 697,791</u>	<u>\$ 1,425,697</u>

\$697,791 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, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	<u>Amortization</u>
2023	\$ (303,725)
2024	(292,779)
2025	(297,095)
2026	(338,416)
2027	(59,626)
Thereafter	(134,056)
	<u>\$ (1,425,697)</u>
Total	<u>\$ (1,425,697)</u>

Note 15 - Prior Period Adjustment – Correction of Errors

Prepaid expenses pertaining to the general fund were incorrectly recorded as construction in progress in the statement of net position, resulting in an understatement of fund balance in the governmental balance sheet totaling \$342,815 at June 30, 2021. Additionally, capital assets were not recorded in the statement of net position, resulting in an understatement of net position totaling \$100,924 at June 30, 2021.

Required Supplementary Information

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – General Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Membership assessments				
Cities	\$ 1,711,929	\$ 1,711,929	\$ 1,762,255	\$ 50,326
Counties	322,491	322,491	322,491	-
Commissions	88,500	88,500	88,500	-
Transportation corridor agency	10,000	10,000	10,000	-
Air districts	10,000	10,000	10,000	-
	<u>2,142,920</u>	<u>2,142,920</u>	<u>2,193,246</u>	<u>50,326</u>
General assembly	340,000	340,000	340,575	575
Interest and other	171,676	171,676	210,718	39,042
	<u>2,654,596</u>	<u>2,654,596</u>	<u>2,744,539</u>	<u>89,943</u>
Expenditures				
Administration				
Salaries and wages	144,194	145,538	181,314	(35,776)
Allocated fringe benefits	112,822	112,693	141,860	(29,167)
Allocated indirect costs	363,202	373,539	456,678	(83,139)
Contractual and professional services	408,000	658,000	168,195	489,805
Bank fees	15,000	15,000	17,195	(2,195)
Resources materials/subscription	2,000	2,000	-	2,000
Meetings and conferences	28,000	28,000	21,788	6,212
Scholarship	44,000	44,000	-	44,000
General assembly	611,500	499,948	651,711	(151,763)
SCAG memberships	127,600	127,600	166,080	(38,480)
Professional memberships	11,500	11,500	7,359	4,141
Office supplies	103,500	103,500	44,873	58,627
Reproduction and printing	10,000	10,000	-	10,000
Stipend-RC Mtg	202,000	202,000	234,230	(32,230)
RC sponsorships	165,000	165,000	99,540	65,460
Economic and labor summit	85,000	85,000	25,000	60,000
Demographic workshop	28,000	28,000	-	28,000
RHNA subregional delegation	20,000	20,000	-	20,000
Travel	169,500	169,500	27,260	142,240
Other	50,000	50,000	37,957	12,043
	<u>2,700,818</u>	<u>2,850,818</u>	<u>2,281,040</u>	<u>569,778</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – General Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Public Involvement				
Salaries and wages	\$ -	\$ -	\$ 15,265	\$ (15,265)
Allocated fringe benefits	-	-	11,943	(11,943)
Allocated indirect costs	-	-	38,447	(38,447)
Contractual and professional services	-	-	198	(198)
Total public involvement	-	-	65,853	(65,853)
Sustainability				
Salaries and wages	\$ -	\$ -	\$ 85,864	\$ (85,864)
Allocated fringe benefits	-	-	67,180	(67,180)
Allocated indirect costs	-	-	216,266	(216,266)
Total sustainability	-	-	369,310	(369,310)
Transportation				
Salaries and wages	-	-	19,081	(19,081)
Allocated fringe benefits	-	-	14,929	(14,929)
Allocated indirect costs	-	-	48,059	(48,059)
Outreach/Advertisement	-	-	463	(463)
Total transportation	-	-	82,532	(82,532)
Environmental				
Salaries and wages	-	-	41,978	(41,978)
Allocated fringe benefits	-	-	32,843	(32,843)
Allocated indirect costs	-	-	105,730	(105,730)
Total environmental	-	-	180,551	(180,551)
Capital Outlay	1,512,183	1,362,183	1,026,796	335,387
Total expenditures	4,213,001	4,213,001	4,006,082	206,919
Excess (deficiency) of revenues over (under) expenditures	(1,558,405)	(1,558,405)	(1,261,543)	296,862
Other financing sources (uses)				
Transfers out	-	-	(913,052)	(913,052)
Change in Fund Balance	(1,558,405)	(1,558,405)	(2,174,595)	(616,190)
Fund balances, Beginning of Year	7,023,495	7,023,495	7,023,495	-
Prior Period Adjustment	-	-	342,815	(342,815)
Fund Balance, Beginning of Year, as Restated	7,023,495	7,023,495	7,366,310	(342,815)
Fund Balances, End of Year	\$ 5,465,090	\$ 5,465,090	\$ 5,191,715	\$ (959,005)

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Transportation Administration 5303 – Major Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Federal grants	\$ 17,965,396	\$ 19,563,100	\$ 12,820,292	\$ (6,742,808)
Expenditures				
Administration				
Salaries and wages	134,001	129,774	121,186	8,588
Allocated fringe benefits	10,484	100,488	94,816	5,672
Allocated indirect costs	337,527	333,084	305,232	27,852
Contractual and professional services	949,671	949,671	677,602	272,069
Total administration	<u>1,431,683</u>	<u>1,513,017</u>	<u>1,198,836</u>	<u>314,181</u>
Transportation				
Salaries and wages	712,850	667,107	625,571	41,536
Allocated fringe benefits	557,757	501,079	488,927	12,152
Allocated indirect costs	1,795,552	1,689,839	1,574,897	114,942
Contractual and professional services	2,886,232	3,593,116	1,134,319	2,458,797
Non-profits	50,462	-	-	-
Meetings and conferences	1,901	2,100	77	2,023
Travel	4,716	5,000	893	4,107
Other	5,995	6,107	2,509	3,598
Total transportation	<u>6,015,465</u>	<u>6,464,348</u>	<u>3,827,193</u>	<u>2,637,155</u>
Environmental				
Salaries and wages	483,647	260,936	174,798	86,138
Allocated fringe benefits	195,503	186,568	136,243	50,325
Allocated indirect costs	629,373	647,337	439,531	207,806
Contractual and professional services	398,152	517,774	10,658	507,116
Meetings and conferences	1,901	2,100	77	2,023
Travel	5,094	4,923	590	4,333
Other	6,490	6,539	-	6,539
Total environmental	<u>1,720,160</u>	<u>1,626,177</u>	<u>761,897</u>	<u>864,280</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Transportation Administration 5303 – Major Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Modeling				
Salaries and wages	\$ 568,568	\$ 600,153	\$ 591,100	\$ 9,053
Allocated fringe benefits	444,867	449,234	461,957	(12,723)
Allocated indirect costs	1,432,132	1,517,985	1,488,074	29,911
Contractual and professional services	1,567,420	1,582,057	693,844	888,213
Resources material/subscription	500,000	500,000	173,564	326,436
Meetings and conferences	1,901	2,100	77	2,023
Travel	2,716	3,000	590	2,410
Other	9,175	10,000	2,509	7,491
Total modeling	4,526,779	4,664,529	3,411,715	1,252,814
Public Involvement				
Salaries and wages	539,313	625,067	586,934	38,133
Allocated fringe benefits	421,976	468,526	458,698	9,828
Allocated indirect costs	1,358,443	1,581,933	1,477,583	104,350
Contractual and professional services	428,846	372,143	42,258	329,885
Meetings and conferences	5,069	5,600	206	5,394
Travel	7,242	8,000	1,573	6,427
Other	27,526	30,000	15,056	14,944
Total public involvement	2,788,415	3,091,269	2,582,308	508,961
Sustainability initiatives				
Salaries and wages	157,006	199,650	169,276	30,374
Allocated fringe benefits	122,846	139,114	131,922	7,192
Allocated indirect costs	395,472	490,037	425,623	64,414
Contractual and professional services	804,994	884,970	295,257	589,713
Non-profits	132,795	44,265	15,598	28,667
Meetings and conferences	1,901	2,100	77	2,023
Travel	2,716	3,000	590	2,410
Other	4,593	5,004	-	5,004
Total sustainability initiatives	1,622,323	1,768,140	1,038,343	729,797
Total expenditures	18,104,825	19,127,480	12,820,292	6,307,188
Excess (deficiency) of revenues over/(under) expenditures	(139,429)	435,620	-	(435,620)
Fund balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ (139,429)	\$ 435,620	\$ -	\$ (435,620)

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Highway Administration PL – Major Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Federal grants	\$ 21,450,065	\$ 26,856,042	\$ 19,779,863	\$ (7,076,179)
Expenditures				
Administration				
Salaries and wages	643,410	646,767	457,461	189,306
Allocated fringe benefits	503,425	500,812	357,918	142,894
Allocated indirect costs	1,620,643	1,660,024	1,152,212	507,812
Software Supplies	550,000	550,000	296,776	
Other	-	2,492	-	2,492
Total administration	<u>3,317,479</u>	<u>3,360,096</u>	<u>2,264,367</u>	<u>842,505</u>
Transportation				
Salaries and wages	1,380,349	1,557,094	1,434,496	122,598
Allocated fringe benefits	1,080,032	1,205,706	1,122,350	83,356
Allocated indirect costs	3,476,865	3,996,500	3,613,079	383,421
Resources material/subscription	23,111	26,715	-	26,715
Meetings and conferences	1,300	1,300	18	1,282
Reproduction and printing	3,593	3,893	-	3,893
Travel	16,400	15,200	3,348	11,852
Other	12,721	185,446	-	185,446
Total transportation	<u>5,994,372</u>	<u>6,991,854</u>	<u>6,173,291</u>	<u>818,563</u>
Environmental				
Salaries and wages	540,114	510,787	504,331	6,456
Allocated fringe benefits	422,602	395,517	394,590	927
Allocated indirect costs	1,360,454	1,311,008	1,270,265	40,743
Meetings and conferences	8,266	9,630	-	9,630
Travel	6,022	6,477	-	6,477
Total environmental	<u>2,339,556</u>	<u>2,235,880</u>	<u>2,169,186</u>	<u>66,694</u>
Modeling				
Salaries and wages	1,380,022	1,380,337	1,363,143	17,194
Allocated fringe benefits	1,079,775	1,068,837	1,066,523	2,314
Allocated indirect costs	3,476,046	3,542,834	3,433,362	109,472
Meetings and conferences	900	3,400	1,012	2,388
Travel	1,300	3,700	515	3,185
Other	2,865	2,350	-	2,350
Total modeling	<u>5,940,908</u>	<u>6,001,457</u>	<u>5,864,555</u>	<u>136,902</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Highway Administration PL – Major Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Public Involvement				
Salaries and wages	\$ 121,764	\$ 130,058	\$ 79,174	\$ 50,884
Allocated fringe benefits	95,272	100,708	61,946	38,762
Allocated indirect costs	306,701	333,813	199,417	134,396
Meeting and conferences	5,100	5,100	6	5,094
Travel	1,600	1,600	-	1,600
Total public involvement	530,437	571,278	340,543	230,735
Sustainability initiatives				
Salaries and wages	762,663	839,570	688,362	151,208
Allocated fringe benefits	596,735	650,102	538,574	111,528
Allocated indirect costs	1,921,017	2,154,875	1,733,783	421,092
Meetings and conferences	1,300	8,800	3,857	4,943
Travel	10,300	17,100	3,345	13,755
Reproduction and printing	4,500	4,500	-	4,500
Total sustainability initiatives	3,296,515	3,674,947	2,967,921	707,026
Total expenditures	21,419,267	22,835,512	19,779,863	3,055,649
Excess (deficiency) of revenues over/ (under) expenditures	30,798	4,020,530	-	(4,020,530)
Fund balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ 30,798	\$ 4,020,530	\$ -	\$ (4,020,530)

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Highway Administration 5312 – Major Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Federal grants	\$ 5,737,646	\$ 1,559,749	\$ 818,146	\$ (741,603)
Expenditures				
Transportation				
Salaries and wages	1,318	1,976	2,400	(424)
Allocated fringe benefits	1,030	1,530	1,878	(348)
Allocated indirect costs	3,318	5,071	6,044	(973)
Pass-through payments	5,652,322	1,468,124	807,824	660,300
Other	79,658	83,048	-	83,048
Total transportation	5,737,646	1,559,749	818,146	741,603
Total expenditures	5,737,646	1,559,749	818,146	741,603
Excess (deficiency) of revenues over/(under) expenditures	-	-	-	-
Fund balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Transportation Development Act – Major Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Local grants and contracts	\$ 6,312,425	\$ 6,312,425	\$ 6,817,314	\$ 504,889
Expenditures				
Transportation				
Salaries and wages	515,642	337,582	427,371	(89,789)
Allocated fringe benefits	380,329	251,689	323,131	(71,442)
Allocated indirect costs	1,312,067	905,905	1,116,159	(210,254)
Contractual and professional services	930,269	887,892	315,699	572,193
Non-profits	71,287	69,567	55,226	14,341
Travel	10,484	9,618	684	8,934
Other	30,980	50,903	-	50,903
Total transportation	3,251,058	2,513,156	2,238,270	274,886
Environmental				
Salaries and wages	43,589	19,500	51,974	(32,474)
Allocated fringe benefits	39,144	7,776	33,045	(25,269)
Allocated indirect costs	167,785	39,455	120,140	(80,685)
Contractual and professional services	42,746	56,022	9,580	46,442
Non-profits	7,200	7,200	1,698	5,502
Total environmental	300,464	129,953	216,437	(86,484)
Public Involvement				
Salaries and wages	126,191	42,886	42,664	222
Allocated fringe benefits	75,607	25,333	25,761	(428)
Allocated indirect costs	296,657	121,415	121,866	(451)
Contractual and professional services	65,373	108,169	22,553	85,616
Other	4,406	2,251	450	1,801
Total public involvement	568,234	300,054	213,294	86,760
Sustainability initiatives				
Salaries and wages	313,039	322,781	292,914	29,867
Allocated fringe benefits	221,804	242,632	221,556	21,076
Allocated indirect costs	755,799	856,581	772,066	84,515
Contractual and professional services	394,984	453,439	232,014	221,425
Non-profits	67,879	190,737	107,143	83,594
Travel	10,584	1,200	234	966
Other	69,635	50,890	-	50,890
Total sustainability initiatives	1,833,724	2,118,260	1,625,927	492,333

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Transportation Development Act – Major Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Modeling				
Salaries and wages	\$ 274,534	\$ 144,876	\$ 377,176	\$ (232,300)
Allocated fringe benefits	191,675	104,858	287,484	(182,626)
Allocated indirect costs	658,819	361,245	939,230	(577,985)
Contractual and professional services	500,167	459,968	229,354	230,614
Non-profits	28,264	30,329	23,790	6,539
Travel	284	-	960	(960)
Other	18,819	19,870	-	19,870
Total water	<u>1,672,562</u>	<u>1,121,146</u>	<u>1,857,994</u>	<u>(736,848)</u>
Administration				
Salaries and wages	25,821	26,170	58,116	(31,946)
Allocated fringe benefits	20,204	20,264	44,406	(24,142)
Allocated indirect costs	65,039	67,167	144,875	(77,708)
Contractual and professional services	41,580	41,580	120,181	(78,601)
Total administration	<u>152,644</u>	<u>155,181</u>	<u>369,585</u>	<u>(214,404)</u>
Debt service				
Principal	413,402	413,402	413,401	1
Interest	13,065	13,065	13,064	1
Total debt service	<u>426,467</u>	<u>426,467</u>	<u>426,465</u>	<u>2</u>
Capital outlay	-	10,560	-	(155)
Total expenditures	<u>8,205,153</u>	<u>6,774,777</u>	<u>6,947,972</u>	<u>(173,195)</u>
Excess (deficiency) of revenues over/(under) expenditures	-	-	(130,658)	(130,658)
Other financing uses				
Transfer in	-	-	913,052	913,052
Change in Fund Balance	-	-	782,394	782,394
Fund balances, Beginning of Year	8,609,460	8,609,460	8,609,460	-
Fund Balances, End of Year	<u>\$ 8,609,460</u>	<u>\$ 8,609,460</u>	<u>\$ 9,391,854</u>	<u>\$ 782,394</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – REAP AB 101 – Major Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Federal grants	\$ 11,867,755	\$ 42,608,322	\$ 14,064,782	\$ (28,543,540)
Expenditures				
Sustainability initiatives				
Salaries and wages	\$ 764,328	\$ 895,013	\$ 837,834	\$ 57,179
Allocated fringe benefits	598,034	693,036	597,116	95,920
Allocated indirect costs	1,925,209	2,297,177	2,027,728	269,449
Contractual and professional services	8,302,985	35,550,510	10,600,666	24,949,844
Travel	-	-	1,438	(1,438)
Other	277,199	3,172,586	-	3,172,586
Total sustainability initiatives	11,867,755	42,608,322	14,064,782	28,543,540
Total expenditures	11,867,755	42,608,322	14,064,782	28,543,540
Excess (deficiency) of revenues over/(under) expenditures	-	-	-	-
Changes In Fund Balance	-	-	-	-
Fund Balances, Beginning Of Year	-	-	-	-
Fund Balances, End Of Year	\$ -	\$ -	\$ -	\$ -

Southern California Association of Governments
California Public Employees' Retirement System (CalPERS)
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Years*
Year Ended June 30, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability								
Service cost	\$ 1,926,065	\$ 1,848,012	\$ 2,111,871	\$ 2,343,160	\$ 2,290,471	\$ 2,364,540	\$ 2,412,334	\$ 2,662,398
Interest on total pension liability	7,284,415	7,705,889	8,138,979	8,507,621	8,757,694	9,116,962	9,463,839	9,773,229
Differences between expected and actual experiences	-	1,664,721	1,778,383	1,846,790	(61,325)	831,035	704,626	(82,799)
Changes in assumptions **	-	(1,702,023)	-	6,497,980	(853,150)	-	-	-
Benefit payments, including refunds of employee contributions	(5,397,736)	(5,660,486)	(5,945,299)	(6,285,626)	(6,539,230)	(7,243,780)	(7,473,419)	(7,709,152)
Net changes in total pension liability	3,812,744	3,856,113	6,083,934	12,909,925	3,594,460	5,068,757	5,107,380	4,643,676
Total pension liability - beginning	98,861,370	102,674,114	106,530,227	112,614,161	125,524,086	129,118,546	134,187,303	139,294,683
Total pension liability - ending (a)	<u>\$ 102,674,114</u>	<u>\$ 106,530,227</u>	<u>\$ 112,614,161</u>	<u>\$ 125,524,086</u>	<u>\$ 129,118,546</u>	<u>\$ 134,187,303</u>	<u>\$ 139,294,683</u>	<u>\$ 143,938,359</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 1,911,321	\$ 2,257,575	\$ 2,688,004	\$ 2,934,589	\$ 2,938,828	\$ 3,439,687	\$ 4,147,506	\$ 4,826,633
Contributions - employee	962,936	973,611	1,100,545	1,165,262	1,207,117	1,033,035	1,135,142	1,275,178
Net investment income	11,968,522	1,777,972	391,145	8,568,953	7,087,763	5,712,467	4,475,170	20,969,620
Plan to plan resource movement	-	(1,489)	(465)	-	(204)	-	-	-
Administrative expense	-	(89,199)	(48,228)	(114,158)	(130,255)	(62,732)	(127,985)	(92,843)
Benefit payments	(5,397,736)	(5,660,486)	(5,945,299)	(6,285,626)	(6,539,230)	(7,243,780)	(7,473,419)	(7,709,152)
Other miscellaneous income/(expense)	-	-	-	-	(247,357)	204	-	-
Net change in plan fiduciary net position	9,445,043	(742,016)	(1,814,298)	6,269,020	4,316,662	2,878,881	2,156,414	19,269,436
Plan fiduciary net position - beginning	70,431,681	79,876,724	79,134,708	77,320,410	83,589,430	87,906,092	90,784,973	92,941,387
Plan fiduciary net position - ending (b)	<u>\$ 79,876,724</u>	<u>\$ 79,134,708</u>	<u>\$ 77,320,410</u>	<u>\$ 83,589,430</u>	<u>\$ 87,906,092</u>	<u>\$ 90,784,973</u>	<u>\$ 92,941,387</u>	<u>\$ 112,210,823</u>
Net pension liability - ending (a)-(b)	22,797,390	27,395,519	35,293,751	41,934,656	41,212,454	43,402,330	46,353,296	31,727,536
Plan fiduciary net position as a percentage of total pension liability	77.80%	74.28%	68.66%	66.59%	68.08%	67.66%	66.72%	77.96%
Covered payroll	\$ 12,208,828	\$ 12,363,763	\$ 14,479,749	\$ 13,449,458	\$ 13,659,971	\$ 14,171,140	\$ 15,963,250	\$ 20,912,316
Net pension liability as a percentage of covered payroll	186.73%	221.58%	243.75%	311.79%	301.70%	306.27%	290.38%	151.72%

* Fiscal year 2015 was the first year of implementation.

** For the measurement period ended June 30, 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. For the measurement period ended June 30, 2022, the discount rate changed from 2.21% to 3.54%.

Southern California Association of Governments
California Public Employees' Retirement System (CalPERS)
Schedule of Plan Contributions
Last Ten Years*
As of June 30, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 2,257,575	\$ 2,688,004	\$ 2,934,588	\$ 2,938,424	\$ 3,439,787	\$ 4,147,545	\$ 4,826,472	\$ 5,662,040
Contribution made	(2,257,575)	(2,688,004)	(2,934,588)	(2,938,424)	(3,439,787)	(4,147,545)	(4,826,472)	(5,662,040)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 12,208,828	\$ 12,363,763	\$ 14,479,749	\$ 13,449,458	\$ 13,659,971	\$ 14,171,140	\$ 15,963,250	\$ 20,912,316
Contributions as a percentage of covered payroll	18.49%	21.74%	20.27%	21.85%	25.18%	29.27%	30.23%	27.08%

Notes to Schedule

Valuation date: 6/30/2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal
Amortization method Level percentage of payroll, closed
Remaining amortization period 15 years
Asset valuation method Market Value of Assets
Inflation 2.50%
Salary increases Varies by entry age and service
Payroll growth 2.75%

Investment rate of return 7.00%, net of pension plan investment expense, including inflation

Retirement age The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

Mortality The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 99% of Scale MP-2016 published by the Society of Actuaries.

* Fiscal year 2015 was the first year of implementation.

Southern California Association of Governments
Public Agency Retirement System (PARS) Supplementary Retirement Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Years*
Year Ended June 30, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability								
Interest on total pension liability	\$ 29,637	\$ 23,361	\$ 23,351	\$ 24,138	\$ 24,762	\$ 22,278	\$ 14,966	\$ 12,377
Effect of economic/demographic gains or losses	18,819	24,562	(63,489)	17,893	18,965	21,057	(56,668)	24,027
Effect of assumptions changes or inputs	25,827	139,540	(40,318)	(13,995)	16,695	59,559	2,842	(16,461)
Benefit payments	(65,430)	(66,738)	(67,444)	(61,853)	(63,090)	(64,352)	(59,911)	(59,946)
Net change in total pension liability	8,853	120,725	(147,900)	(33,817)	(2,668)	38,542	(98,771)	(40,003)
Total pension liability - beginning	723,218	732,071	852,796	704,896	671,079	668,411	706,953	608,182
Total pension liability - ending (a)	\$ 732,071	\$ 852,796	\$ 704,896	\$ 671,079	\$ 668,411	\$ 706,953	\$ 608,182	\$ 568,179
Plan Fiduciary Net Position								
Benefit payments	\$ (65,430)	\$ (66,738)	\$ (67,444)	\$ (61,853)	\$ (63,090)	\$ (64,352)	\$ (59,911)	\$ (59,946)
Administrative expense	(3,933)	(4,011)	(3,088)	(5,185)	(4,255)	(3,266)	(5,501)	(4,515)
Contributions - employer	69,953	71,352	72,779	74,235	75,719	57,702	98,310	80,354
Expected investment income (net of investment expenses)	1,175	-	-	-	-	-	-	-
Investment gains or losses	(1,175)	6	41	200	557	390	6	86
Net change in plan fiduciary net position	590	609	2,288	7,397	8,931	(9,526)	32,904	15,979
Plan fiduciary net position - beginning	19,292	19,882	20,491	22,779	30,176	39,107	29,581	62,485
Plan fiduciary net position - ending (b)	\$ 19,882	\$ 20,491	\$ 22,779	\$ 30,176	\$ 39,107	\$ 29,581	\$ 62,485	\$ 78,464
Net pension liability - ending (a)-(b)	\$ 712,189	\$ 832,305	\$ 682,117	\$ 640,903	\$ 629,304	\$ 677,372	\$ 545,697	\$ 489,715
Plan fiduciary net position as a percentage of total pension liability	2.72%	2.40%	3.23%	4.50%	5.85%	4.18%	10.27%	13.81%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

* Fiscal year 2015 was the first year of implementation.

Southern California Association of Governments
Public Agency Retirement System (PARS) Supplementary Retirement Plan
Schedule of Plan Contributions
Last Ten Years*
Year Ended June 30, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 69,953	\$ 71,352	\$ 72,779	\$ 74,235	\$ 75,719	\$ 57,702	\$ 98,310	\$ 80,354
Contribution made	(69,953)	(71,352)	(72,779)	(74,235)	(75,719)	(57,702)	(98,310)	(80,354)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: 6/30/2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	1 year
Asset valuation method	Actuarial value of assets
Inflation	N/A
Salary increases	N/A
Payroll growth	N/A
Investment rate of return	6.0%, net of pension plan investment expense, including inflation
Mortality	Males: RF-2000 male rates projected to 2030 using Scale BB (As prescribed by PARS) Females: RP-2000 female rates projected to 2030 using Scale BB (As prescribed by PARS)

* Fiscal year 2015 was the first year of implementation.

Southern California Association of Governments
Schedule of Changes in the OPEB Liability and Related Ratios
Last Ten Years*
Year Ended June 30, 2022

	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	\$ 234,601	\$ 250,437	\$ 257,950	\$ 247,159	\$ 253,956
Interest on the total OPEB liability	628,051	646,120	664,742	644,240	643,752
Differences between actual and expected experience	-	-	(359,001)	(92,055)	(267,594)
Changes in assumptions **	-	-	(212,468)	-	(142,392)
Benefit payments, including refunds of member contributions	(601,224)	(620,372)	(636,009)	(663,171)	(698,772)
Net change in total OPEB liability	261,428	276,185	(284,786)	136,173	(211,050)
Total OPEB liability - beginning	9,370,476	9,631,904	9,908,089	9,623,303	9,759,476
Total OPEB liability - ending (a)	<u>\$ 9,631,904</u>	<u>\$ 9,908,089</u>	<u>\$ 9,623,303</u>	<u>\$ 9,759,476</u>	<u>\$ 9,548,426</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 1,033,199	\$ 938,099	\$ 956,076	\$ 782,082	\$ 840,296
Net investment income	452,722	398,485	370,167	224,666	1,849,065
Benefit payments	(601,224)	(620,372)	(636,009)	(663,171)	(698,772)
Administrative expenses	(2,287)	(2,713)	(2,858)	(3,136)	(2,549)
Other expense	-	(6,533)	-	-	-
Net change in plan fiduciary net position	882,410	706,966	687,376	340,441	1,988,040
Plan fiduciary net position - beginning	4,055,703	4,938,113	5,645,079	6,332,455	6,672,896
Plan fiduciary net position - ending (b)	<u>4,938,113</u>	<u>5,645,079</u>	<u>6,332,455</u>	<u>6,672,896</u>	<u>8,660,936</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 4,693,791</u>	<u>\$ 4,263,010</u>	<u>\$ 3,290,848</u>	<u>\$ 3,086,580</u>	<u>\$ 887,490</u>
Plan fiduciary net position as a percentage of the total OPEB liability	51.27%	56.97%	65.80%	68.37%	90.71%
Covered-employee payroll	\$ 13,449,458	\$ 13,659,971	\$ 14,171,140	\$ 15,963,250	\$ 19,427,482
Net OPEB liability as a percentage of covered-employee payroll	34.90%	31.21%	23.22%	19.34%	4.57%

Notes to Schedule:

* Fiscal year 2018 was the first year of implementation.

** Change of assumptions: For the measurement period ended June 30, 2021, the inflation rate was reduced from 2.75% to 2.50% and the healthcare trend rate was reduced from 7.25% for 2021 decreasing to 4.5% to 4.00%.

Southern California Association of Governments
 Schedule of OPEB Contributions
 Last Ten Years*
 Year Ended June 30, 2022

	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 853,217	\$ 878,814	\$ 782,082	\$ 698,772	\$ 697,791
Contributions in relation to the actuarially determined contributions	<u>(853,217)</u>	<u>(878,814)</u>	<u>(782,082)</u>	<u>(698,772)</u>	<u>(697,791)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 13,449,458	\$ 13,659,971	\$ 14,171,140	\$ 15,963,250	\$ 21,987,646
Contributions as a percentage of covered-employee payroll	6.34%	6.43%	5.52%	4.38%	3.17%

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of June 30 one year 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
Inflation	2.50%
Healthcare cost trend rates	4.00%
Payroll growth	2.75%
Investment rate of return	6.75%
Retirement age	Based on CalPERS Experience Study
Mortality	2017 CalPERS Mortality for Miscellaneous and School Employees

* Fiscal year 2018 was the first year of implementation.

Southern California Association of Governments

Notes to Required Supplementary Information

Year Ended June 30, 2022

Budgetary Basis of Accounting

SCAG prepares the annual Comprehensive Budget and it is made up of the General Fund and the Overall Work Program (OWP). These budgets are approved separately by the General Assembly and the Regional Council respectively, as required by the By-Laws. The General Fund finances activities not chargeable to SCAG's grants while the OWP uses grant and TDA funding for its planning programs.

All expenditures are controlled at the functional level and are reviewed by SCAG's management and funding agencies (Caltrans, FHWA and FTA). SCAG is subject to audit by these agencies.

The OWP identifies grant sources and the line item budget allocation to support each project's direct and indirect costs. The OWP is intended to comply with SCAG's federal grant responsibilities and to serve as a management device to measure financial and program performance. Federal and state representatives, SCAG's Executive/Administration Committee, the Regional Council, and Caltrans are responsible to review and adopt the annual project budgets in the OWP.

Management determines line item budget amounts for all projects in accordance with the objectives and tasks of each project. Line item budgets are established for staff, indirect and fringe benefits, consultants, travel, and other designated line items.

The following are summaries of the differences in the presentation of revenues and expenditures in the budget as compared to the presentation of revenues and expenditures and transfers in the accompanying financial statements.

General Fund

	Actual/budget as presented in the budget	Actual/GAAP as presented in the financial statements	Differences
Total revenues	\$ 2,654,596	\$ 2,744,539	\$ (89,943)
Total expenditures	(4,213,001)	(4,006,082)	(206,919)
Deficiency of revenues under expenditures	\$ (1,558,405)	\$ (1,261,543)	\$ (296,862)

Difference pertains to depreciation expense that was not reported in the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds.

FTA 5303 Fund

	Actual/budget as presented in the budget	Actual/GAAP as presented in the financial statements	Differences
Total revenues	\$ 12,820,292	\$ 12,820,292	\$ -
Total expenditures	(12,820,292)	(12,820,292)	-
Net change in fund balances	\$ -	\$ -	\$ -

Southern California Association of Governments

Notes to Required Supplementary Information

Year Ended June 30, 2022

	<u>Actual/budget as presented in the budget</u>	<u>Actual/GAAP as presented in the financial statements</u>	<u>Differences</u>
FHWA PL Fund			
Total revenues	\$ 19,779,863	\$ 19,779,863	\$ -
Total expenditures	<u>(19,779,863)</u>	<u>(19,779,863)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FTA 5312 Fund			
	<u>Actual/budget as presented in the budget</u>	<u>Actual/GAAP as presented in the financial statements</u>	<u>Differences</u>
Total revenues	\$ 818,146	\$ 818,146	\$ -
Total expenditures	<u>(818,146)</u>	<u>(818,146)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TDA Fund			
	<u>Actual/budget as presented in the budget</u>	<u>Actual/GAAP as presented in the financial statements</u>	<u>Differences</u>
Total revenues and transfers	\$ 6,817,314	\$ 6,817,314	\$ -
Total expenditures	<u>(6,947,972)</u>	<u>(6,947,972)</u>	<u>-</u>
Net change in fund balances	<u>\$ (130,658)</u>	<u>\$ (130,658)</u>	<u>\$ -</u>
REAP Fund			
	<u>Actual/budget as presented in the budget</u>	<u>Actual/GAAP as presented in the financial statements</u>	<u>Differences</u>
Total revenues and transfers	\$ 14,064,782	\$ 14,064,782	\$ -
Total expenditures	<u>(14,064,782)</u>	<u>(14,064,782)</u>	<u>-</u>
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

In the Statement of Revenues, Expenditures, and Changes in Fund Balance, indirect costs incurred by the General Fund are reported as transportation expenditures in the General Fund, and transfers from the other governmental funds to the General Fund are recorded to reflect the reimbursement of such costs. For budgetary purposes, indirect costs are allocated to the other funds and are reported as expenditures of those funds. Additionally, disallowance of certain grant receivables recorded in other funds are reported as operating contributions to projects in the General Fund's budget but are reflected as transfers out in the accompanying fund financial statements for reporting purposes. Depreciation and the amortization of deferred lease credits are also included as indirect costs and the related revenues are included in the FTA and FHWA funds.

Supplemental Combining Financial Statements

Southern California Association of Governments

Combining Balance Sheet – Nonmajor Funds

June 30, 2022

	Federal Funds	State Funds	Local Funds	Total Nonmajor Funds
Assets				
Receivables				
Federal grants	\$ 1,470,858	\$ -	\$ -	\$ 1,470,858
State grants and contracts	-	2,301,520	-	2,301,520
Local grants and contracts	-	-	9,951	9,951
Due from other funds	3	3,379,761	498,882	3,878,646
Total assets	\$ 1,470,861	\$ 5,681,281	\$ 508,833	\$ 7,660,975
Liabilities and Fund Balances				
Accounts and contracts payable	\$ 1,027,884	\$ 687,309	\$ 38,855	\$ 1,754,048
Advances from grantors	-	-	466,117	466,117
Due to other funds	442,977	1,623,763	3,861	2,070,601
Deferred revenue	-	3,370,209	-	3,370,209
Total liabilities	1,470,861	5,681,281	508,833	7,660,975
Fund Balances - Restricted	-	-	-	-
Total liabilities and fund balances	\$ 1,470,861	\$ 5,681,281	\$ 508,833	\$ 7,660,975

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Funds
Year Ended June 30, 2022

	Federal Funds	State Funds	Local Funds	Total Nonmajor Funds
Grant revenue, net	\$ 4,946,295	\$ 8,464,983	\$ 498,490	\$ 13,909,768
Expenditures				
Transportation				
Salaries and wages	53,682	215,596	2,395	271,673
Allocated fringe benefits	42,001	168,678	1,874	212,553
Allocated indirect costs	79,585	543,018	6,032	628,635
Contractual services	1,743,996	1,912,085	212,702	3,868,783
Other	6,000	-	-	6,000
Total transportation	<u>4,646,681</u>	<u>2,839,377</u>	<u>223,003</u>	<u>7,709,061</u>
Environmental				
Salaries and wages	-	144,645	-	144,645
Allocated fringe benefits	-	113,171	-	113,171
Allocated indirect costs	-	364,319	-	364,319
Contractual services	-	72,661	-	72,661
Total transportation	<u>-</u>	<u>694,796</u>	<u>-</u>	<u>694,796</u>
Modeling				
Salaries and wages	-	119,864	-	119,864
Allocated fringe benefits	-	93,781	-	93,781
Allocated indirect costs	-	301,900	-	301,900
Contractual services	-	1,194,235	153,603	1,347,838
Other	-	-	5,000	5,000
Total modeling	<u>-</u>	<u>1,709,780</u>	<u>158,603</u>	<u>1,868,383</u>
Public Involvement				
Salaries and wages	-	12,315	-	12,315
Allocated fringe benefits	-	9,638	-	9,638
Allocated indirect costs	-	31,025	-	31,025
Contractual services	199,117	222,309	726	422,152
Total public involvement	<u>199,117</u>	<u>275,287</u>	<u>726</u>	<u>475,130</u>
Administration				
Other	-	-	5,000	5,000
Sustainability				
Salaries and wages	17,894	309,100	-	326,994
Allocated fringe benefits	14,000	241,839	-	255,839
Allocated indirect costs	-	778,531	-	778,531
Contractual services	68,603	1,616,273	111,158	1,796,034
Total sustainability	<u>100,497</u>	<u>2,945,743</u>	<u>111,158</u>	<u>3,157,398</u>
Total expenditures	<u>4,946,295</u>	<u>8,464,983</u>	<u>498,490</u>	<u>13,909,768</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCAG considers the following funds to be nonmajor federal governmental funds.

FTA Sec. 5339 – Bus and Bus Facilities:

This fund is established to account for the passthrough of FTA Sec. 5339 Bus and Bus Facilities funds to subrecipients.

FTA Sec. 5304

This fund is established to account for revenues from the Federal Transit Administration Sec. 5304 Metropolitan Planning Program.

OTS III

This fund is established to account for revenues from the National Highway Traffic Safety Administration for pedestrian and bike safety federal fiscal year 2019.

FY20 OTS

This fund is established to account for revenues from the National Highway Traffic Safety Administration for FY 2020.

FY21 OTS

This fund is established to account for revenues from the National Highway Traffic Safety Administration for FY 2021.

Other Federal Funds

These funds are established to account for the revenues from the FHWA for the Greenhouse Gas First Mile/Last Mile Demonstration Analysis; the FHWA for the Express Travel Choices Phase III study; from the Department of Energy for the Clean Cities programs; the FHWA for the Active Transportation Program and from the Federal Highway Administration for transportation partnership planning studies.

Southern California Association of Governments
Combining Balance Sheet – Federal Nonmajor Funds
June 30, 2022

	FTA		NHTSA			Other Federal Funds	Total Federal Nonmajor Funds
	Sec. 5339	Sec. 5304	FHWA ATP II	FY21 OTS	OTS, Round 6		
	20040	20070	20042	20046	20047	20038, 20044, 20045, 20098, 20111	
Assets							
Receivables - federal grants	\$ 714,963	\$ 207,646	\$ 5,496	\$ -	\$ 165,610	\$ 377,143	\$ 1,470,858
Due from other funds	3	-	-	-	-	-	3
Total assets	\$ 714,966	\$ 207,646	\$ 5,496	\$ -	\$ 165,610	\$ 377,143	\$ 1,470,861
Liabilities and Fund Balances							
Liabilities							
Accounts and contracts payable	\$ 714,966	\$ 28,548	\$ 4,642	\$ -	\$ 122,431	157,297	\$ 1,027,884
Due to other funds	-	179,098	854	-	43,179	219,846	442,977
Total liabilities	714,966	207,646	5,496	-	165,610	377,143	1,470,861
Fund Balances - Restricted	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 714,966	\$ 207,646	\$ 5,496	\$ -	\$ 165,610	\$ 377,143	\$ 1,470,861

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Federal Nonmajor Funds
Year Ended June 30, 2022

	FTA		NHTSA			Other	Total Federal Nonmajor Funds
	Sec. 5339	Sec. 5304	FHWA ATP II	FY21 OTS	OTS, Round 6	Federal Funds	
	20040	20070	20042	20046	20047	20038, 20044, 20045, 20098, 20111	
Federal Grants and Services	\$ 2,721,417	\$ 450,597	\$ 9,581	\$ 740,738	\$ 247,649	\$ 776,313	\$ 4,946,295
Expenditures							
Transportation							
Salaries and wages	-	654	-	4,190	17,894	30,944	53,682
Allocated fringe benefits	-	512	-	3,279	14,000	24,210	42,001
Allocated indirect costs	-	1,647	-	-	-	77,938	79,585
Contractual services	-	447,784	6,707	585,122	67,166	637,217	1,743,996
Pass-through payments	2,721,417	-	-	-	-	-	2,721,417
Other	-	-	-	-	-	6,000	6,000
Total transportation	2,721,417	450,597	6,707	592,591	99,060	776,309	4,646,681
Public Involvement							
Salaries and wages	-	-	-	1,048	8,947	-	9,995
Allocated fringe benefits	-	-	-	820	7,000	-	7,820
Allocated indirect costs	-	-	-	-	-	-	-
Contractual services	-	-	1,437	146,279	33,063	4	180,783
Other	-	-	-	-	519	-	519
Total public involvement	-	-	1,437	148,147	49,529	4	199,117
Environmental							
Salaries and wages	-	-	-	-	-	-	-
Allocated fringe benefits	-	-	-	-	-	-	-
Allocated indirect costs	-	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total environmental	-	-	-	-	-	-	-
Sustainability							
Salaries and wages	-	-	-	-	17,894	-	17,894
Allocated fringe benefits	-	-	-	-	14,000	-	14,000
Allocated indirect costs	-	-	-	-	-	-	-
Contractual services	-	-	1,437	-	67,166	-	68,603
Total sustainability	-	-	1,437	-	99,060	-	100,497
Total expenditures	2,721,417	450,597	9,581	740,738	247,649	776,313	4,946,295
Net Change in Fund Balance	-	-	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SCAG considers the following funds to be nonmajor state governmental funds:

SGVCOG – ATP:

SCAG has agreed to administer these funds which were awarded by Caltrans to the San Gabriel Valley Council of Governments to develop the SGV Regional Active Transportation Planning Initiative.

MSRC – SP, GH:

This is California Assembly Bill 2766 funding for the Regional Active Transportation Planning Partnership Planning Program.

SB1 SCFG:

This is the fiscal year 2018 California Senate Bill 1 Sustainable Communities Formula Grant Program.

SB1 CF:

This is the fiscal year 2018 California Senate Bill 1 Sustainable Communities Formula Grant Program.

SB1 FF:

This is the fiscal year 2019 California Senate Bill 1 Sustainable Communities Formula Grant Program.

SB1 ADPTN:

This is the fiscal year 2018 California Senate Bill 1 Climate Change Adaptation Planning Grant Program.

SB1, SCF:

This is the fiscal year 2020 California Senate Bill 1 Sustainable Communities Formula Grant Program.

FY20 SHA SCC:

This is the fiscal year 2020 State Highway Account Sustainable Communities Competitive Grant Program.

MSAPR, MSRC:

This is California Assembly Bill 2766 funding for the Future Communities Pilot Program.

ATP DCP:

These are Active Transportation Planning monies earmarked for plans in disadvantage communities.

ATP SE P2:

These are Active Transportation Planning monies earmarked for safety and encouragement.

ATP LPI:

These are Active Transportation Planning monies earmarked for local planning initiatives.

ATP C4:

These are Active Transportation Planning monies earmarked for local demonstration initiatives.

FY20 ATP IMCP RWL:

SCAG has agreed to administer these funds which were awarded by Caltrans to Imperial County to develop Ride, Walk, Learn education program.

Southern California Association of Governments
Combining Balance Sheet – State Nonmajor Funds
June 30, 2022

	<u>MSRC SP GH</u>	<u>FY20 SB1</u>	<u>FY20 SHA SCC</u>	<u>FY21 SB1</u>	<u>FY22 SB1</u>	<u>MSAPR, MSRC</u>
	<u>30211</u>	<u>30216</u>	<u>30217</u>	<u>30218</u>	<u>30219</u>	<u>30300</u>
Assets						
Receivables - state grants	\$ -	\$ -	\$ -	\$ 533,629	\$ 454,673	\$ 805,580
Due from other funds	-	9,552	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 9,552</u>	<u>\$ -</u>	<u>\$ 533,629</u>	<u>\$ 454,673</u>	<u>\$ 805,580</u>
Liabilities and Fund Balances						
Accounts and contracts payable	\$ -	\$ 9,552	\$ -	\$ 217,661	\$ 61,770	\$ 52,835
Due to other funds	-	-	-	315,968	392,903	752,745
Total liabilities	<u>-</u>	<u>9,552</u>	<u>-</u>	<u>533,629</u>	<u>454,673</u>	<u>805,580</u>
Fund Balances - Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 9,552</u>	<u>\$ -</u>	<u>\$ 533,629</u>	<u>\$ 454,673</u>	<u>\$ 805,580</u>

Southern California Association of Governments
Combining Balance Sheet – State Nonmajor Funds
June 30, 2022

	ATP LPI	ATP C4	FY20 ATP IMCP RWL	CWBD-IERS	SA, GHC	Total State Nonmajor Funds
	30402	30403	30405	30600	30651	
Assets						
Receivables - state grants	\$ 158,083	\$ 328,202	\$ 20,839	\$ -	\$ 514	\$ 2,301,520
Due from other funds	-	-	-	3,370,209	-	3,379,761
Total assets	\$ 158,083	\$ 328,202	\$ 20,839	\$ 3,370,209	\$ 514	\$ 5,681,281
Liabilities and Fund Balances						
Accounts and contracts payable	\$ 90,895	\$ 233,243	\$ 20,839	\$ -	\$ 514	\$ 687,309
Due to other funds	67,188	94,959	-	-	-	1,623,763
Total liabilities	158,083	328,202	20,839	3,370,209	514	5,681,281
Fund Balances - Restricted	-	-	-	-	-	-
Total liabilities and fund balances	\$ 158,083	\$ 328,202	\$ 20,839	\$ 3,370,209	\$ 514	\$ 5,681,281

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – State Nonmajor Funds
Year Ended June 30, 2022

	MSRC SP GH	FY20 SB1	FY20 SHA SCC	FY21 SB1	FY22 SB1	MSRC
	30211	30216	30217	30218	30219	30300
State Grants and Contracts	\$ 125,320	\$ 1,718,640	\$ 477,268	\$ 2,527,198	\$ 2,138,245	\$ 236,794
Expenditures						
Transportation						
Salaries and wages	-	5,436	241	42,741	159,818	-
Allocated fringe benefits	-	4,253	188	33,438	125,041	-
Allocated indirect costs	-	13,692	607	107,649	402,533	-
Contractual services	100,256	238,516	407,451	69,902	97,360	236,794
Total transportation	100,256	261,897	408,487	253,730	784,752	236,794
Environmental						
Salaries and wages	-	-	-	29,672	114,973	-
Allocated fringe benefits	-	-	-	23,216	89,955	-
Allocated indirect costs	-	-	-	74,736	289,583	-
Contractual services	-	-	68,781	-	3,880	-
Total environmental	-	-	68,781	127,624	498,391	-
Modeling						
Salaries and wages	-	16,307	-	65,233	38,324	-
Allocated fringe benefits	-	12,759	-	51,037	29,985	-
Allocated indirect costs	-	41,073	-	164,299	96,528	-
Contractual services	-	367,139	-	807,281	19,815	-
Total modeling	-	437,278	-	1,087,850	184,652	-
Public Involvement						
Salaries and wages	-	2,718	-	6,531	-	-
Allocated fringe benefits	-	2,126	-	5,113	-	-
Allocated indirect costs	-	6,845	-	16,457	-	-
Contractual services	-	15,715	-	34,951	-	-
Total public involvement	-	27,404	-	63,052	-	-
Sustainability						
Salaries and wages	-	2,718	-	120,567	153,799	-
Allocated fringe benefits	-	2,126	-	94,331	120,332	-
Allocated indirect costs	-	6,845	-	303,671	387,376	-
Contractual services	25,064	980,372	-	476,373	8,943	-
Total sustainability	25,064	992,061	-	994,942	670,450	-
Total expenditures	125,320	1,718,640	477,268	2,527,198	2,138,245	236,794
Net Change in Fund Balance	-	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – State Nonmajor Funds
Year Ended June 30, 2022

	ATP LPI	ATP C4	IMCP RWL	CWBD-IERS	SA, GHC	Total State Nonmajor Funds
	30402	30403	30405	30600	30651	
State Grants and Contracts	\$ 559,781	\$ 515,005	\$ 36,427	\$ 129,791	\$ 514	\$ 8,464,983
Expenditures						
Transportation						
Salaries and wages	-	7,360	-	-	-	215,596
Allocated fringe benefits	-	5,758	-	-	-	168,678
Allocated indirect costs	-	18,537	-	-	-	543,018
Contractual services	447,825	277,349	36,427	-	205	1,912,085
Total transportation	447,825	309,004	36,427	-	205	2,839,377
Environmental						
Salaries and wages	-	-	-	-	-	144,645
Allocated fringe benefits	-	-	-	-	-	113,171
Allocated indirect costs	-	-	-	-	-	364,319
Contractual services	-	-	-	-	-	72,661
Total environmental	-	-	-	-	-	694,796
Modeling						
Salaries and wages	-	-	-	-	-	119,864
Allocated fringe benefits	-	-	-	-	-	93,781
Allocated indirect costs	-	-	-	-	-	301,900
Contractual services	-	-	-	-	-	1,194,235
Total modeling	-	-	-	-	-	1,709,780
Public Involvement						
Salaries and wages	-	3,066	-	-	-	12,315
Allocated fringe benefits	-	2,399	-	-	-	9,638
Allocated indirect costs	-	7,723	-	-	-	31,025
Contractual services	55,978	115,562	-	-	103	222,309
Total public involvement	55,978	128,750	-	-	103	275,287
Sustainability						
Salaries and wages	-	1,840	-	30,176	-	309,100
Allocated fringe benefits	-	1,440	-	23,610	-	241,839
Allocated indirect costs	-	4,634	-	76,005	-	778,531
Contractual services	55,978	69,337	-	-	206	1,616,273
Total sustainability	55,978	77,251	-	129,791	206	2,945,743
Total expenditures	559,781	515,005	36,427	129,791	514	8,464,983
Net Change in Fund Balance	-	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SCAG considers the following funds to be nonmajor local governmental funds:

VCTC and Riverside:

This represents funding from the Ventura County Transportation Commission to support work on the US 101 Multi Modal Corridor Study project and funding from the City of Riverside to support work on the Active Transportation Plan project.

Combined Other Accounts:

These funds are established to account for revenues from the City of Vernon, Los Angeles County Metropolitan Transportation Authority, San Bernardino County Transportation Authority, Gold Coast Transit, and Gail and Rice. These funds accounts for the cash match from participating agencies for various SCAG projects.

Southern California Association of Governments
Combining Balance Sheet – Local Nonmajor Funds
June 30, 2022

	Local Funds	Other Local Funds	
	60055, 60057, 60059, 60062, 60063, 60064, 60065, 60067	60068, 60070, 60073, 60074, 60075, 60076 60080, 60081 60082	Total Local Nonmajor Funds
Assets			
Receivables - local grants	\$ 8,029	\$ 1,922	\$ 9,951
Due from other funds	186,076	312,806	498,882
Total assets	<u>\$ 194,105</u>	<u>\$ 314,728</u>	<u>\$ 508,833</u>
Liabilities and Fund Balances			
Accounts and contracts payable	16,439	\$ 22,416	\$ 38,855
Advances from grantors	174,601	291,516	466,117
Due to other funds	3,065	796	3,861
Total liabilities	<u>194,105</u>	<u>314,728</u>	<u>508,833</u>
Fund Balances - Restricted	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 194,105</u>	<u>\$ 314,728</u>	<u>\$ 508,833</u>

Southern California Association of Governments

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Local Nonmajor Funds

Year Ended June 30, 2022

	Local Funds	Other Local Funds	
	60055, 60057, 60059, 60062, 60063, 60064, 60065, 60067	60068, 60070, 60073, 60074, 60075, 60076 60080, 60081 60082	Total Local Nonmajor Funds
Local Grants and Services	\$ 196,246	\$ 302,244	\$ 498,490
Expenditures			
Transportation			
Salaries and wages	-	2,395	2,395
Allocated fringe benefits	-	1,874	1,874
Allocated indirect costs	-	6,032	6,032
Contractual services	139,165	73,537	212,702
Total transportation	139,165	83,838	223,003
Modeling			
Contractual services	-	153,603	153,603
Other	5,000	-	5,000
Total modeling	5,000	153,603	158,603
Public Involvement			
Contractual services	-	726	726
Sustainability			
Contractual services	47,081	64,077	111,158
Administration			
Other	5,000	-	5,000
Total expenditures	196,246	302,244	498,490
Net Change in Fund Balance	-	-	-
Fund Balances, Beginning of Year	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -

Supplemental Schedules

Southern California Association of Governments

Supplemental Schedule of Indirect Costs

Year Ended June 30, 2022

Indirect costs	
Salaries and wages	\$ 8,466,746
Temporary help	87,552
Fringe benefits	6,555,364
Consultants	2,114,971
Legal services	163,704
Computer support	1,654,511
Equipment repairs and maintenance	25,061
Office space leases	2,509,278
Equipment lease	60,851
Security services	72,459
Insurance	356,854
Interest	12,538
Taxes	829
Bank fees	10,490
Office purchases under \$5,000	9,020
Office and graphic supplies	36,815
Telephone	1,226
Postage and delivery	9,833
Memberships	18,748
Covid Facility expense	9,760
Depreciation and amortization	412,583
Recruitment costs	45,290
Staff training	44,688
Resource materials and subscriptions	40,484
Printing	3,368
Travel	23,966
Other	5,653
	<u>22,752,642</u>
Total indirect costs	
Indirect costs recovered	
General fund	865,179
Federal Transportation Administration	5,716,984
Federal Highway Administration	11,402,119
Transportation Development Act	3,214,335
REAP	2,027,728
Nonmajor Funds	2,104,409
	<u>25,330,754</u>
Total indirect costs recovered	
Over (under) recovered	2,578,112
Over (Under) Recovered Indirect Costs, Beginning of Year	164,770
Disallowed Indirect Costs Written Off	(164,770)
	<u>2,578,112</u>
Over (Under) Recovered Indirect Costs, End of Year	\$ 2,578,112

Southern California Association of Governments

Supplemental Schedule of Fringe Benefits

Year Ended June 30, 2022

Fringe benefits	
Employee leave and other salary benefits	\$ 3,032,099
PERS/Other Retirement Plans	6,543,592
Life insurance	114,835
Health insurance	2,637,187
Medicare and social security taxes - employer share	327,681
Tuition reimbursement	25,956
Transit passes	9,052
Worker's compensation/unemployment insurance	150,155
Deferred compensaton employer match	107,693
Other	<u>286,917</u>
Total fringe benefits	<u>13,235,167</u>
Fringe benefits recovered	
Allocated to indirect costs	6,555,367
General Fund	268,755
Federal Transportation Administration	1,774,438
Federal Highway Administration	3,541,900
Transportation Development Act	935,382
REAP	597,116
Nonmajor Funds	<u>692,803</u>
Total fringe benefits recovered	<u>14,365,761</u>
Over (under) recovered	1,130,594
Over (Under) Recovered Indirect Costs, Beginning of Year	<u>-</u>
Over (Under) Recovered Indirect Costs, End of Year	<u><u>\$ 1,130,594</u></u>

Southern California Association of Governments
 Supplemental Schedule of Distribution of Salaries and Fringe Benefits by Project Type
 Year Ended June 30, 2022

	Salaries and Wages	Fringe Benefits	Salaries, Wages and Fringe
Charges to Direct projects	\$ 8,888,676	\$ 7,541,639	\$ 16,430,315
Charges to General Fund projects	343,502	268,755	612,257
Charges to Indirect projects	8,466,746	6,555,367	15,022,113
Totals	\$ 17,698,924	\$ 14,365,761	\$ 32,064,685

Statistical Section

This part of the Southern California Association of Governments' Comprehensive Annual Financial Report provides information to better understand Southern California Association of Governments' overall financial condition. This information has not been audited by an independent auditor.

Financial Trends Information contains information to assist the reader understand how Southern California Association of Governments' financial performance has changed over time.

Revenue Capacity Information contains information to help the reader assess Southern California Association of Governments' ability to generate its own revenue.

Demographic and Economic Information assists the user in understanding the environment within which Southern California Association of Governments' financial activities take place.

Operating Information provides service and infrastructure data to help the reader understand how Southern California Association of Governments financial statement information relates to services Southern California Association of Governments provides and the activities it performs.

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive reports for the relevant year.

Southern California Association of Governments
 Table 1 – Net Position by Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Invested in capital assets	\$ 1,954,455	2,766,741	2,251,523	1,626,539	1,231,475	4,859,839	128,748	287,694	1,639,425	1,267,140
Restricted	4,408,177	8,195,221	9,857,806	8,834,336	9,306,432	9,327,440	10,829,017	11,084,386	8,609,460	9,391,854
Unrestricted	<u>3,205,903</u>	<u>2,856,658</u>	<u>(22,772,623)</u>	<u>(21,432,913)</u>	<u>(22,519,075)</u>	<u>(35,184,659)</u>	<u>(39,056,497)</u>	<u>(37,917,543)</u>	<u>(38,286,262)</u>	<u>(35,529,574)</u>
Total governmental activities										
Net position	\$ <u>9,568,535</u>	<u>13,818,620</u>	<u>(10,663,294)</u>	<u>(10,972,038)</u>	<u>(11,981,168)</u>	<u>(20,997,380)</u>	<u>(28,098,732)</u>	<u>(26,545,463)</u>	<u>(28,037,377)</u>	<u>(24,870,580)</u>

Southern California Association of Governments
Table 2 – Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Expenses:										
Transportation	\$ 24,518,174	23,153,109	31,710,847	30,851,350	20,838,392	14,792,393	16,150,392	19,039,509	19,694,557	20,848,493
Modeling						10,582,018	10,768,740	12,191,498	10,690,326	13,002,647
High speed rail	196,200	305,054	281,500	290,497	339,370	-	-	-	-	-
Aviation	357,539	303,773	585,322	575,716	267,597	-	-	-	-	-
Environmental	320,850	1,403,147	1,450,795	1,459,853	7,054,453	5,164,861	3,179,830	4,377,155	4,188,153	4,022,867
Housing	1,993,419	1,505,232	1,128,200	981,416	3,222,728	-	-	-	-	-
Public Involvement	-	-	-	-	-	2,180,608	2,219,085	2,826,301	3,261,091	3,677,128
Sustainability Initiatives	5,473,095	2,173,803	5,463,860	7,506,301	7,521,696	8,642,100	5,820,909	6,266,299	16,301,434	23,223,681
Administration	1,560,377	2,005,412	1,864,232	2,138,873	3,871,454	8,147,226	12,243,851	5,899,158	5,293,557	3,114,015
Total expenses	<u>34,419,654</u>	<u>30,849,530</u>	<u>42,484,756</u>	<u>43,804,006</u>	<u>43,115,690</u>	<u>49,509,206</u>	<u>50,382,807</u>	<u>50,599,920</u>	<u>59,429,118</u>	<u>67,888,831</u>
Program revenues:										
Charges for services - member dues	1,779,184	1,834,522	1,871,720	1,900,950	1,939,700	1,986,186	2,053,962	2,112,970	1,861,517	2,193,246
Operating grants and contributions	<u>33,510,829</u>	<u>32,833,285</u>	<u>42,318,755</u>	<u>40,616,883</u>	<u>39,672,312</u>	<u>42,253,899</u>	<u>40,576,290</u>	<u>49,907,967</u>	<u>55,993,555</u>	<u>68,210,165</u>
Total program revenues	<u>35,290,013</u>	<u>34,667,807</u>	<u>44,190,475</u>	<u>42,517,833</u>	<u>41,612,012</u>	<u>44,240,085</u>	<u>42,630,252</u>	<u>52,020,937</u>	<u>57,855,072</u>	<u>70,403,411</u>
Net revenues (expenses)	870,359	3,818,277	1,705,719	(1,286,173)	(1,503,678)	(5,269,121)	(7,752,555)	1,421,017	(1,574,046)	2,514,580
General revenues and other changes in net assets:										
Interest income	26,479	53,149	75,652	92,093	114,318	142,388	271,058	122,252	74,632	210,718
Other income	<u>278,235</u> ¹	<u>378,659</u>	<u>407,156</u>	<u>885,336</u>	<u>380,230</u>	<u>392,095</u>	<u>380,145</u>	<u>10,000</u>	<u>7,500</u>	<u>340,575</u>
	<u>304,714</u>	<u>431,808</u>	<u>482,808</u>	<u>977,429</u>	<u>494,548</u>	<u>534,483</u>	<u>651,203</u>	<u>132,252</u>	<u>82,132</u>	<u>551,293</u>
Changes in net position	\$ <u>1,175,073</u>	<u>4,250,085</u>	<u>2,188,527</u>	<u>(308,744)</u>	<u>(1,009,130)</u>	<u>(4,734,638)</u>	<u>(7,101,352)</u>	<u>1,553,269</u>	<u>(1,491,914)</u>	<u>3,065,873</u>

¹ Other income for the year ended June 30, 2013 includes the refund from the JPIA amounting to \$147,196.

Southern California Association of Governments
 Table 3 – Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund:										
Reserved	\$ -	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	262,658	652,453	580,163	763,655	927,324	779,552	867,144	876,033	2,652,163	2,160,611
Unassigned	<u>4,546,068</u>	<u>4,126,906</u>	<u>4,716,559</u>	<u>5,649,117</u>	<u>5,725,487</u>	<u>7,073,814</u>	<u>1,889,233</u>	<u>6,062,262</u>	<u>4,371,332</u>	<u>3,031,104</u>
Total general fund	\$ <u>4,808,726</u>	<u>4,779,359</u>	<u>5,296,722</u>	<u>6,412,772</u>	<u>6,652,811</u>	<u>7,853,366</u>	<u>2,756,377</u>	<u>6,938,295</u>	<u>7,023,495</u>	<u>5,191,715</u>
All other governmental funds:										
Reserved	\$ -	-	-	-	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Restricted	<u>4,408,177</u>	<u>4,408,177</u>	<u>9,857,806</u>	<u>8,834,336</u>	<u>9,306,432</u>	<u>9,327,440</u>	<u>10,829,017</u>	<u>11,084,386</u>	<u>8,609,460</u>	<u>9,391,854</u>
Total all other governmental funds	\$ <u>4,408,177</u>	<u>4,408,177</u>	<u>9,857,806</u>	<u>8,834,336</u>	<u>9,306,432</u>	<u>9,327,440</u>	<u>10,829,017</u>	<u>11,084,386</u>	<u>8,609,460</u>	<u>9,391,854</u>

Southern California Association of Governments
Table 4 – Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Federal grants	\$ 27,849,710	26,845,417	35,850,884	33,900,754	32,703,938	34,829,246	30,602,350	33,411,528	35,400,836	38,364,596
State grants and contracts	798,043	489,803	639,123	932,566	994,427	1,476,542	3,878,174	6,026,789	14,759,009	22,529,765
Local grants and contracts	4,863,076	5,498,065	5,828,748	5,783,563	5,973,947	5,948,111	6,095,766	6,407,071	5,833,710	7,315,804
Membership assessments	1,779,184	1,834,522	1,871,720	1,900,950	1,939,700	1,986,186	2,053,962	2,112,970	1,861,517	2,193,246
Recovery of disallowed grant costs	-	-	-	-	-	-	-	4,062,579	-	-
General Assembly	-	-	-	-	-	-	-	10,000	7,500	340,575
Interest and other	306,714	431,808	482,808	977,429	494,548	534,483	651,203	122,252	74,632	210,718
Total revenues	35,596,727	35,099,615	44,673,283	43,495,262	42,106,560	44,774,568	43,281,455	52,153,189	57,937,204	70,954,704
Expenditures:										
Current:										
Transportation	26,662,798	24,726,670	33,556,910	30,739,916	20,838,392	15,323,497	16,150,392	19,039,509	19,694,557	20,848,493
Modeling	-	-	-	-	-	10,047,322	10,768,740	12,191,498	10,690,326	13,002,647
Public Involvement	-	-	-	-	-	2,184,200	2,219,085	2,826,301	3,261,091	3,677,128
Aviation	176,017	174,845	451,493	573,374	267,597	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-
High speed rail	96,590	140,800	161,423	290,595	339,370	-	-	-	-	-
Housing	1,180,258	922,718	706,129	980,086	3,222,728	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-	-
Environmental	158,345	887,807	969,338	1,448,295	7,054,453	5,164,861	3,179,830	4,377,155	4,188,153	4,022,867
Sustainability Initiatives	3,959,891	1,325,204	4,524,338	7,403,783	7,521,696	8,642,100	5,820,909	6,266,299	16,301,434	23,223,681
Administration	1,646,163	1,685,534	1,841,987	1,543,263	2,138,062	2,322,029	3,325,282	2,581,252	4,418,946	4,815,657
Disallowed Grant Costs	-	-	-	-	-	-	4,832,192	-	-	-
Debt service:										
Principal	-	-	-	-	-	130,788	355,208	373,630	393,012	680,014
Interest	-	-	-	-	-	25,490	83,796	34,026	23,804	1,049,622
Capital outlay	994,145	1,478,360	281,717	423,370	12,127	1,656,202	141,433	26,232	1,355,607	1,026,796
Total expenditures	34,874,207	31,341,838	42,493,335	43,402,682	41,394,425	45,496,489	46,876,867	47,715,902	60,326,930	72,346,905
Excess (deficiency) of revenues over (under) expenditures	722,520	3,757,677	2,179,948	92,580	712,135	(721,921)	(3,595,412)	4,437,287	(2,389,726)	(1,392,201)
Other financing sources (uses)										
Transfers in	10,987,675	10,093,426	10,085,526	-	7,198	-	78,995	77,059	717,045	913,052
Transfers out	(10,987,675)	(10,093,426)	(10,085,526)	-	(7,198)	-	(78,995)	(77,059)	(717,045)	(913,052)
Proceeds from financing	-	-	-	-	-	1,943,484	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	1,943,484	-	-	-	-
Net change in fund balances	\$ 722,520	3,757,677	2,179,948	92,580	712,135	1,221,563	(3,595,412)	4,437,287	(2,389,726)	(1,392,201)
Total Debt Service Expenditures	\$ -	-	-	-	-	156,278	439,004	407,656	416,816	1,729,636
Total Non-Capital Expenditures	\$ 33,880,062	29,863,578	42,211,618	42,979,312	41,382,298	43,840,287	46,735,434	47,689,670	58,971,323	71,320,109
Ratio of Debt Service to Non-Capital	0.00%	0.00%	0.00%	0.00%	0.00%	0.36%	0.94%	0.85%	0.71%	2.43%

Expenditure classifications were changed in FY19 to better reflect the changing mix in SCAG's initiatives. FY18 expenditures were restated to be comparable to FY19. Fiscal years before FY18 were not restated.

Southern California Association of Governments

Table 5 – Indirect and Fringe Benefit Costs

Last Ten Fiscal Years

Fiscal Year	Indirect cost	Fringe benefits	Totals
2013	10,625,503	7,291,029	17,916,532
2014	9,870,796	7,406,943	17,277,739
2015	10,858,012	8,082,809	18,940,821
2016	11,613,300	8,891,915	20,505,215
2017	12,586,074	9,311,132	21,897,206
2018	15,165,346	9,009,745	24,175,091
2019	12,365,958	9,574,971	21,940,929
2020	15,618,533	10,168,470	25,787,003
2021	18,992,533	11,629,265	30,621,798
2022	22,752,642	13,235,167	35,987,809

Source: SCAG Finance Department.

Southern California Association of Governments

Table 6 – Member Dues

Last Ten Fiscal Years

	Cities & Indian Tribes			Counties			Commissions	
	No. of Members	Population	Annual Dues	No. of Members	Population	Annual Dues	No. of Members	Annual Dues
2013	191	16,377,980	1,411,942	6	2,066,588	290,942	5	95,000
2014	191	15,764,229	1,444,701	6	1,967,621	293,146	5	95,000
2015	189	16,304,097	1,484,363	6	1,950,310	292,357	5	95,000
2016	189	16,368,268	1,511,946	6	1,963,578	294,004	5	95,000
2017	189	16,476,665	1,543,468	6	1,973,786	297,899	5	95,000
2018	189	16,686,338	1,577,575	6	1,989,806	300,111	6	98,500
2019	189	16,836,783	1,634,861	6	1,999,994	307,523	6	98,500
2020	189	16,904,173	1,690,277	6	2,021,924	315,132	6	108,500
2021	185	16,911,782	1,483,344	6	2,017,250	280,673	7	97,500
2022	186	16,294,244	1,762,255	6	1,987,578	322,491	7	108,500

Southern California Association of Governments

Table 7 – Principal Members
Current Year and Five Years Ago

City/County	2022		2017	
	Annual Dues	Percent of Total Dues Assessment	Annual Dues	Percent of Total Dues Assessment
City of Los Angeles	\$ 402,788	18%	\$ 346,254	18%
County of Los Angeles	138,590	6%	127,471	7%
County of Riverside	63,584	3%	57,588	3%
County of San Bernardino	55,502	3%	51,428	3%
City of Long Beach	48,027	2%	42,304	2%
County of Orange	37,857	2%	35,958	2%
City of Anaheim	36,524	2%	31,802	2%
City of Santa Ana	34,294	2%	30,373	2%
City of Riverside	33,604	2%	28,786	1%
SBCTA (SANBAG)	25,000	1%	25,000	1%
RCTC	25,000	1%	25,000	1%
OCTA	25,000	1%	25,000	1%
City of Irvine	28,954	1%	22,873	1%
County of Ventura	19,511	1%	18,615	1%
City of Glendale	21,307	1%	18,050	1%
City of San Bernardino	22,570	1%	19,652	1%
City of Santa Clarita	22,969	1%	19,228	1%
	<u>\$ 1,041,081</u>	<u>48%</u>	<u>925,382</u>	<u>48%</u>

Southern California Association of Governments

Table 8 – Population by County in the SCAG Region

Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2013	180,099	10,025,721	3,103,018	2,268,660	2,084,443	840,637	18,502,578
2014	181,699	10,078,942	3,122,962	2,290,907	2,094,951	845,279	18,614,740
2015	183,856	10,124,800	3,144,663	2,315,547	2,112,187	848,459	18,729,512
2016	184,843	10,150,386	3,160,401	2,342,612	2,122,579	849,335	18,810,156
2017	186,664	10,181,162	3,180,125	2,374,555	2,139,520	848,232	18,910,258
2018	188,042	10,192,593	3,186,254	2,397,662	2,150,017	848,112	18,962,680
2019	188,552	10,163,139	3,185,378	2,419,057	2,165,876	844,259	18,966,261
2020	188,422	10,135,614	3,180,491	2,440,719	2,175,424	841,219	18,961,889
2021	179,488	9,931,338	3,169,542	2,424,587	2,182,343	840,093	18,727,391
2022	179,329	9,861,224	3,162,245	2,435,525	2,187,665	833,652	18,659,640

Source: 2013-2020: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2013-2020, with 2010 Census Benchmark. Sacramento, California, May 2021.

2021-2022: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2021-2022, with 2020 Census Benchmark. Sacramento, California, May 2022.

Southern California Association of Governments
 Table 9 – Number of Households by County in the SCAG Region
 Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2013	49,309	3,253,264	999,053	700,851	619,922	268,251	5,890,650
2014	49,460	3,262,582	1,005,568	705,811	622,609	269,338	5,915,368
2015	49,644	3,274,742	1,011,689	711,185	625,567	270,413	5,943,240
2016	49,802	3,287,528	1,017,539	717,126	629,119	271,708	5,972,822
2017	49,940	3,305,784	1,025,324	723,337	633,599	272,567	6,010,551
2018	50,109	3,321,379	1,034,724	730,218	638,633	272,979	6,048,042
2019	50,298	3,340,821	1,044,236	737,020	642,806	274,135	6,089,316
2020	50,550	3,360,402	1,051,153	744,644	645,798	275,693	6,128,240
2021	52,411	3,422,193	1,077,630	764,783	669,675	279,394	6,266,086
2022	53,250	3,443,284	1,084,168	773,390	675,032	280,427	6,309,551

Source: 2013-2020: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, January 2013-2020, with 2010 Benchmark (Released: May, 2020)

2021-2022: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, January 2021-2022, with 2020 Benchmark (Released: May, 2022)

Southern California Association of Governments
Table 10 – Wage and Salary Employment by County in the SCAG Region
Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2013	62,200	4,122,400	1,467,300	599,500	648,300	316,700	7,216,400
2014	64,000	4,198,700	1,501,100	628,100	675,600	319,800	7,387,300
2015	64,800	4,291,900	1,548,700	657,900	710,100	322,300	7,595,700
2016	63,500	4,401,500	1,588,700	688,400	727,100	325,200	7,794,400
2017	64,900	4,455,000	1,621,300	718,400	750,900	328,700	7,939,200
2018	65,000	4,520,700	1,653,800	748,500	772,700	332,800	8,093,500
2019	65,500	4,566,100	1,675,300	766,500	801,000	336,800	8,211,200
2020	61,700	4,171,700	1,532,700	734,000	775,400	315,200	7,590,700
2021	63,900	4,300,000	1,580,400	771,400	811,500	320,300	7,847,500
2022	66,100	4,556,800	1,663,500	818,300	860,900	331,600	8,297,200

Source: Processed by SCAG Staff; CA EDD - March 2021 Benchmark

Employment by Industry Data

Historical Annual Average Data: 2013 - 2021 (Total, All Industries=Wage and Salary Employment)

2022 figures are estimated by calculating the average from January 2022 to August 2022

Southern California Association of Governments

Table 11 – Labor Force by County in the SCAG Region

Last Ten Calendar Years

Calendar year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2013	78,200	4,955,800	1,559,500	993,000	893,600	432,300	8,912,400
2014	78,300	4,982,400	1,565,400	1,009,200	903,600	429,200	8,968,100
2015	76,800	4,973,800	1,584,300	1,033,500	919,300	427,200	9,014,900
2016	75,200	5,018,900	1,597,400	1,051,600	930,200	425,300	9,098,600
2017	72,000	5,109,800	1,605,800	1,070,900	942,000	423,700	9,224,200
2018	71,200	5,121,300	1,615,900	1,090,000	955,000	423,000	9,276,400
2019	73,800	5,153,100	1,616,000	1,107,700	966,800	422,100	9,339,500
2020	71,500	4,968,900	1,561,500	1,117,300	971,400	409,400	9,100,000
2021	69,100	4,994,100	1,553,900	1,129,600	988,600	404,900	9,140,200
2022	69,800	5,020,500	1,594,100	1,163,600	1,018,000	411,300	9,277,300

Source: Processed by SCAG Staff; CA EDD - March 2021 Benchmark

Employment by Industry Data

Historical Annual Average Data: 2013 - 2021 (Civilian Labor Force=Labor Force)

2022 figures are estimated by calculating the average from January 2022 to August 2022

Southern California Association of Governments

Table 12 – Unemployment by County in the SCAG Region

Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2013	19,800	484,400	104,200	99,600	88,400	34,500	830,900
2014	19,000	410,200	87,000	83,700	73,200	28,900	702,000
2015	18,900	332,700	71,200	69,600	59,600	24,300	576,300
2016	18,200	267,700	64,700	64,400	53,900	22,300	491,200
2017	14,200	245,700	56,800	56,600	46,800	19,200	439,300
2018	13,400	235,900	48,100	48,700	39,500	16,300	401,900
2019	15,400	227,000	45,900	47,100	37,700	15,500	388,600
2020	16,300	613,000	140,800	113,700	94,400	36,100	1,014,300
2021	12,000	445,200	92,700	82,800	73,500	24,900	731,100
2022	9,100	226,600	43,600	44,600	39,300	12,900	376,100

Source: Processed by SCAG Staff; CA EDD - March 2021 Benchmark

Employment by Industry Data

Historical Annual Average Data: 2013 - 2021 (Civilian Unemployment=Unemployment)

2022 figures are estimated by calculating the average from January 2022 to August 2022

Southern California Association of Governments

Table 13 – Largest Employer County in the SCAG Region

Current Year

Imperial			Riverside		
	Employees	Type of Business		Employees	Type of Business
1	3,030	Harvesting	1	22,000	Government Offices
2	1,200	Correctional Institution	2	8,700	Education
3	1,200	Correctional Institution	3	7,000	Military
4	1,160	Retail	4	4,300	Healthcare
5	860	Hospital	5	4,300	Education
6	800	Correctional Institution	6	2,500	Government Offices
7	780	Military	7	2,200	Healthcare
8	630	Hospital	8	2,100	Education
9	600	Education	9	1,900	Education
10	540	Government	10	1,400	Education
Los Angeles			San Bernardino		
1	106,200	Government	1	18,000	Hospital
2	73,800	Education	2	18,000	Retail
3	61,600	Education	3	17,400	Government
4	50,200	Education	4	8,570	Education
5	44,700	Government	5	7,510	Airport
6	40,800	Hospital	6	5,680	Hospital
7	32,300	Government	7	4,680	Hospital
8	22,400	Education	8	3,950	Education
9	20,000	Retail	9	3,910	Education
10	18,000	Aerospace	10	3,260	Government
Orange			Ventura		
1	26,200	Education	1	18,776	Government
2	25,000	Hospitality and Entertainment	2	8,435	Government
3	18,100	Government	3	5,500	Biomedical
4	13,100	Hospital	4	2,860	Hospital
5	8,800	Hospital	5	2,740	Education
6	4,900	Retail	6	2,300	Hospital
7	7,100	Hospital	7	2,050	Education
8	6,300	Retail	8	2,016	Hospital
9	6,000	Retail	9	1,835	Education
10	5,500	Hospital	10	1,500	Hospital

Data provided courtesy of Infogroup, Orange County Business Journal, City of Riverside, Los Angeles Almanac, San Bernardino Area Chamber of Commerce

Southern California Association of Governments

Table 14 – Housing Units by County in the SCAG Region

Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2013	56,524	3,463,492	1,056,222	812,234	704,540	283,575	6,376,587
2014	56,731	3,474,246	1,063,093	817,008	706,314	284,489	6,401,881
2015	57,174	3,504,173	1,076,199	828,383	711,781	287,080	6,464,790
2016	57,174	3,504,173	1,076,199	828,383	711,781	287,080	6,464,790
2017	57,401	3,527,368	1,084,476	834,652	715,634	288,074	6,507,605
2018	57,737	3,546,864	1,094,256	840,904	719,911	288,579	6,548,251
2019	58,002	3,568,900	1,104,275	847,851	723,783	289,647	6,592,458
2020	58,311	3,590,574	1,111,421	856,124	726,680	291,210	6,634,320
2021	57,045	3,612,755	1,135,474	854,164	734,848	293,756	6,688,042
2022	57,917	3,635,136	1,142,380	863,784	740,654	294,989	6,734,860

Source: 2013-2020: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, January 2013-2020, with 2010 Benchmark (Released: May, 2020)

2021-2022: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, January 2021-2022, with 2020 Benchmark (Released: May, 2022)

Southern California Association of Governments
 Table 15 – Median Home Values by County in the SCAG Region
 Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	SCAG
2013	132,000	432,000	562,000	259,000	217,000	448,000	406,000
2014	152,000	477,000	605,000	304,000	260,000	500,000	450,000
2015	174,000	502,000	627,000	316,000	274,000	514,000	472,000
2016	183,000	536,000	659,000	332,000	292,000	542,000	501,000
2017	192,000	571,000	690,000	351,000	312,000	570,000	531,000
2018	204,000	616,000	728,000	377,000	338,000	598,000	569,000
2019	213,000	624,000	733,000	391,000	350,000	606,000	578,000
2020	226,000	662,000	764,000	410,000	371,000	626,000	609,000
2021	276,000	757,000	884,000	500,000	446,000	731,000	706,000
2022	319,000	847,000	1,050,000	601,000	519,000	846,000	809,000

Source: Zillow.com

2022 Data: Estimation Based on Average Between Jan 2022 and August 2022

Note: SCAG is Weighted average by Housing Units from Table 14

Values represent smoothed, seasonally adjusted measure of the typical home values for all homes in each county

Southern California Association of Governments

Table 16 – Land Area by County in the SCAG Region

Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2013	4,175	4,060	790	7,208	20,062	1,846	38,141
2014	4,175	4,060	790	7,208	20,062	1,846	38,141
2015	4,175	4,060	790	7,208	20,062	1,846	38,141
2016	4,175	4,060	790	7,208	20,062	1,846	38,141
2017	4,175	4,060	790	7,208	20,062	1,846	38,141
2018	4,175	4,060	790	7,208	20,062	1,846	38,141
2019	4,175	4,060	790	7,208	20,062	1,846	38,141
2020	4,175	4,060	790	7,208	20,062	1,846	38,141
2021	4,175	4,060	790	7,208	20,062	1,846	38,141
2022	4,175	4,060	790	7,208	20,062	1,846	38,141

Source: Census Bureau Tiger File

<https://www.census.gov/programs-surveys/geography.html>

Southern California Association of Governments
Table 17 – Assessed Valuation by County in the SCAG Region
Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2013	\$ 10,393,345,085	1,093,886,934,773	429,315,145,388	202,209,185,045	166,970,746,909	105,066,235,097	2,007,841,592,297
2014	\$ 11,230,818,021	1,145,256,478,683	445,068,356,853	210,726,246,610	172,112,462,762	108,574,635,076	2,092,968,998,005
2015	\$ 11,648,369,468	1,207,856,228,771	473,782,781,168	228,233,802,746	182,705,725,334	114,663,397,481	2,218,890,304,968
2016	\$ 12,400,979,037	1,282,508,084,556	507,799,267,525	240,933,731,456	192,319,791,501	119,407,609,899	2,355,369,463,974
2017	\$ 12,689,982,548	1,354,458,674,851	528,711,072,636	253,658,272,351	200,564,761,328	123,951,233,364	2,474,033,997,078
2018	\$ 12,984,173,804	1,435,385,941,470	561,278,774,948	266,916,802,097	214,878,403,179	129,987,341,366	2,621,431,436,864
2019	\$ 13,487,316,919	1,529,882,494,903	596,783,437,256	283,283,510,304	227,946,672,512	135,744,679,058	2,787,128,110,952
2020	\$ 14,082,427,356	1,625,539,871,274	631,217,121,996	299,975,470,887	242,999,360,073	142,161,273,077	2,955,975,524,663
2021	\$ 14,527,965,087	1,724,138,383,369	661,208,217,028	317,602,508,036	257,234,231,864	148,066,044,105	3,122,777,349,489
2022	\$ 14,863,672,953	1,785,802,727,838	686,918,002,858	335,093,594,273	273,276,547,602	153,520,315,095	3,249,474,860,619

Source: State of California – Controller’s Office.

Note: Assessed Valuations Show Total State and County Assessed Valuation

<https://bythenumbers.sco.ca.gov/Raw-Data/Assessed-Valuation-Raw-Data-for-Fiscal-Years-2002-/qky3-f2m4>

Southern California Association of Governments

Table 18 – Full-Time and Part-time Employees as of June 30

Last Ten Fiscal Years

Full-Time and Part-Time Employees as of June 30

Fiscal Year	Transportation	Modeling	High Speed Rail	Aviation	Environmental	Housing	Public Involvement	Sustainability	Administration	Total
2013	55	0	1	1	2	1	0	0	67	127
2014	57	0	1	1	2	1	0	0	58	120
2015	61	0	1	1	1	1	0	0	66	131
2016	58	0	1	1	3	1	0	0	67	131
2017	60	0	1	0	3	1	0	0	60	125
2018	44	15	0	1	1	0	15	7	46	129
2019	39	16	0	1	1	0	16	6	48	127
2020	41	16	0	1	1	2	19	9	58	147
2021	41	21	0	1	7	8	18	12	68	176
2022	39	24	0	0	6	13	18	11	80	191

Source: SCAG HR Department.

Employee classifications were changed in FY19 to better reflect the changing mix of SCAG's initiatives.

FY18 employees were restated to be comparable to FY19. Fiscal years before FY18 were not restated.

Southern California Association of Governments
Table 19 – Operating Indicators by Function
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Transportation										
No. of projects undertaken	49	82	85	89	80	27	71	67	68	71
Grants & Contracts Revenue	\$ 23,880,028	23,120,187	25,928,208	26,127,909	21,402,980	10,227,859	18,068,335	17,390,426	28,879,062	54,697,409
Modeling										
No. of projects undertaken						36	33	36	25	24
Grants & Contracts Revenue						\$ 12,546,320	11,872,339	12,503,509	12,374,774	14,146,188
High Speed Rail										
No. of projects undertaken	1	1	1	1	1					
Grants & Contracts Revenue	\$ 21,200	263,579	281,779	290,593	339,370					
Aviation										
No. of projects undertaken	1	1	1	1	1					
Grants & Contracts Revenue	\$ 347,880	196,948	579,242	550,584	267,597					
Environmental										
No. of projects undertaken	6	13	1	5	20	17	8	10	8	8
Grants & Contracts Revenue	\$ 587,435	1,601,570	1,587,158	1,448,295	6,592,728	5,144,977	3,358,447	4,322,956	3,400,938	4,482,169
Public Involvement										
No. of projects undertaken						4	4	4	5	6
Grants & Contracts Revenue						\$ 2,600,060	2,445,350	2,894,305	3,988,245	4,062,811
Housing										
No. of projects undertaken	2	3	3	2	9	9				
Grants & Contracts Revenue	\$ 2,088,856	1,599,668	1,176,694	960,528	3,187,930	2,032,313				
Sustainability Initiatives										
No. of projects undertaken	9	12	14	25	28	41	8	27	38	46
Grants & Contracts Revenue	\$ 6,089,132	2,511,049	5,457,158	7,345,383	7,098,027	8,719,261	6,142,700	5,090,102	15,321,082	23,817,493
Expenditure classifications were changed in FY19 to better reflect the changing mix in SCAG's initiatives.										
FY18 expenditures were restated to be comparable to FY19. Fiscal years before FY18 were not restated.										
Total No. of projects undertaken						134	124	144	144	155
Grants & Contracts Revenue						\$ 41,270,790	41,887,171	42,201,298	63,964,101	101,206,070

Revenues reported include federal, state, local, general fund, and allocated indirect and fringe benefit cost revenues, administration function revenues are excluded.

Southern California Association of Governments

Table 20 – Outstanding Debt

Last Ten Fiscal Years

Fiscal Year	Claims Payable	Financing Agreements	Tenant Improvement Allowance	Total Outstanding Debt	Program Revenues	Ratio of Debt to Revenues
2013			162,993	\$ 162,993	\$ 35,290,013	0.5%
2014			135,846	\$ 135,846	\$ 34,667,807	0.4%
2015*			108,700	\$ 108,700	\$ 44,190,475	0.2%
2016			81,553	\$ 81,553	\$ 42,517,833	0.2%
2017			54,406	\$ 54,406	\$ 41,612,012	0.1%
2018**		1,812,696	4,682,709	\$ 6,495,405	\$ 44,240,085	14.7%
2019		1,457,488	4,371,379	\$ 5,828,867	\$ 42,630,252	13.7%
2020		1,083,858	4,062,393	\$ 5,146,251	\$ 52,020,937	9.9%
2021		690,846	3,753,407	\$ 4,444,253	\$ 57,855,072	7.7%
2022		277,446		\$ 277,446	\$ 70,403,411	0.4%

*SCAG implemented GASB 68 which required the PERS liability to be reported on the balance sheet.

**SCAG implemented GASB 75 which required the OPEB liability to be reported on the balance sheet.



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Members of the Regional Council
Southern California Association of Governments

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, each major fund, and the aggregate remaining fund information of the Southern California Association of Governments (SCAG), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise SCAG’s basic financial statements, and have issued our report thereon dated January 31, 2023. Our report included emphasis of matter paragraphs regarding SCAG’s adoption of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, effective July 1, 2021 and restatement of beginning net position/fund balance for the correction of an error.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SCAG’s internal control over financial reporting (internal control) as a basis for designing 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 SCAG’s internal control. Accordingly, we do not express an opinion on the effectiveness of SCAG’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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SCAG'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 financial statements. 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*.

SCAG's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on SCAG's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. SCAG's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
January 31, 2023

2022-001 Financial Reporting

Type of Finding: *Material Weakness*

Criteria:

Management is responsible for the preparation and fair presentation of the financial statements. Management is responsible for ensuring that all financial records and related information is reliable and properly recorded.

Condition:

During our audit we identified the following misstatements:

- Prepaid expenses pertaining to the general fund totaling \$342,815 were erroneously included in construction in process in the prior year, thus causing an understatement to fund balance within the general fund.
- Capital assets totaling \$100,924 were not recorded in the prior year, resulting in an understatement of net position.

Cause:

SCAG's procedures did not include a timely review and reconciliation of equity. Further, account analysis and review of prepaids and capital assets did not identify the misstatements.

Effect:

Adjustments were necessary to fairly present the financial statements.

Context:

The condition was noted during our testwork of capital assets and fund balance.

Recommendation:

We recommend that SCAG review and strengthen its procedures over the review of transactions and the financial statements.

Views of Responsible Officials:

Management agrees with the finding. See attached corrective action plan.



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Corrective Action Plan

Finding Summary:

During the performance of the FY 2021-22 audit Eide Bailly identified the following misstatements in the FY 2020-21 Financial Statements which required a prior period adjustment to be made in the FY 2021-22 financial statements:

- Prepaid expenses pertaining to the general fund totaling \$342,815 were erroneously included in construction in process in the prior year, thus causing an understatement of the fund balance within the general fund.
- Capital assets totaling \$100,924 were not recorded in the prior year, resulting in an understatement of net position.

Responsible Individual for the Implementation of the Corrective Action Plan:

Cindy Giraldo, Chief Financial Officer
Erika Bustamante, Deputy Finance Director, and Acting Controller

Corrective Action Plan:

Management has taken the following actions to ensure proper oversight is given to the recording of fixed assets and prepaid assets. In FY 2020-21, the responsibility of properly recording fixed assets was assigned to an accountant by the then Accounting Manager, Tom Phillip. Since that time, the responsibilities of fixed asset recording have been reassigned to a Senior Accountant. Further, the Accounting Manager's working title has been changed to Controller in order to recruit a qualified candidate more successfully for the position who will provide appropriate oversight of the work performed by a Senior Accountant.

Anticipated Completion Date:

The fixed assets recording responsibility has already been reassigned to a Senior Accountant and the recruitment for the Controller position is underway, with the goal to have a successful candidate identified in February 2023.

Annual Comprehensive FINANCIAL REPORT | 2022

YEAR ENDED JUNE 30, 2022

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