

# COMPREHENSIVE ANNUAL FINANCIAL REPORT 2011



YEAR ENDED JUNE 30, 2011

FINANCE DEPARTMENT  
WAYNE MOORE, CHIEF FINANCIAL OFFICER  
FINANCE & ACCOUNTING DIVISION



**SOUTHERN CALIFORNIA  
ASSOCIATION of GOVERNMENTS**

SOUTHERN CALIFORNIA



ASSOCIATION of  
GOVERNMENTS

# COMPREHENSIVE ANNUAL FINANCIAL REPORT 2011

YEAR ENDED JUNE 30, 2011

FINANCE DEPARTMENT  
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**Comprehensive Annual Financial Report**  
**Southern California Association of Governments**  
*Year ended June 30, 2011*  
*with Report of Independent Auditors*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
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# **INTRODUCTORY SECTION**

SOUTHERN CALIFORNIA



**ASSOCIATION of  
GOVERNMENTS**

**Main Office**

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**Officers**

President

Pam O'Connor, Santa Monica

First Vice President

Glen Becerra, Simi Valley

Second Vice President

Greg Pettis, Cathedral City

Immediate Past President

Larry McCallon, Highland

**Executive/Administration  
Committee Chair**

Pam O'Connor, Santa Monica

**Policy Committee Chairs**

Community, Economic and  
Human Development  
Bill Jahn, Big Bear Lake

Energy & Environment  
Margaret Clark, Rosemead

Transportation  
Paul Glaab, Laguna Niguel

December 1, 2011

Honorable Pam O'Connor, President, and  
Members of the Regional Council  
Southern California Association of Governments  
818 West Seventh Street, 12th Floor  
Los Angeles, CA 90017

*Subject: SCAG's Comprehensive Annual Financial Report for  
Fiscal Year 2010-11*

Dear President O'Connor and Members of the Regional Council:

As Executive Director and Chief Financial Officer for the Southern California Association of Governments (SCAG), we hereby submit to you SCAG's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011.

This Letter of Transmittal is the first item in the introductory section of the CAFR. Its purpose is firstly to provide readers of the CAFR with general financial information about the basic financial statements in the CAFR, and secondly, to give some general comments to assist the reader in assessing SCAG and its financial condition. The second purpose is to give readers a profile of SCAG, including its governance, organization, planning mandates and requirements, and to highlight several significant planning programs mandated by Federal and State requirements, which were successfully managed in 2010-2011.

As management of SCAG, we have also prepared a narrative Management 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 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 CAFR includes this Letter of Transmittal and the following attachments:

- Listing of the Officers and Members of the Regional Council,
- The SCAG Organizational Chart,
- The SCAG Finance Division Organizational Chart, and
- The Certificate of Achievement for Excellence in Financial Reporting awarded to SCAG by the Government Finance Officers Association in recognition of our FY11 CAFR.

### **Certificate of Achievement for Excellence in Financial Reporting**

We are pleased to report that the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SCAG for its CAFR for the fiscal year ended June 30, 2010. This was the eighth 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 CAFR 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 CAFR.

### **The Comprehensive Annual Financial Report**

This CAFR consists of required financial statements and other supplementary financial information prescribed by the Governmental Accounting Standards Board (GASB). The CAFR is a representation by management concerning SCAG's finances. Accordingly, we assert that to the best of our knowledge and belief, the CAFR is complete, accurate, and reliable in all material respects and we assume responsibility for the completeness and reliability of all of 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 audited by Vasquez and Company, 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 ended June 30, 2011 are free of material misstatement. The Report of the Independent Auditors is also included in the CAFR.

### **The Single Audit Report**

The independent audit of the financial statements in this CAFR is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards applied in the single audit require consideration of internal controls, and compliance with legal and federal requirements in the administration of federal awards. There were no findings reported by Vasquez and Company, LLC. The Single Audit report for the year ended June 30, 2011 is issued separately from the CAFR and is available upon written request to the Chief Financial Officer.

### **Management Discussion and Analysis**

SCAG has adopted GASB 34, as amended by GASB 37 and GASB 38. GASB 34 requires 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). GASB 34 describes the MD&A as an opportunity for management to reach beyond the familiar to a new and different analytical overview of financial activities. The transactions and events in FY11 are discussed fully in the MD&A.

The basic financial statements are comprised of the GASB 34 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 CAFR.

### **SCAG Management & Financial Goals for FY11-12**

- Create a Sustainable Communities Strategy as part of the 2012 Regional Transportation Plan (RTP). As required by Senate Bill 375, the RTP will integrate transportation, land use, housing, and environmental planning with the goal of reducing regional greenhouse emissions.

- Complete the Fifth Cycle of the Regional Housing Needs Assessment in order for local jurisdictions to prepare updated General Plan Housing Elements.
- Strategically deploy SCAG's additional TDA funding to maximize its leverage as primary or match funding for critical projects.
- Aggressively pursue additional grants consistent with SCAG's vision to develop sustainable plans and policies for its region.

### **Profile of SCAG**

City and county governments throughout Southern California come together at SCAG to develop solutions to common concerns in transportation, housing, air quality, waste management, 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 a number of 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 14 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 regional planning agency in the nation, functioning as the Metropolitan Planning Organization (MPO) for six counties. SCAG represents:

- Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties
- 190 cities
- 2 tribal governments
- 38,000 square miles
- 18 million people
- 16th largest economy in the world.

### **Governing Body of SCAG**

The Regional Council is SCAG's main governing body. The membership is comprised of elected representatives representing 67 Districts who represent the 190 cities in the SCAG region; county elected supervisors; representatives from four of the six transportation commissions in the SCAG region; one Tribal Government representative; one representative from the air districts in the region; one representative from the Transportation Corridor Agency; and the Mayor of Los Angeles, as the City-at-large

representative. All are elected from within the six-county region. All policy-making, the annual Overall Work Program, project budgets, and all material financial matters are discussed and acted upon through the Regional Council. A listing of each member and the city, county and tribal government representatives is 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; and other Regional Council members appointed by the SCAG President. 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.

### **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) must be prepared every four years. It is a comprehensive 20-year plan that provides a vision for the region's transportation future and addresses air quality attainment and financial commitments. The RTP serves as a basis for transportation infrastructure investments and policy decision-making in the region. The RTP includes projections for socioeconomic growth in SCAG's 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 the RTP. SCAG is also responsible for reviewing all Congestion Management Plans for consistency with the RTP.

As the RTP sets a framework for the region's future transportation investments, various studies are undertaken to support the development of the RTP. Transportation studies encompassing all modes of mobility (highway, transit, 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 analysis are also undertaken to comply with various state and federal requirements. Modeling analysis encompasses a major portion of the RTP effort. All of the major components of the RTP are subject to performance criteria that assess and measure project performance and defines benefits and impacts of proposed projects and initiatives. Modeling studies and analysis form the basis of this type of RTP work. A major modeling component is air quality and conformity analysis, which ensure that all required federal and state air quality requirements are met. The RTP is also required to be "financially constrained". This requirement ensures that the projects proposed in the RTP have realistic funding streams and ensures the integrity of the RTP.

SB 375 is California legislation that became law effective January 1, 2009. It prompts California regions to work together to reduce greenhouse gas (GHG) emissions from cars and light trucks by creating nexuses between land uses and transportation infrastructure investments and policy. The new law requires that this objective be a component of SCAG's next RTP. The new law will achieve this objective by requiring integration of planning processes for transportation, land use and housing. SCAG is tasked with creating a Sustainable Communities Strategy (SCS), which combines transportation and land use elements in order to achieve established emissions reduction targets. SCAG in collaboration with its regional partners is spearheading this effort for Southern California.

The 2008 RTP was adopted in May 2008, and was the culmination of a multi-year effort that involved transportation stakeholders from across the region. It represents the most comprehensive long-term vision for the future of our transportation system. Given the size and complexity of our region, the RTP by necessity is a living document that must be adjusted on a regular basis to keep it valid, relevant, and in sync with new challenges and opportunities. Accordingly, it must be amended occasionally between major updates, to ensure major projects being planned and implemented in the region remain consistent with the prevailing RTP. To date, the 2008 RTP has been amended four times. In addition to putting forth bold transportation initiatives, the 2008 RTP evaluates and presents some of the most innovative funding strategies to meet funding challenges in the near-term as well as the long-term. The next update of the RTP is scheduled for 2012. The next RTP will include a SCS in accordance with SB 375.

#### **(b) Development of the Federal Regional Transportation Improvement Plan**

The Federal Transportation Improvement Plan (FTIP) is a short-term component of the RTP. It is updated every two years and it identifies a listing of capital projects in the region over a five-year period. The FTIP essentially represents the near-term implementation of the RTP. The FTIP includes and identifies all transportation capital projects proposed over a five-year period by each of the transportation commissions in the region.

Each project is analyzed by SCAG staff to assure conformity with federal and state transportation conformity requirements before inclusion in the FTIP. It is the primary instrument for funding and implementing transportation capital projects identified in the RTP. The 2008 FTIP, which is the most recent FTIP, was adopted by the Regional Council in July 2008 and has received state and federal approval.

#### **(c) Maintenance of Federal Air Quality Standards**

In developing the RTP and FTIP, SCAG is responsible for ensuring that the projects included in these transportation plans help the region maintain conformity with federal air quality standards as required by the Clean Air Act. Failure to conform to federal air quality standards could result in the federal agencies rejecting the RTP and FTIP, and consequently withholding funding for Southern California's critical transportation needs.

#### **(d) Integrated Growth Forecast**

With policy direction from the SCAG Community, Economic and Human Development (CEHD) Policy Committee and working closely with the Plans and Programs Technical Advisory Committee (P&P TAC), the California Department of Finance (DOF), subregions, local jurisdictions, County Transportation Commissions, the public and other major stakeholders, SCAG is responsible for producing socio-economic estimates and projections at multiple geographic levels and in multiple years.

The socio-economic estimates and projections are used by for federal and state mandated long-range planning efforts such as the Regional Transportation Plan (RTP), the Air Quality Management Plan (AQMP), the Federal Transportation Improvement Program (FTIP), and the Regional Housing Needs Assessment (RHNA).

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

**(a) Development of the Regional Housing Needs Assessment Plan**

To ensure integration of regional plans under SB 375, a Regional Housing Needs Assessment (RHNA) is developed every eight years in conjunction with every other RTP process. The RHNA Allocation Plan sets each jurisdiction's share of the region's future housing needs for all income groups and serves as the housing need goal for the local housing element update process. The most recently completed RHNA planning period is January 1, 2006 to June 30, 2014. Due to the requirements of SB 375, SCAG is preparing the next RHNA planning cycle; which will cover October 1, 2013 to October 1, 2021.

**(b) Development of a Portion of the Air Quality Management Plan**

SCAG is responsible for developing a portion of the Air Quality Management Plan (AQMP) prepared by the South Coast Air Quality Management District (SCAQMD). Specifically, SCAG develops the demographic projections and the integrated land use housing, employment, transportation measures and strategies portions of the AQMP every three years. SCAG prepared its portion of the AQMP in the spring of 2007. It was approved by the Governing Board of the SCAQMD in August 2007.

**(c) Compliance with the California Environmental Quality Act**

Pursuant to the California Environmental Quality Act (CEQA), SCAG undertakes the appropriate environmental review of the RTP and FTIP. In most cases this involves the preparation of a Program Environmental Impact Report (PEIR) and amendments thereto. Additionally, in accordance with CEQA regulations and Presidential Executive Order 12372, SCAG is the authorized agency for Inter-Governmental Review (IGR) of projects of regional significance for consistency with regional plans.

**(d) Development of a Regional Waste Management Plan**

Under state law, SCAG (along with the Association of Bay Area Governments, the Sacramento Area Council of Governments, and the Association of Monterey Bay Area Governments), may prepare a regional hazardous waste management plan to serve as a document to identify hazardous waste management issues, needs and solutions at the

regional level. This role is consistent with SCAG's responsibility under federal law to serve as the Southern California area-wide waste management planning agency for the purpose of improving water quality in the region.

**Overall Work Program**

SCAG's Overall Work Program (OWP) is the foundation for annual financial planning and internal administrative 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 Regional Council and our external funding agencies.

**Acknowledgements**

We are pleased to report that our recent internal reorganization has achieved better and more effective staff assignments. We have also expanded training opportunities for all of our staff. With the SCAG Strategic Plan to guide us, we are committed to regularly assessing our actual performance and to making the necessary adjustments to changing conditions and needs to continuously improve. We consider this a fundamental responsibility of management.

On behalf of each of the members of the management team at SCAG, we express our sincere gratitude to you, President O'Connor, and to each of 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 and the work of management and our excellent staff, we are prepared to continue supporting the complex and challenging work of planning for Southern California's future economic and social vitality.

Sincerely,



Hasan Ikhata

*Executive Director*



Wayne Moore

*Chief Financial Officer*

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**SOUTHERN CALIFORNIA  
ASSOCIATION OF GOVERNMENTS**

**Our VISION**

An international and regional planning forum trusted for its leadership and inclusiveness in developing plans and policies for a sustainable Southern California.

**Our MISSION**

Under the guidance of the Regional Council and in collaboration with our partners, our mission is to facilitate a forum to develop and foster the realization of regional plans that improve the quality of life for Southern Californians.

**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 – under provisions of the “Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users” (SAFETEA-LU). Additional financial assistance was provided by the California State Department of Transportation.

The information and content contained in this publication is provided without warranty of any kind, and the use of or reliance on any information or content contained herein shall be at the user’s sole risk. In no event shall SCAG be responsible or liable for any consequential, incidental or direct damages (including, but not limited to, damages for loss of profits, business interruption, or loss of programs or information) arising from or in connection with the use of or reliance on any information or content of this publication.

**REGIONAL COUNCIL MEMBERS**

**OFFICERS**

- President:** Pam O’Connor, Santa Monica
- First Vice President:** Glen Becerra, Simi Valley
- Second Vice President:** Greg Pettis, Cathedral City
- Immediate Past President:** Larry McCallon, Highland

**MEMBERS**

**Imperial County:** Jack Terrazas, Imperial County • Cheryl Viegas-Walker, El Centro

**Los Angeles County:** Mike Antonovich, Los Angeles County • Mark Ridley-Thomas, Los Angeles County • Richard Alarcón, Los Angeles • Bruce Barrows, Cerritos • Tony Cardenas, Los Angeles Stan Carroll, La Habra Heights • Margaret Clark, Rosemead • Gene Daniels, Paramount • Lillie Dobson, Compton • Judy Dunlap, Inglewood • Mitchell Englander, Los Angeles • Margaret E. Finlay, Duarte • David Gafin, Downey • Eric Garcetti, Los Angeles • James Gazeley, Lomita • Frank Gurulé, Cudahy • Keith W. Hanks, Azusa • Mario F. Hernandez, San Fernando • Carol Herrera, Diamond Bar • Steve Hofbauer, Palmdale • José Huizar, Los Angeles • James Johnson, Long Beach • Paul Koretz, Los Angeles Paul Krekorian, Los Angeles • Tom LaBonge, Los Angeles • Paula Lantz, Pomona • Barbara Messina, Alhambra • Judy Mitchell, Rolling Hills Estates • Steven Neal, Long Beach • Pam O’Connor, Santa Monica • Bernard Parks, Los Angeles • Jan Perry, Los Angeles • Frank Quintero, Glendale • Ed P. Reyes, Los Angeles • Bill Rosendahl, Los Angeles • Mark Rutherford, Westlake Village • Antonio Villaraigosa, Los Angeles • Donald Voss, La Cañada Flintridge • Herb J. Wesson, Jr., Los Angeles • Dennis Zine, Los Angeles

**Orange County:** Shawn Nelson, Orange County • Leslie Daigle, Newport Beach • Paul Glaab, Laguna Niguel • Matthew Harper, Huntington Beach • Sukhee Kang, Irvine • Joel Lautenschleger, Laguna Hills • Michele Martinez, Santa Ana • Leroy Mills, Cypress • Brett Murdock, Brea • Kris Murray, Anaheim • John Nielsen, Tustin • Andy Quach, Westminster • Sharon Quirk-Silva, Fullerton

**Riverside County:** John J. Benoit, Riverside County • Jim Hyatt, Calimesa • Darcy Kuenzi, Menifee • Ron Loveridge, Riverside • Greg Pettis, Cathedral City • Lupe Ramos Watson, Indio • Ron Roberts, Temecula

**San Bernardino County:** Gary Ovitt, San Bernardino County • Ginger Coleman, Apple Valley • Glenn Duncan, Chino • Paul Eaton, Montclair • Jon Harrison, Redlands • Bill Jahn, Big Bear Lake • Larry McCallon, Highland • Deborah Robertson, Rialto

**Ventura County:** Linda Parks, Ventura County • Glen Becerra, Simi Valley • Bryan A. MacDonald, Oxnard • Carl Morehouse, San Buenaventura

**Tribal Government Representative:** Mark Calac, Pechanga Band of Luiseno Indians

**Orange County Transportation Authority:** Don Hansen, Huntington Beach

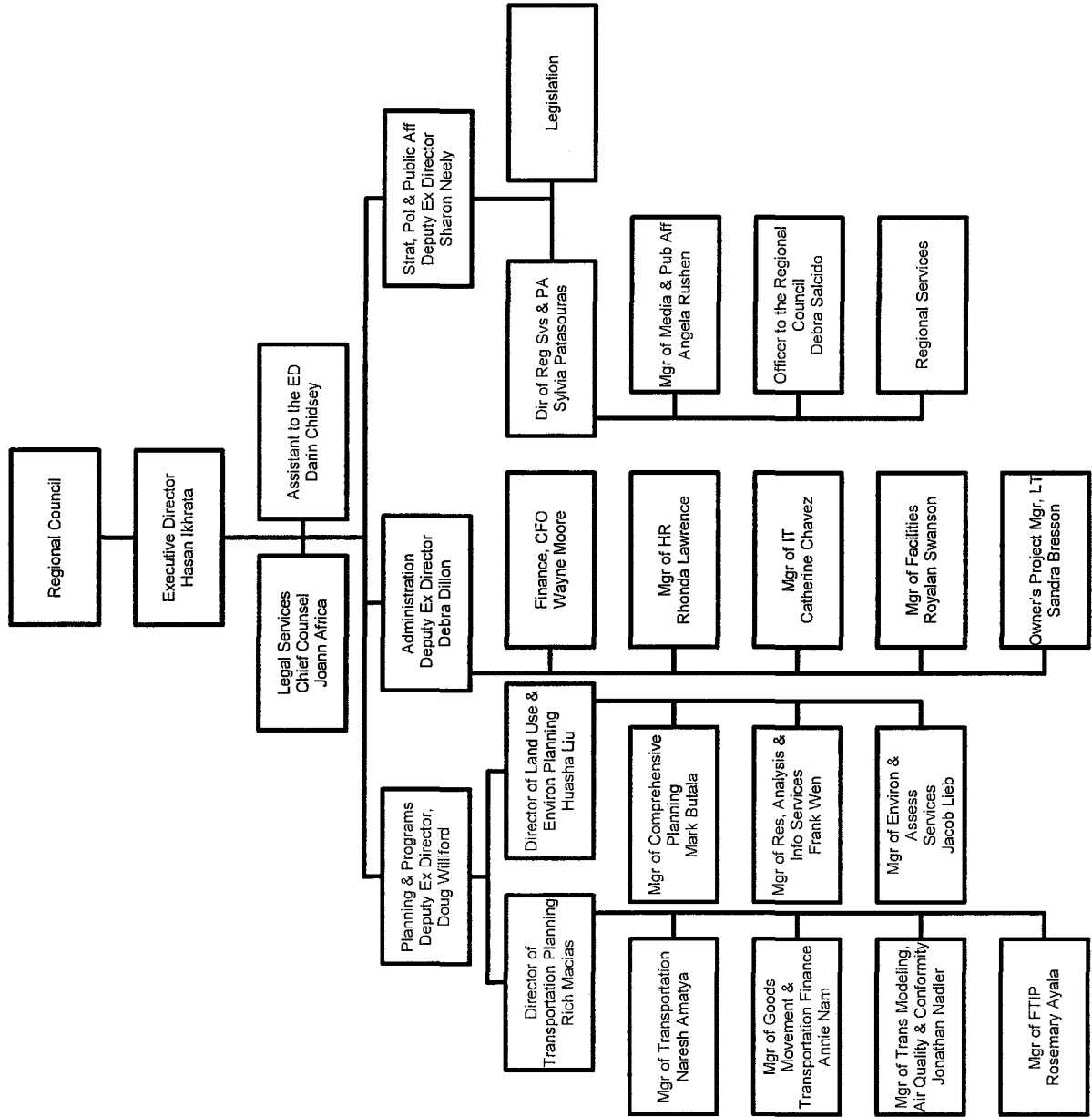
**Riverside County Transportation Commission:** Mary Craton, Canyon Lake

**San Bernardino Associated Governments:** Brad Mitzelfelt, County of San Bernardino

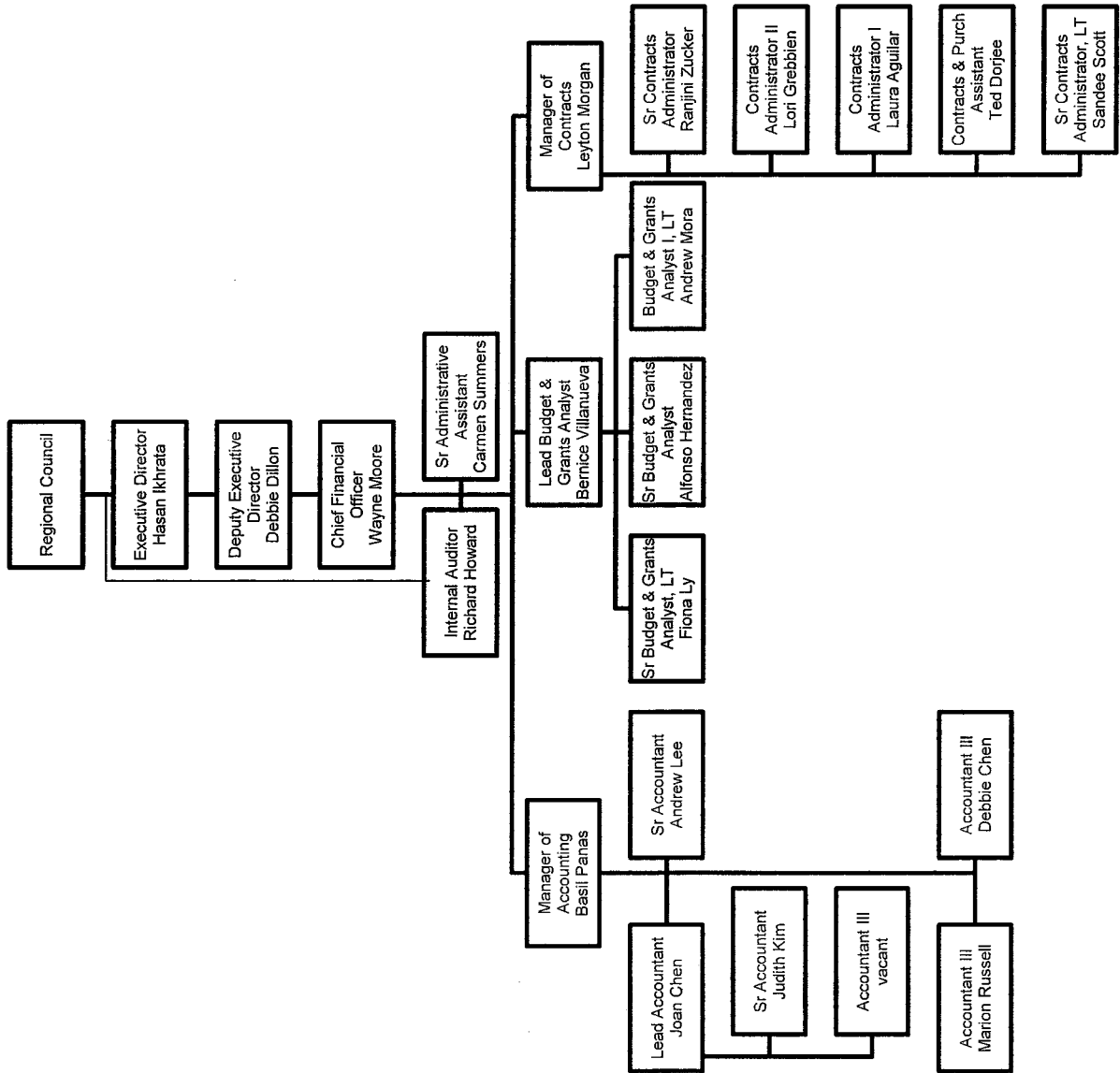
**Ventura County Transportation Commission:** Keith Millhouse, Moorpark

**Transportation Corridors Agency:** Lisa Bartlett, Dana Point

SCAG Organization Chart – Effective 6-30-11



# Finance Organization Chart – June 30, 2011



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Southern California Association of Governments

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**FINANCIAL  
SECTION**

## Report of Independent Auditors

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern California Association of Governments as of and for the year ended June 30, 2011, which collectively comprise the Southern California Association of Governments' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Southern California Association of Governments' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Southern California Association of Governments' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern California Association of Governments as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2011 on our consideration of the Southern California Association of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The accompanying management's discussion and analysis on pages 16 through 25 and the required supplementary information on pages 54 through 60 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southern California Association of Governments' basic financial statements. The introductory section, supplemental combining financial statements, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental combining financial statements and supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

*Vargay + Company LLP*

**Los Angeles, California  
December 5, 2011**

# **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, 2011. This overview should be read in conjunction with the transmittal letter and the accompanying financial statements in order 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 comprised 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 Assets and the individual accounts, which comprise total assets and liabilities, 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 FY11.

## **FINANCIAL HIGHLIGHTS**

- Revenues fell to \$33.1 million in FY11 from \$35.6 million in FY10, a decrease of \$2.5 million, or 7%. FY10 revenues contained \$1 million in one-time federal revenues for SCAG's new financial management information system. Also, the Blueprint program funding was \$1.3 million higher in FY10 than FY11.
- Federal revenues decreased by \$3.3 million; state revenues increased \$0.3 million; local revenues increased by \$0.1 million; and General Fund revenues were almost unchanged.
- Net assets increased by \$0.5 million to \$6.1 million. The actual increase was \$546,959 and was attributable to the surpluses in the General and Transportation Development Act Funds.
- Cash increased by \$2 million; receivable decreased by \$3.6 million; and accounts payable and contracts payable decreased by \$1.5 million, all compared to FY10.
- Cash balances were adequate to support operations. On November 9, 2010, SCAG drew \$1,936,000 on its line of credit to enhance its cash flow at that time. It was repaid in full on November 26, 2010 along with interest amounting to \$3,872.
- Receivables decreased \$3.6 million to \$7.5 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 \$1.5 million to \$4.6 million. All AP obligations are current.

## **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 assets and the statement of activities.

The Statement of Net Assets is the basic government-wide statement of financial position. It presents information on all assets and liabilities, and the difference between assets and liabilities is reported as net assets. Over time, increases or decreases in net assets 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 assets have changed during the most recent fiscal year. Changes in net assets 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 assets 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 26 and 27 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 accounting. They report transactions involving current financial resources by focusing on: assets that are a form of cash or convertible to cash within the ordinary course of operations and on liabilities that will be settled with current financial resources.

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 fund financial statements are reconciled to the government-wide financial statements to facilitate comparison. The reconciliations are reported in the Basic Financial Statements.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Management's Discussion and Analysis**  
**June 30, 2011**

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**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 32 to 53 of this report.

**Statement of Net Assets**

The Statement of Net Assets is prepared using accrual accounting since its measurement focus is total economic resources. Thus, it reports both long- and short-term assets and liabilities. At the end of FY11, assets exceeded liabilities by \$6,127,765, an increase of \$546,959 from FY10. This results from the increases in the General and TDA fund balances. No other funds have a fund balance.

The following is a summary of net assets as of June 30, 2011 and 2010:

	<b>June 30</b>	
	<b>2011</b>	<b>2010</b>
Current and other assets	\$ 11,938,790	\$ 13,244,892
Capital assets, net	1,536,963	1,645,468
Total assets	13,475,753	14,890,360
Current liabilities	5,538,451	7,203,393
Noncurrent liabilities	1,809,537	2,106,161
Total liabilities	7,347,988	9,309,554
Net Assets		
Invested in capital assets	1,536,963	1,645,468
Restricted	1,417,565	1,534,921
Unrestricted	3,173,237	2,400,417
Total net assets	\$ 6,127,765	\$ 5,580,806

**Cash and Cash Equivalents**

Over the last year, cash has increased \$2.0 million to \$4.1 million. During that same period, cash as a percentage of total assets rose from 14% to 30% thanks to a decline in receivables during that period.

Included in cash were \$1.4 million of TDA, which remained available for future years, and \$0.3 million of member dues for FY12 received in FY11. It is important to note that the General Fund had advanced \$2.0 million to other funds at year-end in anticipation of grant reimbursements to those funds. This was repaid in FY11.

### **Receivable (AR)**

ARs from federal, state, local and others at the end of FY11 were \$7.5 million compared to \$11.1 million the year before. SCAG received grant reimbursements on a more timely basis. This accounted for the reduction in ARs. AR balances represented 56% of total assets compared to 75% in FY10.

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. SCAG uses the rapid pay option offered by Caltrans. In exchange for a fee, payments to SCAG are expedited.

Federal ARs at \$6.9 million were \$4 million less than last year, reflecting a more timely reimbursement cycle. State receivables rose by \$0.06 million to \$0.2 million. Other receivables increased from \$0.02 million to \$0.3 million due to receivables from the California JPIA.

### **Accounts and Contracts Payable (AP)**

During FY11, SCAG met its goal of paying 95% of invoices within 30 days in only six of twelve months. The reason was that the Finance Department converted to a new financial management information system effective July 1, 2010. The additional work associated with that effort delayed payment processing. Less than 10% of AP at June 30, 2011 was outstanding more than 30 days. The AP balance fell \$1.5 million to \$4.6 million.

### **Line of Credit (LOC)**

On November 9, 2010, SCAG drew \$1,936,000 on its line of credit to enhance its cash flow at that time. It was repaid in full on November 26, 2010 along with interest amounting to \$3,872.

The LOC is a \$5.0 million credit line with an independent financial institution, which expires on February 28, 2012. 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% with a 4% minimum. LIBOR advances incur a fixed rate of interest for a fixed period. The rate is 2.5% above the bank's LIBOR rate.

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**Capital Assets**

Investment in net capital assets of \$1,536,963 represents about 25% of net assets. 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 5 of the basic financial statements.

The policy with respect to capitalizing assets is that the asset must cost more than \$5,000 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:

		<b>June 30</b>	
		<b>2011</b>	<b>2010</b>
Computer equipment and software, net	\$	<b>1,313,023</b>	\$ 1,476,518
Leasehold improvements, net		<b>57,388</b>	88,623
Furniture and fixtures, net		<b>166,552</b>	80,327
	\$	<b>1,536,963</b>	\$ 1,645,468

**Statements of Activities**

		<b>Years ended June 30</b>	
		<b>2011</b>	<b>2010</b>
<b>REVENUES</b>			
Charges for services - member dues	\$	<b>1,566,006</b>	\$ 1,494,523
Operating grants and contributions		<b>30,949,013</b>	33,834,170
General revenues:			
Interest income		<b>51,647</b>	49,759
Other revenue		<b>579,971</b>	271,027
		<b>33,146,637</b>	35,649,479
<b>EXPENSES</b>			
Transportation		<b>27,318,795</b>	33,499,563
Aviation		<b>845,705</b>	289,498
Environmental		<b>1,809,901</b>	-
High speed rail		<b>87,980</b>	47,656
Housing		<b>1,194,623</b>	-
Administration		<b>1,342,674</b>	1,033,877
		<b>32,599,678</b>	34,870,594
Change in net assets		<b>546,959</b>	778,885
Net assets - beginning		<b>5,580,806</b>	4,801,921
Net assets - ending	\$	<b>6,127,765</b>	\$ 5,580,806

All current year revenues and expenses are accounted for in the Statement of Activities. It recognizes revenues when earned and expenditures 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, high speed rail, integrated planning and administration, are described below.

Total revenues in FY11 were \$33.1 million compared to \$35.6 million last year. This is a decrease of \$2.5 million or about 7%. It reflects reduced funding for SCAG's programs.

The increase in net assets is primarily due to premium refund from California JPIA amounting to \$307,281.

Most of SCAG's funding (about 89%) comes from the federal government. The rest comes from state and local sources. SCAG is exploring several alternatives to diversify its funding.

### **Major Expenses**

In FY11, salary expenses were \$11.7 million which included \$1.5 million of non-worktime. The comparable amounts in FY10 were \$10.6 million and \$1.3 million, respectively. Salaries, including non-worktime, represent about 36% of total expenses.

Consultant expenses are the next largest expense line item. They decreased \$3.53 million, or 28%, to \$9.07 million in FY11 from \$12.6 million in FY10. They represent about 28% of total expenses. The decrease in the level of consultant expenditures partially accounts for the decrease in overall revenues in FY11. 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 (2) major federal grants for Metropolitan Planning from the Federal Highway Administration (FHWA) and Section 5303 from the Federal Transit Administration (FTA). 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.

These two grants had revenues of \$28.5 million compared to budget of \$33.0 million. FHWA revenues amounted to \$19.2 million and FTA \$9.3 million in FY11. Salaries and fringe benefits accounted for \$10.8 million, consultant expenses were \$6.6 million and the balance represented indirect overhead of \$10.3 million and other direct project costs of \$0.8 million. Other direct project expenses include professional services, temporary help, hardware and software support, travel, printing and other non-labor costs.

### **Other Federal Grants**

In addition to the two major Metropolitan Planning grants, there are five non-major Federal grants, which were awarded to SCAG to fund specific project activities.

The total FTA Section 5304 budget was \$0.9 million. The total amount expended from Section 5304 was about \$0.2 million. The unused grant balance will be carried forward to FY12 and future years, if needed, subject to authorization from Caltrans. In addition, Caltrans has notified SCAG of \$1.7 million in Section 5304 for FY12. This amount will be added to the balance remaining from FY11.

The other two (2) Federal grants are from the FTA: Section 5316 Jobs Access and Reverse Commute (JARC) and Section 5317 New Freedom grant programs. SCAG is responsible for the administration of the program fund allocations for Riverside and San Bernardino counties and to ensure that projects that are selected are included in the Federal Transportation Improvement program and the State Transportation Improvement Plan.

As for other federal agencies, other than FTA, SCAG budgeted \$70K for one Federal Aviation Administration (FAA) project. It was for Transportation Planning Outreach Services for which SCAG administered and conducted regional stakeholder outreach critical to the development of the aviation element of the 2012 RTP using the services of Moore Iacofano Goltsman, Inc. Approximately \$17K was used during FY10.

For the Department of Energy (DOE), SCAG budgeted \$91K for projects related to the Clean Cities Coalitions. SCAG is coordinating to develop a marketing and public outreach plan as well as outreach events and oversight of consultants.

### **State Grants**

State revenues this year were \$0.6 million from three state grants compared to \$0.3 million in FY10. Each grant was awarded to SCAG to fund specific project activities.

The California Regional Blueprint Planning grant had a total budget of \$850K. The grant is available to Metropolitan Planning Organizations to support integrated regional planning efforts that better coordinate transportation investment and land use decision making. SCAG's Blueprint Grant award supports the Compass Blueprint program and its current implementation efforts. The grant provides resources to conduct research and analysis, public education and planning support through partnerships with local governments and county transportation commissions aimed at improving local and regional accessibility and mobility through a more sustainable planning approach. Current efforts include developing infill market feasibility studies, transit oriented development codes, context sensitive transportation solutions and public participation in planning.

A total of \$803K was awarded at the start of FY11 from the Proposition 84 Modeling grant from the Strategic Growth Council (SGC). It is the intent of the SGC to expedite the development of regional transportation and land use modeling by supporting the data gathering and model development necessary to comply with SB 375 and promote the objectives of the SGC.

State Planning & Research Discretionary grant revenues in FY11 were \$384K for the Congestion Pricing Study project (\$216K) and the SCAG Regional Goods Movement Plan and Implementation Strategy (\$168K).

### **Local Revenues**

Local revenues were \$1.2 million compared to \$1.1 million in FY10 consisting of local match, mostly of Transportation Development Act (TDA) funding. The TDA fund, a major fund, had revenues of \$1 million and expenditures of \$1.1 million. TDA funds are primarily used to meet the local match requirement for federal grants.

The TDA resource is an annual apportionment to SCAG of \$1.0 million received from four Transportation Commissions in the region. AB 1403 removed this cap effective for the fiscal year beginning July 1, 2011. SCAG now expects to receive in excess of \$4 million in TDA revenues going forward.

### **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 SCAG's only internal source of 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 FY11, the fund balance increased by \$168,915. The reader is referred to page 27, which presents the statement of activities on a government-wide basis and reports an increase in net assets of \$546,959.



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Management's Discussion and Analysis**  
**June 30, 2011**

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	Years ended June 30	
	2011	2010
<b>Revenues:</b>		
Membership assessments	\$ 1,566,006	\$ 1,494,523
General assembly	179,650	168,500
Interest and other	144,687	155,653
Total revenues	1,890,343	1,818,676
<b>Expenditures:</b>		
Transportation	10,599,277	9,576,223
Administration	1,196,508	924,182
Capital outlay	368,581	86,443
Total expenditures	12,164,366	10,586,848
Deficiency of revenues over expenditures	(10,274,023)	(8,768,172)
<b>Other financing sources:</b>		
Transfer in	10,442,938	9,843,270
Change in fund balance	168,915	1,075,098
Fund balance, beginning of year	4,506,578	3,431,480
Fund balance, end of year	\$ 4,675,493	\$ 4,506,578

**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. Member dues collections improved in FY11 to \$1,566,006 from \$1,494,523 in FY10, an increase of about 4.8%. This resulted partially from a dues increase equivalent to the Consumer Price Index and partially from increased membership. During FY11, SCAG welcomed the cities of Adelanto, Eastvale, Garden Grove, Laguna Hills, Norwalk, San Juan Capistrano, Santa Ana and Twentynine Palms as new or returning members.

**Other GF revenues and interest income**

Total other revenues slightly decreased in FY11 to \$144,687 from \$155,653 in FY10. Cash that was not needed as working capital to support daily operations was invested in the Los Angeles County Investment Pool. The County Pool investment policy provides that public funds are invested for the maximum security of principal with secondary emphasis on achieving the highest return. The reader is referred to the Note 2 – Cash and Cash Equivalents for additional information.

**GF Budget vs. Actual Expenditures**

GF expenditures overall were \$1.95 million compared to the budget of \$1.96 million, a positive variance of \$0.01 million. 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. Most of the positive variance resulted from savings in professional services contracts.

**Next Year's Budgets**

SCAG's aggregate grant budget, called the Overall Work Program (OWP), for FY12 is \$35.3 million compared to the grant budget in FY11 of \$37.2 million, a net decrease of \$1.9 million or 5.1%. Most FY12 OWP funding comes from the Federal government (83%), 14% comes from local sources, and 3% from the State of California.

**Requests for Information**

This report is designed to provide a general overview of SCAG finances for readers of the Comprehensive Annual 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, 818 West 7th Street, 12th Floor, Los Angeles, California 90017.

**BASIC  
FINANCIAL  
STATEMENTS**

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Statement of Net Assets**  
**June 30, 2011**

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**ASSETS**

Cash and cash equivalents	\$ 4,075,567
Receivables:	
Federal grants	6,908,772
State grants and contracts	247,075
Local grants and contracts	20,229
Other	355,701
Prepays	317,801
Other assets	13,645
Capital assets, net	1,536,963
Total assets	<u>13,475,753</u>

**LIABILITIES**

Accounts and contracts payable	4,614,154
Accrued liabilities	435,917
Indirect cost recovery	115,235
Deferred revenues	373,145
Noncurrent liabilities:	
Due within one year	466,849
Due in more than one year	1,342,688
Total liabilities	<u>7,347,988</u>

**NET ASSETS**

Invested in capital assets	1,536,963
Restricted	1,417,565
Unrestricted	3,173,237
Total net assets	<u>\$ 6,127,765</u>

*See notes to basic financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Statement of Activities**  
**Year ended June 30, 2011**

			Program revenues		Net
	Expenses	Indirect cost allocations	Charges for services – member dues	Operating grants and contributions	(expenses) revenues and change in net assets 2011
Functions/programs:					
Transportation	\$ 18,245,008	\$ 9,073,787	\$ -	\$ 27,062,075	\$ (256,720)
Aviation	649,446	196,259	-	832,743	(12,962)
Environmental	1,112,276	697,625	-	1,787,704	(22,197)
High speed rail	45,445	42,535	-	87,073	(907)
Housing	761,891	432,732	-	1,179,418	(15,205)
Administration	11,785,612	(10,442,938)	1,566,006	-	223,332
Total governmental activities	\$ 32,599,678	\$ -	\$ 1,566,006	\$ 30,949,013	(84,659)
General revenues:					
Interest income					51,647
Other revenue					579,971
Total general revenues					631,618
Change in net assets					546,959
Net assets at beginning of year					5,580,806
Net assets at end of the year					\$ 6,127,765

*See notes to basic financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

<b>Assets</b>	<b>General Fund</b>	<b>FTA Fund</b>	<b>FHWA Fund</b>	<b>TDA Fund</b>	<b>Nonmajor Funds</b>	<b>Total</b>
Cash and cash equivalents	\$ 4,075,567	\$ -	\$ -	\$ -	\$ -	\$ 4,075,567
Receivables:						
Federal grants	-	2,331,761	4,296,190	-	280,821	6,908,772
State grants and contracts	-	-	-	-	247,075	247,075
Local grants and contracts	-	-	-	-	20,229	20,229
Other	355,701	-	-	-	-	355,701
Due from other funds	1,966,926	-	-	1,958,602	68,130	3,993,658
Prepays	317,801	-	-	-	-	317,801
Other assets	13,645	-	-	-	-	13,645
<b>Total assets</b>	<b>\$ 6,729,640</b>	<b>\$ 2,331,761</b>	<b>\$ 4,296,190</b>	<b>\$ 1,958,602</b>	<b>\$ 616,255</b>	<b>\$ 15,932,448</b>
<b>Liabilities and Fund Balances</b>						
Accounts and contracts payable	\$ 853,254	\$ 1,171,956	\$ 1,730,867	\$ 541,037	\$ 317,040	\$ 4,614,154
Accrued liabilities	435,917	-	-	-	-	435,917
Indirect cost recovery	115,235	-	-	-	-	115,235
Due to other funds	-	1,159,805	2,565,323	-	268,530	3,993,658
Deferred revenues	649,741	-	-	-	30,685	680,426
<b>Total liabilities</b>	<b>2,054,147</b>	<b>2,331,761</b>	<b>4,296,190</b>	<b>541,037</b>	<b>616,255</b>	<b>9,839,390</b>
<b>Fund balances</b>						
Nonspendable for:						
Prepays	317,801	-	-	-	-	317,801
Restricted:						
Transportation	-	-	-	1,417,565	-	1,417,565
Unassigned:						
General Fund	4,357,692	-	-	-	-	4,357,692
<b>Total fund balances</b>	<b>4,675,493</b>	<b>-</b>	<b>-</b>	<b>1,417,565</b>	<b>-</b>	<b>6,093,058</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,729,640</b>	<b>\$ 2,331,761</b>	<b>\$ 4,296,190</b>	<b>\$ 1,958,602</b>	<b>\$ 616,255</b>	<b>\$ 15,932,448</b>

*See notes to basic financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets in the Statement of Net Assets**  
**June 30, 2011**

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Total governmental fund balances \$ 6,093,058

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

Capital assets, net of accumulated depreciation of \$2,719,767 used in governmental activities are not financial resources; they are therefore not reported in the governmental fund financial statements 1,536,963

Deferred credits recorded on the statement of net assets are not considered to be fund liabilities as they are not expected to be liquidated with current financial resources (217,285)

Compensated absences liabilities are not due and payable at year end; they are therefore not reported in the governmental fund financial statements (1,028,208)

Net pension obligations are not due and payable at year end; they are therefore not reported in the governmental fund financial statements (564,044)

Claim receivables from California JPIA are not available on a current basis; they are therefore not reported in the governmental fund financial statements 307,281

Net assets \$ 6,127,765

*See notes to basic financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year ended June 30, 2011**

	General Fund	FTA Fund	FHWA	TDA Fund	Nonmajor Funds	Total
<b>Revenues:</b>						
Federal grants, net	\$ -	\$ 9,327,899	\$ 19,227,606	\$ -	\$ 576,054	\$ 29,131,559
State grants and contracts	-	-	-	-	582,123	582,123
Local grants and contracts	-	-	-	1,000,000	235,331	1,235,331
Membership assessments:						
Cities	1,209,583	-	-	-	-	1,209,583
Counties	261,423	-	-	-	-	261,423
Commission	95,000	-	-	-	-	95,000
General assembly	179,650	-	-	-	-	179,650
Interest and other	144,687	-	-	-	-	144,687
Total revenues	<u>1,890,343</u>	<u>9,327,899</u>	<u>19,227,606</u>	<u>1,000,000</u>	<u>1,393,508</u>	<u>32,839,356</u>
<b>Expenditures:</b>						
Transportation	10,599,277	4,154,753	11,614,568	1,013,961	1,219,034	28,601,593
Aviation	-	381,690	142,625	41,545	70,624	636,484
Environmental	-	521,488	529,502	39,089	-	1,090,079
High speed rail	-	44,538	-	-	-	44,538
Housing	-	723,925	-	22,761	-	746,686
Administration	1,196,508	-	-	-	-	1,196,508
Capital outlay	368,581	72,582	30,746	-	-	471,909
Total expenditures	<u>12,164,366</u>	<u>5,898,976</u>	<u>12,317,441</u>	<u>1,117,356</u>	<u>1,289,658</u>	<u>32,787,797</u>
Excess (deficiency) of revenues over expenditures	(10,274,023)	3,428,923	6,910,165	(117,356)	103,850	51,559
<b>Other financing sources (uses):</b>						
Transfers in	10,442,938	-	-	-	-	10,442,938
Transfers out	-	(3,428,923)	(6,910,165)	-	(103,850)	(10,442,938)
Change in fund balance	168,915	-	-	(117,356)	-	51,559
Fund balances at beginning of year	4,506,578	-	-	1,534,921	-	6,041,499
Fund balances at end of year	<u>\$ 4,675,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,417,565</u>	<u>\$ -</u>	<u>\$ 6,093,058</u>

See notes to basic financial statements.



**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, 2011**

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Change in fund balances – total governmental funds	\$	51,559
Amounts reported for governmental activities in the accompanying statement of activities are different because:		
Net California JPIA insurance coverage refund is not recorded in the governmental funds and the changes in these balances are not reflected.		803,357
Governmental funds report capital outlays as expenditures. However, in the statement of activities those assets costs are allocated over their respective estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlay	\$ 471,909	
Depreciation expense	<u>(580,414)</u>	(108,505)
Deferred credits and compensated absences liabilities are not recorded in the governmental funds and the corresponding changes in these balances are not reflected in the change in fund balance:		
Deferred credits		27,146
Compensated absences liabilities		(77,649)
Expenses reported in the statement of activities which do not require the use of current financial resources are not reported as expenditures in governmental funds:		
Increase in net pension obligation		<u>(148,949)</u>
Change in net assets of governmental activities	\$	<u><u>546,959</u></u>

*See notes to basic financial statements.*

**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 a 76-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**

Government-wide financial statements (i.e., the Statement of Net Assets 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. All significant interfund activity has been eliminated. 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.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(b) Government-wide and Fund Financial Statements (continued)**

**Government-wide Financial Statements (continued)**

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. Indirect costs are initially recorded as administrative expenses in the statement of activities and then allocated out to other functions in a separate column titled "indirect cost allocations." SCAG policy for the allocation of indirect costs states they are allocated equitably to projects using the guidance, standards, and objectives contained in federal and state regulations, specifically, the Federal Office of Management and Budget, 2 CFR Part 225, *Cost Principles for State and Local, and Indian Tribal Governments (OMB Circular A-87)*, is the primary 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 in advance to the California Department of Transportation Division of Audits and Investigations for analysis and approval of the fixed rate to be used in the following year. 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).

**Governmental Funds Financial Statements**

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.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(b) Government-wide and Fund Financial Statements (continued)**

**Governmental Fund Financial Statements (continued)**

All governmental funds are accounted for on a spending or "financial flow" measurement focus. Generally, only current assets and current liabilities are included on 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 change in 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.

**Federal Transit Administration** – This fund is established to account for revenues from the Federal Transit Administration. These funds are available and restricted to support expenditures for specifically identified purposes and projects.

**Federal Highway Administration** – This fund is established to account for revenues from the Federal Highway Administration. These funds are available and restricted to support expenditures for specifically identified purposes and projects.

**Transportation Development Act** – This fund is established to account for revenues from the Transportation Development Act. These funds are available and restricted to support expenditures for specifically identified purposes and projects.

**(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. Unallowed 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.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) *Deferred Revenue and Advances***

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

**(f) *Deferred Credits***

SCAG's rental cost associated with its operating lease for office space is recognized on the straight-line basis in the government-wide financial statements. The difference between cash payments and straight-line rent expense results in a credit balance that is included in deferred credits in the government-wide financial statements.

SCAG also received a benefit from certain tenant improvement allowances granted at the inception of its lease, which were recorded as deferred lease credits and are amortized on a straight-line basis over the lease term. The related deferred credits are not, however, reported in the accompanying fund financial statements as they are not expected to be liquidated with current financial resources. They are reported in the Statement of Net Assets as noncurrent liabilities (Note 9).

**(g) *Capital Assets***

Capital assets, which include furniture and fixtures, computer equipment and leasehold improvements, are reported in the governmental activities 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, if any, are recorded at estimated fair value at the date of donation.

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	12 years
Furniture and fixtures	3 to 7 years

**(h) *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.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) *Compensated Absences (continued)***

There is no accrued liability reported in governmental funds for vested or accumulated vacation leave of employees as of June 30, 2011.

**(i) *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.

**(j) *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 of assets and liabilities and disclosure of contingent assets and liabilities 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.

**(k) *Fund Balance Reporting***

During the fiscal year ended June 30, 2011, SCAG has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes the following fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds:

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.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2011

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Fund Balance Reporting (continued)**

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 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 meet this classification as of June 30, 2011.

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

SCAG considers the restricted fund balances to have been spent when expenditure is incurred for purposes for which both unrestricted and restricted fund balance is available. SCAG considers unrestricted fund balances to have been spent when expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the SCAG to reduce the committed amounts first, followed by assigned amounts, and then unassigned amounts.

**NOTE 2 CASH AND CASH EQUIVALENTS**

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

Book balance of deposits with financial institutions	\$ 269,803
Cash and cash equivalents in County of Los Angeles Treasury	3,805,314
Petty cash	450
	\$ 4,075,567

**(a) Deposits**

At June 30, 2011 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.

**Independent Financial Institution**

At June 30, 2011 SCAG's carrying amount of cash in checking and payroll accounts was \$269,803 while the bank balance was \$815,370; the difference is attributable to outstanding checks.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2011**

**NOTE 2 CASH AND CASH EQUIVALENTS (Continued)**

**(a) Deposits (continued)**

Of the bank balance in financial institutions, the Federal Deposit Insurance Corporation covered \$250,000, while the remaining \$565,370 is collateralized pursuant to signed agreements. The financial institutions are legally required by the California Government Code to collateralize SCAG's deposits by pledging government securities. The pledging financial institution's trust department holds the collateral in the depositor's name. The fair value of the pledged securities is greater than 110% of SCAG's deposit balance.

**(b) Investments Authorized by SCAG'S Investment Policy**

The table below identifies the investment types that are authorized for SCAG's investment policy. Included in SCAG's investment policy is a statement that SCAG will diversify the use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions, or maturities. SCAG's investment policy also requires the diversification of investment instruments in accordance with the guidelines of Government Code Section 53600 et. seq. to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions, or maturities. The custodial risk of the investments are considered to be of the lowest degree and consistent with SCAG's investment policy. The table also identifies certain provisions of SCAG's investment policy that address interest rate risk and concentration of credit risk.

	<b>Maximum maturities</b>	<b>Maximum concentration</b>
U.S. Treasury Obligations (bills, notes and bonds)	5 years	100%
U.S. Government Agency Securities	5 years	100
Bankers' Acceptances	180 days	40
Commercial Paper	270 days	25
Negotiable Certificates of Deposit	N/A	30
Certificates of Deposit	N/A	30
Passbook Savings Accounts	N/A	30
Repurchase Agreements	92 days	20
Interest-Bearing Checking Accounts	N/A	5
Intermediate-Term Corporate Notes	5 years	30
Bank Money Market Accounts	N/A	20
Local Agency Investment Fund (LAIF)	(per state limit)	
Los Angeles County Investment Fund (County Pool)	N/A	100



SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2011

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**NOTE 2 CASH AND CASH EQUIVALENTS (Continued)**

**(c) County of Los Angeles Treasurer's Pool**

At June 30, 2011 and as permitted by California Government Code Section 53635, a portion of SCAG's cash balance totaling \$3,805,314 was on deposit in the County Pool. Such investments are stated at fair value. SCAG's investments in the County Pool represent less than 1% of the County Pool's investments. 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. The County Pool is not rated, and the following is a summary of the maturity ranges of the County Pool's investments:

Description	Weighted average maturity in years	Relative % of total pool
U.S. government securities	1.90	57%
Negotiable certificates of deposit	0.13	10
Commercial paper	0.06	30
Corporate and deposit notes	0.67	3

**NOTE 3 INDIRECT OVERHEAD**

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. The annual budget and the calculations of the fixed rate percentage are reviewed, negotiated, and approved annually by the California Department of Transportation (Caltrans). A cost allocation plan is prepared and submitted to Caltrans in accordance with procedures of the Office of Management and Budget, 2 CFR Part 225, *Cost Principles for State and Local, and Indian Tribal Governments (OMB Circular A-87)*. Variations between actual indirect costs incurred and the allocated and recovered amounts are recorded as receivables or liabilities, as the case may be, and are allowed by Caltrans to be carried forward to future years' indirect cost allocation plan.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2011

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**NOTE 3    INDIRECT OVERHEAD (Continued)**

An over-recovery of \$305,449 was carried forward from fiscal year 2010 and the remaining over recovered indirect costs for fiscal 2011 are included in the General Fund as other assets. The fixed percentage rate that was approved by Caltrans and used for fiscal 2011 was 96.02% of salaries plus fringe benefits. A reconciliation of the carryforward to fiscal 2012 follows:

		<b>Indirect costs</b>
Indirect costs	\$	11,021,062
Indirect costs recovered		10,830,848
Under recovered indirect costs		<u>190,214</u>
(Over) under recovered indirect costs, beginning of year		<u>(305,449)</u>
(Over) under recovered indirect costs, end of year	\$	<u><u>(115,235)</u></u>

The balance of over recovered indirect costs at June 30, 2011 amounting to \$115,235 will be carried forward, as an adjustment to the calculation of the indirect cost rate for the fiscal year 2011-2012.

**NOTE 4    DEFERRED/UNEARNED REVENUE**

Deferred/unearned revenue consisted of the following:

**(a)    *Membership Dues***

Cash received as of June 30, 2011 for member dues for the following year amounted to \$342,460.

**(b)    *Grant Advances***

Cash advances received from various grantees and not yet expended at June 30, 2011 amounted to \$30,685. The amount is reported as deferred revenue in the governmental funds financial statements.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2011**

**NOTE 5 CAPITAL ASSETS**

SCAG's capital asset activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets being depreciated:				
Computer equipment and software	\$ 3,518,876	\$ 336,498	\$ (135,880)	\$ 3,719,494
Leasehold improvements	865,334	-	(633,735)	231,599
Furniture and fixtures	170,226	135,411	-	305,637
Total capital assets being depreciated	<u>4,554,436</u>	<u>471,909</u>	<u>(769,615)</u>	<u>4,256,730</u>
Less accumulated depreciation and amortization:				
Computer equipment and software	(2,090,868)	(499,994)	184,391	(2,406,471)
Leasehold improvements	(728,201)	(31,234)	585,224	(174,211)
Furniture and fixtures	(89,899)	(49,186)	-	(139,085)
Total accumulated depreciation and amortization	<u>(2,908,968)</u>	<u>(580,414)</u>	<u>769,615</u>	<u>(2,719,767)</u>
Capital assets, net	<u>\$ 1,645,468</u>	<u>\$ (108,505)</u>	<u>\$ -</u>	<u>\$ 1,536,963</u>

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

Transportation	\$ 513,703
Aviation	11,432
Environmental	19,578
High speed rail	800
Housing	13,411
Administration	21,490
	<u>\$ 580,414</u>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2011**

**NOTE 6 INTERFUND BALANCES**

Interfund due to/from amounts at June 30, 2011 were as follows:

	Due from Other Fund		Due to Other Fund
Major governmental funds:			
General fund	\$ 1,966,926	\$	-
FTA fund	-		1,159,805
FHWA fund	-		2,565,323
TDA fund	1,958,602		-
Total	3,925,528		3,725,128
 Nonmajor funds			
	68,130		268,530
	\$ 3,993,658	\$	3,993,658

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.

Following is a summary of transfers between funds during the year ended June 30, 2011:

Transfers In	Transfers Out	Amount	Purpose
General Fund	FHWA Fund	\$ 6,910,165	Allocation of indirect cost
	FTA Fund	3,428,923	Allocation of indirect cost
	Nonmajor Funds	103,850	Allocation of indirect cost
		\$ 10,442,938	

SCAG utilizes interfund transfers to reimburse the General Fund for indirect costs that are allocated to SCAG's federal, state, and local grant funds. Interfund transfers are also the result of subsidies provided from the General Fund to SCAG's federal, state, and local grant funds for unallowed and disallowed costs, if any, in conjunction with grant activities. Interfund transfers have been eliminated in the government-wide financial statements.

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

**(a) Grants**

Amounts received or receivable from grantors are subject to audit and adjustment by grantor agencies, principally Caltrans, the pass-through agency for federal and state grantors. Any disallowed costs, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2011

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**NOTE 7 COMMITMENTS AND CONTINGENCIES (Continued)**

**(b) Contract Commitments**

At June 30, 2011, SCAG is contractually committed to pay for certain future transportation, technical, and other planning consulting services aggregating \$10,217,867.

**(c) Lease Commitments**

At June 30, 2011, minimum lease commitments under noncancelable operating leases with initial terms of one year or more are as follows:

Year ending June 30		
2012	\$	1,873,360
2013		1,861,751
2014		1,959,322
2015		1,967,457
2016		1,976,041
2017 - 2020		8,560,118
	\$	<u>18,198,049</u>

**(d) 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 affects SCAG's financial position.

**(e) Risk Management**

SCAG is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SCAG is a member of the California Joint Powers Insurance Authority (Authority or California JPIA) and participates in certain self-insurance programs for general liability and workers' compensation as described herein. In addition, it has purchased All-Risk Property Insurance with an insured value of \$4 million. Administrative expenses are paid from the Authority's investment earnings.

During the year ended June 30, 2011, the premium for general liability coverage was \$284,689 and for workers' compensation it was \$2,889 after applying a retrospective adjustment of \$84,885. At June 30, 2011, the cumulative retrospective deposit payable for general liability is \$0 and the cumulative retrospective refund due for workers' compensation is \$307,281.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2011**

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**NOTE 7 COMMITMENTS AND CONTINGENCIES (Continued)**

**(e) Risk Management (continued)**

The California JPIA Executive Committee replaced the “rolling” retro payment and refund concept with the Aggregate Retrospective Balance concept. This balance represents the sum of remaining past retrospective computations. The balance can go up or down depending on 1) the outcome of future retrospective computations, and 2) whether the balances have been refunded to or been paid by members. The Executive Committee also approved the Early Repayment Incentive Plan. Under this plan, members may prepay their workers’ compensation or general liability balances owed to the California JPIA at a discount. SCAG elected to prepay in June 2011 its general liability balance of \$749,571. By taking advantage of the early payment discount rate of 4%, SCAG settled this liability with a payment of \$719,588.

The Authority is composed of 126 California public entities and is organized under a joint powers agreement pursuant to California Government Code, Section 6500 et. seq. The Authority’s purpose is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance and reinsurance, and to arrange the group-purchased insurance for property and other coverages. The Authority’s pool 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.

General liability insurance costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,001 to \$750,000 are pool based; and costs from \$750,001 to \$15.0 million are currently paid by reinsurance. The coverage for each member is \$50.0 million per occurrence and \$50.0 million in annual aggregate.

SCAG also participates in the workers’ compensation pool administered by the Authority. Loss development reserves are established and allocated by pool and loss layers. Costs are spread to members as follows: the first \$50,000 of each claim is charged directly to the members; losses from \$50,000 – \$100,000 are pooled based on losses under \$50,000; losses from \$100,000 to \$2.0 million are pooled based on payroll; and costs from \$2.0 million to \$50.0 million are transferred to an excess insurance policy. Costs in excess of \$50.0 million are pooled among the members based on payroll.

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, 2011, SCAG paid \$1,353,028 of health insurance premiums and \$104,403 of vision and dental insurance premiums, as well as \$508,164 to employees who had no health insurance elections.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2011**

**NOTE 8 LINE OF CREDIT**

SCAG has a \$5.0 million line of credit arrangement with an independent financial institution, which expires on February 28, 2012. 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 LOC was used in the year ended June 30, 2011. On November 9, 2010, SCAG drew \$1,936,000 to enhance its cash flow. This amount was repaid on November 26, 2010 along with interest of \$3,872. At June 30, 2011 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, 2011, SCAG management believes it was in compliance with the financial covenants.

**NOTE 9 LONG-TERM LIABILITIES**

Long-term liabilities activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due within one year
Compensated absences	\$ 950,559	\$ 685,452	\$ 607,803	\$ 1,028,208	\$ 439,703
Claims payable	496,076	-	496,076	-	-
Deferred credits	244,431	-	27,146	217,285	27,146
Net pension obligations	415,095	209,396	60,447	564,044	-
	<u>\$ 2,106,161</u>	<u>\$ 894,848</u>	<u>\$ 1,191,472</u>	<u>\$ 1,809,537</u>	<u>\$ 466,849</u>

**NOTE 10 RELATED PARTY TRANSACTIONS**

For the year ended June 30, 2011, SCAG recorded \$1,566,006 as membership revenue. These revenues are received from member cities, counties, Transportation Commissions and the Pechanga Band of Luiseno Indians 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 11 RETIREMENT PLANS**

***Defined Benefit Pension Plan***

**(a) *Plan Description***

SCAG's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. SCAG is a member of the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. State statutes within the Public Employees' Retirement Law establish menus of benefit provisions as well as other requirements. SCAG selects optional benefit provisions from the benefit menu by contract with PERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, California 95814.

**(b) *Funding Policy***

The retirement contribution by active employees is 7% of their eligible salary; however SCAG has elected to pay this amount on behalf of the employee. SCAG also contributes an additional amount based on the actuarially-required amounts determined by CalPERS to fund the retirement benefits. The employer contribution rate for the year ended June 30, 2011 was 11.299% of the total annual eligible payroll. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by state statute, and the employer contribution rate is established and may be amended by CalPERS.

**(c) *Annual Pension***

For the fiscal year ended June 30, 2011, SCAG's annual required contribution (ARC) was \$1,446,833. The required contribution for fiscal year 2010-2011 was determined as part of the June 30, 2009 annual valuation report. It uses the entry-age-normal-actuarial-cost method and the contributions are determined as a level percent of payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.25% to 14.45% depending on age, service and type of employment, (c) an assumed annual inflation rate of 3.00% and (d) an overall payroll growth rate of 3.25%. The valuation of the plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period, depending on the size of investment gains and/or losses. The plan's unfunded actuarial accrued liability is being amortized over a closed average remaining period of twenty two years as of the valuation date. The amortization method is a level percent of payroll. The amortization payment may not be lower than the payment calculated over a thirty year period.



SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2011

NOTE 11 RETIREMENT PLANS (Continued)

*Defined Benefit Pension Plan (continued)*

(d) *Three-Year Trend Information*

	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
Fiscal year ended June 30:			
2009	\$ 1,087,970	100%	\$ —
2010	1,198,736	100%	—
2011	1,446,833	100%	—

(e) *Required Supplementary Information – Schedule of Funding Progress*

<u>Actuarial valuation date</u>	<u>Actuarial accrued liability</u>	<u>Actuarial value of assets</u>	<u>Unfunded actuarial accrued liability (UAAL)</u>	<u>Funded ratio</u>	<u>Annual covered payroll</u>	<u>UAAL as a percentage of payroll</u>
6/30/08	\$ 72,031,690	\$ 67,485,562	\$ 4,546,128	93.7%	\$ 11,633,452	39.1%
6/30/09	77,642,469	69,463,062	8,179,407	89.5%	9,621,518	85.0%
6/30/10	81,710,300	71,663,123	10,047,177	87.7%	11,202,368	89.7%

*Supplemental Defined Benefit Pension Plan*

(a) *Plan Description*

On January 1, 2002, SCAG adopted a Public Agency Retirement System (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 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 for the purpose of calculating benefits by PERS; 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 does not issue stand-alone financial reports.

**NOTE 11 RETIREMENT PLANS (Continued)**

***Supplemental Defined Benefit Pension Plan (continued)***

***(a) Plan Description (continued)***

The PARS' trust administrator is Phase II Systems, which was appointed by the member agencies affiliated with the trust. The Union Bank of California, N.A. 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. Distributions are paid consistent with the method of distribution by PERS, including an annual two-percent (2%) compounding cost-of-living adjustment effective each year on May 1<sup>st</sup>.

A participant is fully vested and eligible to receive benefits under the Plan, if designated by the plan administrator. There are 11 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.

SCAG has the right to amend, modify, or terminate the plan at any time. In the event of complete discontinuance of the Plan, the entire interest of each participant becomes fully vested, and all benefits under the Plan shall be payable solely from the assets of the trust.

***(b) Funding Policy***

Through 2009, SCAG has contributed to PARS an amount sufficient only to pay the actual required retirement benefit to each of the retirees. The Plan contributions are on a pay-as-you-go basis determined exclusively by the monthly benefit due to each retiree. The amount calculated to be paid to each retiree is stated in the Plan agreement and changes only for the 2% annual cost-of-living adjustment. SCAG has paid the quarterly contributions to PARS at the end of the preceding quarter, and the actual supplemental distributions are paid monthly to each retiree by PARS. The Plan contributions were not calculated based on the results of an actuarial valuation.

An actuarial valuation was performed by an independent actuary as of June 30, 2009, 2010 and 2011. The actuarial methods and assumptions used were determined by the actuary based on a closed plan where no new members will be added in the future.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2011

**NOTE 11 RETIREMENT PLANS (Continued)**

***Supplemental Defined Benefit Pension Plan (continued)***

***(b) Funding Policy (continued)***

The amount of the ARC was determined by an actuarial valuation as of June 30, 2010. The net pension obligation (NPO) at June 30, 2011 was calculated based on the ARC of \$184,490, less the payments of \$60,447 made on the pay-as-you-go method, plus interest at 6% on the prior year NPO (\$24,906). No adjustment was made for prior year's underfunding. The unfunded amount is reported as a liability of \$564,044 in the *Statement of Net Assets* in long-term liabilities.

***(c) Annual Pension***

For the fiscal year 2010 – 2011, SCAG's annual actuarially determined pension cost was \$184,490. It was calculated as part of the actuarial valuations using the actual retirement benefits due to each retiree. The actuarial assumptions were (a) a 6% investment rate of return, (b) an annual 2% cost-of-living increase, and (c) the Group Actuarial Mortality Statistics. There is no additional post retirement benefit increase. All members are retired and therefore there is no covered payroll cost. The actuarial value of the plan's assets was determined by the actual fund balance in the Plan. Amortization is computed on a 5-year level dollar with beginning of year payments. The amortization period is closed.

***(d) Three-year Trend Information***

	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>		<u>Net pension obligation</u>
Fiscal year ended June 30:				
2009	\$ 132,143	40.0%	\$	302,190
2010	172,167	34.4%		415,095
2011	209,396	28.9%		564,044

***(e) Required Supplementary Information – Schedule of Funding Progress***

<u>Actuarial valuation date</u>	<u>Actuarial accrued liability</u>	<u>Actuarial value of assets</u>	<u>Unfunded actuarial accrued liability (UAAL)</u>	<u>Funded ratio</u>	<u>Annual covered payroll</u>	<u>UAAL as a percentage payroll</u>
June 30, 2009	\$ 718,535	\$ 15,851	\$ 702,684	2.21%	N/A	N/A
June 30, 2010	704,823	17,036	687,787	2.42%	N/A	N/A
June 30, 2011	695,216	17,583	677,633	2.53%	N/A	N/A

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2011**

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**NOTE 11 RETIREMENT PLANS (Continued)**

***Supplemental Defined Benefit Pension Plan (continued)***

***(f) Net Pension Obligation***

Actuarially determined contribution	\$	184,490
Interest on NPO		24,906
Adjustment to annual required contribution		-
	Annual pension cost	209,396
Contributions made		(60,447)
	Increase in NPO	148,949
NPO beginning of year		415,095
	NPO end of year \$	564,044

**NOTE 12 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, 2011, plan assets totaling \$11,320,291 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 13 POSTEMPLOYMENT HEALTHCARE PLAN**

**(a) Plan Description**

On August 30, 2007, SCAG elected to participate in the CalPERS California Employer's Retiree Benefit Trust Program to prefund ("Prefunding Plan") healthcare benefits for retirees through CalPERS. The Prefunding Plan was established to assist SCAG in prefunding payments of healthcare costs to retirees. CalPERS has sole and exclusive control and power over the administration and investment of the Prefunding Plan. CalPERS required SCAG to provide them with an acceptable actuarial report on the basis of the prescribed actuarial assumptions and methods. The first actuarial report was prepared by an independent actuary engaged by SCAG. A biennial actuarial report is required.

**NOTE 13 POSTEMPLOYMENT HEALTHCARE PLAN (Continued)**

**(a) Plan Description (continued)**

The Prefunding Plan is an agent multiple employer plan and CalPERS will publish aggregated GASB 43 results for the Schedule of Funding Progress and Employer contributions and publish them in its financial statements. It will not publish individual reports for an agency. CalPERS, however, will provide audited statements about SCAG contributions made to the Prefunding Plan, asset balances, and investment returns to each individual participating agency. GASB 45 was issued in 2004 and it provided standards on accounting and financial reporting for other postemployment benefits (OPEB), including health benefits.

A retiree is fully vested and eligible to receive healthcare benefits under the Prefunding Plan, if designated by SCAG. At the end of the fiscal year 2010-2011, the actual number of retirees was 87. 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 future increases are capped at 2% every 3 years. 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.

If SCAG's participation in the Prefunding Plan terminates for reasons specified in the trust, all assets shall remain in the Prefunding Plan and will continue to be invested and accrue income. The Prefunding Plan will continue to provide healthcare benefits only so long as there are SCAG assets remaining. After 36 months have elapsed, SCAG may request the transfer of the assets in the Prefunding Plan account. The transfer will be made if the transfer will satisfy applicable requirements of the Internal Revenue Code and the CalPERS fiduciary duties.

**(b) Funding Policy**

During the fiscal year 2010-2011, SCAG has paid to CalPERS the amount of \$791,000, sufficient to meet the Annual Required Contribution. During the year, retirees received the health benefit up to the benefit maximum of \$550. The aggregate amount paid to retirees in the fiscal year was \$478,425. Any health premium over the \$550 is paid by the retiree directly to CalPERS. The method of calculating the annual required contribution (ARC) has been changed from a pay-as-you-go method to an advance funded plan based on an actuarial valuation. Accordingly, an actuarial valuation was performed by an independent actuary as of June 30, 2011. The actuarial methods and assumptions used were determined by the actuary.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2011**

**NOTE 13 POSTEMPLOYMENT HEALTHCARE PLAN (Continued)**

**(c) Annual Postemployment Healthcare Cost**

The amount of the actuarially determined annual postemployment healthcare cost for the year ended June 30, 2011 was \$791,000. It was calculated by using the June 30, 2010 actuarial valuation. There is no net OPEB obligation at the end of the year because 100% of the ARC was paid in 2011. The actuarial cost method used for determining the benefit obligation is the Entry Age Normal Cost Method. The actuarial assumptions included using a 7% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11 to 12 1/2 percent initially, reduced by decrements of approximately 1% per year to an ultimate rate of 4 1/2 percent after the sixth year. Both rates included a 2 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 20-years. The amortization period used is closed. Normal cost and the amortization of the unfunded liability were both calculated as a level percent of payroll. The ARC is fully funded. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far in the future, reflecting a long-term prospective. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

**(d) Schedule of Funding Progress – Required Supplementary Information**

Actuarial valuation date	Actuarial accrued liability	Actuarial value of assets	Unfunded actuarial accrued liability (UAAL)	Funded ratio	Annual covered payroll	UAAL as a percentage payroll
June 30, 2008	\$ 6,787,000	\$ 295,000	\$ 6,492,000	4.35%	\$ 8,894,000	73.0%
June 30, 2010	7,053,000	966,000	6,087,000	13.70%	9,278,000	65.6%
June 30, 2011	7,981,000	1,344,000	6,637,000	16.84%	9,580,000	69.3%

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2011

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**NOTE 13 POSTEMPLOYMENT HEALTHCARE PLAN (Continued)**

**(e) Schedule of Last three years of ARC and Contributions**

SCAG's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year and the two preceding years are as follows:

<u>Year ended</u>	<u>Annual OPEB cost</u>	<u>Annual OPEB cost contributed</u>	<u>OPEB obligation</u>
6/30/2009	\$ 700,000	100%	\$ —
6/30/2010	767,000	100%	—
6/30/2011	791,000	100%	—

**NOTE 14 SUBSEQUENT EVENTS**

SCAG has evaluated events subsequent to June 30, 2011 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 5, 2011, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual on a Budgetary Basis – General Fund**  
**Year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Membership assessments:</b>				
Cities	\$ 1,267,492	\$ 1,267,492	\$ 1,209,583	\$ (57,909)
Counties	261,422	261,422	261,423	1
Commissions	85,000	85,000	95,000	10,000
Transportation corridor agency	10,000	10,000	—	(10,000)
Air districts	25,000	25,000	—	(25,000)
	<u>1,648,914</u>	<u>1,648,914</u>	<u>1,566,006</u>	<u>(82,908)</u>
General assembly	—	—	179,650	179,650
Interest and other	318,784	318,784	144,687	(174,097)
Total revenues	<u>1,967,698</u>	<u>1,967,698</u>	<u>1,890,343</u>	<u>(77,355)</u>
<b>Expenditures:</b>				
<b>Administration:</b>				
Salaries and wages	246,399	256,820	247,106	9,714
Fringe benefits	148,000	148,000	156,886	(8,886)
Indirect costs	384,064	384,064	387,913	(3,849)
Contractual services	325,000	240,000	80,080	159,920
Capital outlay	312,000	312,000	368,581	(56,581)
Interest and fees	29,300	29,300	11,986	17,314
Professional services and other	25,000	25,000	—	25,000
Regional council	280,100	287,250	395,972	(108,722)
Other meetings	14,600	58,600	63,451	(4,851)
Memberships	58,610	83,610	76,335	7,275
Travel	31,200	49,200	79,434	(30,234)
Project reserves	88,024	63,453	43,161	20,292
Other	25,400	30,400	42,097	(11,697)
Total expenditures	<u>1,967,697</u>	<u>1,967,697</u>	<u>1,953,002</u>	<u>14,695</u>
Excess (deficiency) of revenues over expenditures	1	1	(62,659)	(62,660)
Fund balance at beginning of year	3,724,770	3,724,770	3,724,770	—
Fund balance at end of year	<u>\$ 3,724,771</u>	<u>\$ 3,724,771</u>	<u>\$ 3,662,111</u>	<u>\$ (62,660)</u>

*See notes to required supplementary information.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual on a Budgetary Basis – Federal Transportation Administration**  
**Year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal grants	\$ 10,570,489	\$ 10,908,533	\$ 9,327,899	\$ (1,580,634)
Expenditures:				
Transportation:				
Salaries and wages	1,481,247	1,663,649	1,536,641	127,008
Fringe benefits	889,714	999,272	997,931	1,341
Indirect costs	2,308,826	2,593,138	2,440,134	153,004
Temporary help	—	—	6,704	(6,704)
Contractual services	1,768,660	2,174,452	1,204,545	969,907
Hardware and software support	180,000	210,000	157,526	52,474
Other meetings	34,200	34,100	1,889	32,211
Reproduction and printing	25,000	25,000	299	24,701
Professional services and other	—	18,750	207,907	(189,157)
Training	—	—	—	—
Travel	30,548	30,548	32,927	(2,379)
Other	406,492	420,000	80,965	339,035
Total transportation	<u>7,124,687</u>	<u>8,168,909</u>	<u>6,667,468</u>	<u>1,501,441</u>
Aviation:				
Salaries and wages	118,504	125,690	123,918	1,772
Fringe benefits	71,179	75,496	80,476	(4,980)
Indirect costs	184,712	195,913	196,259	(346)
Contractual services	473,635	176,178	176,038	140
Travel	6,000	6,000	1,258	4,742
Reproduction and printing	1,500	1,500	—	1,500
Total aviation	<u>855,530</u>	<u>580,777</u>	<u>577,949</u>	<u>2,828</u>
Environmental:				
Salaries and wages	265,829	209,269	178,495	30,774
Fringe benefits	159,670	125,697	115,919	9,778
Indirect costs	414,349	326,189	317,264	8,925
Temporary help	—	—	36,001	(36,001)
Contractual services	131,688	212,472	172,051	40,421
Travel	6,000	6,000	7,956	(1,956)
Other	—	—	11,066	(11,066)
Total environmental	<u>977,536</u>	<u>879,627</u>	<u>838,752</u>	<u>40,875</u>
High speed rail:				
Salaries and wages	27,561	27,561	26,856	705
Fringe benefits	16,555	16,555	17,441	(886)
Indirect costs	42,960	42,960	42,535	425
Travel	—	—	241	(241)
Total high speed rail	<u>87,076</u>	<u>87,076</u>	<u>87,073</u>	<u>3</u>
Housing:				
Salaries and wages	297,166	253,727	272,929	(19,202)
Fringe benefits	178,493	152,401	177,247	(24,846)
Indirect costs	463,194	395,485	432,732	(37,247)
Temporary help	—	—	492	(492)
Contractual services	280,807	184,531	175,420	9,111
Software support	—	—	36,000	(36,000)
Reproduction and printing	—	—	—	—
Professional services and other	100,000	100,000	50,511	49,489
Travel	8,000	8,000	10,898	(2,898)
Other	198,000	98,000	428	97,572
Total housing	<u>1,525,660</u>	<u>1,192,144</u>	<u>1,156,657</u>	<u>35,487</u>
Total expenditures	<u>10,570,489</u>	<u>10,908,533</u>	<u>9,327,899</u>	<u>1,580,634</u>
Excess of revenues over expenditures	—	—	—	—
Fund balance at beginning of year	—	—	—	—
Fund balance at end of year	\$ —	\$ —	\$ —	\$ —

*See notes to required supplementary information.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual on a Budgetary Basis – Federal Highway Administration**  
**Year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal grants	\$ 21,217,095	\$ 22,163,504	\$ 19,227,606	\$ (2,935,898)
Expenditures:				
Transportation:				
Salaries and wages	4,377,036	4,314,649	4,029,203	285,446
Fringe benefits	2,629,066	2,591,596	2,616,658	(25,062)
Indirect costs	6,822,493	6,725,252	6,529,804	195,448
Temporary help	—	—	154,601	(154,601)
Contractual services	5,785,571	7,083,031	4,712,472	2,370,559
Hardware and software support	34,000	34,000	30,746	3,254
Reproduction and printing	8,300	8,300	3,495	4,805
Professional services and other	—	—	21,298	(21,298)
Training	8,000	8,000	—	8,000
Travel	58,600	58,600	54,512	4,088
Other	56,000	10,000	22,328	(12,328)
Total transportation	<u>19,779,066</u>	<u>20,833,428</u>	<u>18,175,117</u>	<u>2,658,311</u>
Aviation:				
Contractual services	149,048	149,048	142,625	6,423
Total aviation	<u>149,048</u>	<u>149,048</u>	<u>142,625</u>	<u>6,423</u>
Environmental:				
Salaries and wages	302,896	262,646	220,880	41,766
Fringe benefits	181,935	157,759	143,444	14,315
Indirect costs	472,126	409,388	380,361	29,027
Temporary help	—	—	31,803	(31,803)
Contractual services	329,774	348,985	129,653	219,332
Travel	2,250	2,250	3,723	(1,473)
Total environmental	<u>1,288,981</u>	<u>1,181,028</u>	<u>909,864</u>	<u>271,164</u>
Total expenditures	<u>21,217,095</u>	<u>22,163,504</u>	<u>19,227,606</u>	<u>2,935,898</u>
Excess of revenues over expenditures	—	—	—	—
Fund balance at beginning of year	—	—	—	—
Fund balance at end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

*See notes to required supplementary information.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual on a Budgetary Basis – Transportation Development Act**  
**Year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Local grants and contracts	\$ 1,127,453	\$ 1,462,334	\$ 1,000,000	\$ (462,334)
<b>Expenditures:</b>				
Transportation:				
Contractual services	885,592	1,217,038	931,269	285,769
Professional services and other	6,250	6,250	60,192	(53,942)
Other	106,250	100,000	22,500	77,500
Total transportation	<u>998,092</u>	<u>1,323,288</u>	<u>1,013,961</u>	<u>309,327</u>
Aviation:				
Contractual services	61,365	42,396	41,545	851
Total aviation	<u>61,365</u>	<u>42,396</u>	<u>41,545</u>	<u>851</u>
Environmental:				
Contractual services	25,378	72,743	39,089	33,654
Total environmental	<u>25,378</u>	<u>72,743</u>	<u>39,089</u>	<u>33,654</u>
Housing:				
Contractual services	42,618	23,907	22,761	1,146
Total housing	<u>42,618</u>	<u>23,907</u>	<u>22,761</u>	<u>1,146</u>
Total expenditures	<u>1,127,453</u>	<u>1,462,334</u>	<u>1,117,356</u>	<u>344,978</u>
Excess (deficiency) of revenues over expenditures	—	—	(117,356)	(117,356)
Fund balance at beginning of year	1,534,921	1,534,921	1,534,921	—
Fund balance at end of year	<u>\$ 1,534,921</u>	<u>\$ 1,534,921</u>	<u>\$ 1,417,565</u>	<u>\$ (117,356)</u>

*See notes to required supplementary information.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Required Supplementary Information**  
**Year ended June 30, 2011**

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**BUDGETARY BASIS OF ACCOUNTING**

An annual budget is prepared and established for the General Fund (GF), the Federal Transportation Administration Fund (FTA Fund), the Federal Highway Administration Fund (FHWA Fund) and Transportation Development Act (TDA Fund). Expenditures are controlled at the functional level. The budgets are approved separately by the Regional Council and the General Assembly of SCAG as required by the bylaws. For all other fund budgets, financial and fiscal controls are accomplished through an Overall Work Program (OWP). SCAG's management is responsible for preparing the annual OWP at the direction of the Regional Council.

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, the SCAG 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**

	<b>Actual/ budget as presented in the budget</b>	<b>Actual/ GAAP as presented in the financial statements</b>	<b>Difference</b>
Total revenues	\$ 1,890,343	\$ 1,890,343	\$ —
Total expenditures	(1,953,002)	(12,164,366)	(10,211,364)
Total other financing sources	—	10,442,938	10,442,938
<b>Net change in fund balance</b>	<b>\$ (62,659)</b>	<b>\$ 168,915</b>	<b>\$ 231,574</b>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Required Supplementary Information**  
**Year ended June 30, 2011**

**FTA Fund**

	<b>Actual/ budget as presented in the budget</b>	<b>Actual/ GAAP as presented in the financial statements</b>	<b>Difference</b>
Total revenues	\$ 9,327,899	\$ 9,327,899	\$ —
Total expenditures	(9,327,899)	(5,898,976)	3,428,923
Total other financing uses	—	(3,428,923)	(3,428,923)
<b>Net change in fund balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

**FHWA Fund**

	<b>Actual/ budget as presented in the budget</b>	<b>Actual/ GAAP as presented in the financial statements</b>	<b>Difference</b>
Total revenues	\$ 19,227,606	\$ 19,227,606	\$ —
Total expenditures	(19,227,606)	(12,317,441)	6,910,165
Total other financing uses	—	(6,910,165)	(6,910,165)
<b>Net change in fund balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

**TDA Fund**

	<b>Actual/ budget as presented in the budget</b>	<b>Actual/ GAAP as presented in the financial statements</b>	<b>Difference</b>
Total revenues	\$ 1,000,000	\$ 1,000,000	\$ —
Total expenditures	(1,117,356)	(1,117,356)	—
Total other financing uses	—	—	—
<b>Net change in fund balance</b>	<b>\$ (117,356)</b>	<b>\$ (117,356)</b>	<b>\$ —</b>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Required Supplementary Information**  
**Year ended June 30, 2011**

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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, 2011**

<b>Assets</b>	<b>Federal Funds</b>	<b>State Funds</b>	<b>Local Funds</b>	<b>Total Nonmajor Funds</b>
Receivables:				
Federal grants	\$ 280,821	\$ -	\$ -	\$ 280,821
State grants and contracts	-	247,075	-	247,075
Local grants and contracts	-	-	20,229	20,229
Due from other funds	983	-	67,147	68,130
Total assets	\$ 281,804	\$ 247,075	\$ 87,376	\$ 616,255
<b>Liabilities and Fund Balances</b>				
Accounts and contracts payable	\$ 140,681	\$ 124,753	\$ 51,606	\$ 317,040
Deferred revenue	983	-	29,702	30,685
Due to other funds	140,140	122,322	6,068	268,530
Total liabilities	281,804	247,075	87,376	616,255
Fund balances – restricted	-	-	-	-
Total liabilities and fund balances	\$ 281,804	\$ 247,075	\$ 87,376	\$ 616,255

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Funds**  
**Year ended June 30, 2011**

	<u>Federal Funds</u>	<u>State Funds</u>	<u>Local Funds</u>	<u>Total Nonmajor Funds</u>
Grant revenues, net	\$ 576,054	\$ 582,123	\$ 235,331	\$ 1,393,508
Expenditures:				
Transportation:				
Salaries and wages	55,174	621	9,777	65,572
Allocated fringe benefits	35,832	403	6,349	42,584
Allocated indirect costs	87,382	983	15,485	103,850 *
Contractual services	320,576	580,116	203,681	1,104,373
Travel	1,466	-	23	1,489
Other	5,000	-	16	5,016
Total transportation	<u>505,430</u>	<u>582,123</u>	<u>235,331</u>	<u>1,322,884</u>
Aviation:				
Contractual services	70,624	-	-	70,624
Total aviation	<u>70,624</u>	<u>-</u>	<u>-</u>	<u>70,624</u>
Total expenditures	<u>576,054</u>	<u>582,123</u>	<u>235,331</u>	<u>1,393,508</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\* Allocated indirect costs are presented as part of "Other Financing Uses - Transfers out" in the Statement of Revenues, Expenditures, and Changes in Fund Balance (page 30).

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Federal Nonmajor Funds**  
**June 30, 2011**

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SCAG considers the following funds as nonmajor federal governmental funds:

**FTA – Sec. 5304:**

This fund is established to account for revenues from the Federal Transit Administration. These funds are available and restricted to support expenditures for specifically identified purposes and projects.

**FHWA Blueprint Grant:**

This fund is established to account for revenues from the Federal Highway Administration. These funds are available and restricted to support expenditures for specifically identified Blueprint Project Studies.

**Federal Aviation Administration:**

This fund is established to account for revenues from the Federal Aviation Administration under separate granting procedures. These funds are available and restricted to support expenditures for Aviation related projects.

**FTA – Job Access and Reverse Commute (JARC):**

This fund is established to account for revenues from the Federal Transit Administration for the Job Access and Reverse Commute program. These funds are available and restricted to support administrative cost related to apportioning the county-level allocations of Program Funds for Riverside and San Bernardino counties.

**FTA – New Freedom:**

This fund is established to account for revenues from the Federal Transit Administration for the New Freedom program. These funds are available and restricted to support administrative cost related to apportioning the county-level allocations of Program Funds for Riverside and San Bernardino counties.

**Other Federal Funds:**

These funds are established to account for the revenues from the Federal Safetea Lu and Scenic Byways programs. These funds are available and restricted to support administrative cost related to apportioning the county-level allocations of Program Funds for Riverside and San Bernardino counties.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Balance Sheet**  
**Federal Nonmajor Funds**  
**June 30, 2011**

	FTA Sec. 5304 20070	FHWA Blueprint Grant 30061	FAA Airport Funds 20029 20030 20031	JARC 20080	New Freedom 20085	Other Federal Funds 20090, 20095	Total Federal Nonmajor Funds
<b>Assets</b>							
Receivables – federal grants	\$ 104,579	\$ 169,669	\$ -	\$ -	\$ -	\$ 6,573	\$ 280,821
Due from other funds	-	-	-	679	304	-	983
Total assets	<u>\$ 104,579</u>	<u>\$ 169,669</u>	<u>\$ -</u>	<u>\$ 679</u>	<u>\$ 304</u>	<u>\$ 6,573</u>	<u>\$ 281,804</u>
<b>Liabilities and Fund Balances</b>							
Accounts and contracts payable	\$ 38,628	\$ 102,053	\$ -	\$ -	\$ -	\$ -	\$ 140,681
Deferred revenue	-	-	-	679	304	-	983
Due to other funds	65,951	67,816	-	-	-	6,573	140,140
Total liabilities	104,579	169,669	-	679	304	6,573	281,804
Fund balances - restricted	-	-	-	-	-	-	-
Total liabilities and fund balances	<u>\$ 104,579</u>	<u>\$ 169,669</u>	<u>\$ -</u>	<u>\$ 679</u>	<u>\$ 304</u>	<u>\$ 6,573</u>	<u>\$ 281,804</u>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Federal Nonmajor Funds**  
**Year ended June 30, 2011**

	<u>FTA</u> Sec. 5304 20070	<u>FHWA</u> Blueprint Grant 30061	<u>FAA</u> Airport Funds 20029 20030 20031	<u>JARC</u> 20080	<u>New</u> Freedom 20085	<u>Other</u> Federal Funds 20090, 20095	<u>Total</u> Federal Nonmajor Funds
Federal grants and services	\$ 119,683	\$ 336,396	\$ 70,624	\$ 28,847	\$ 12,960	\$ 7,544	\$ 576,054
Expenditures:							
Transportation:							
Salaries and wages	-	39,910	-	8,922	4,009	2,333	55,174
Allocated fringe benefits	-	25,919	-	5,795	2,603	1,515	35,832
Allocated indirect costs	-	63,208	-	14,130	6,348	3,696	87,382
Contractual services	119,683	200,893	-	-	-	-	320,576
Travel	-	1,466	-	-	-	-	1,466
Other	-	5,000	-	-	-	-	5,000
Total transportation	<u>119,683</u>	<u>336,396</u>	<u>-</u>	<u>28,847</u>	<u>12,960</u>	<u>7,544</u>	<u>505,430</u>
Aviation:							
Contractual services	-	-	70,624	-	-	-	70,624
Total aviation	<u>-</u>	<u>-</u>	<u>70,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,624</u>
Total expenditures	<u>119,683</u>	<u>336,396</u>	<u>70,624</u>	<u>28,847</u>	<u>12,960</u>	<u>7,544</u>	<u>576,054</u>
Excess of revenues over expenditures	-	-	-	-	-	-	-
Fund balances at beginning of year	-	-	-	-	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**State Nonmajor Funds**  
**June 30, 2011**

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SCAG considers the following funds as nonmajor state governmental funds:

**Combined Other Accounts:**

This fund is established to account for revenues from the State of California (SP&R Discretionary), Proposition 84, and Office of Emergency Services. These funds are available and restricted to support expenditures for specifically identified Multi-Goods Movement Project and Earthquake safety projects.



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**State Nonmajor Funds**  
**Year ended June 30, 2011**

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	<b>Combined Other Funds</b> <u>30100, 30200</u> <u>30080, 30081</u> <u>30101, 30102</u>	<b>Total State Nonmajor Funds</b> <u>582,123</u>
State grants and contracts	\$ 582,123	\$ 582,123
Expenditures:		
Transportation:		
Salaries and wages	621	621
Allocated fringe benefits	403	403
Allocated indirect costs	983	983
Contractual services	<u>580,116</u>	<u>580,116</u>
Total transportation	<u>582,123</u>	<u>582,123</u>
Excess of revenues over expenditures	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Local Nonmajor Funds**  
**June 30, 2011**

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SCAG considers the following funds as nonmajor local governmental funds:

**City of Los Angeles:**

This fund is established to account for revenues from the City of Los Angeles. These funds are available and restricted to support expenditures for cash match for FRA funds for the High Speed Rail Project and specific projects.

**Combined Other Accounts:**

This fund is established to account for revenues from the City of Ontario, San Bernardino Association of Governments, Riverside County Transportation Commission, Los Angeles Department of Public Works and Southern California Edison. These funds are available and restricted to support expenditures for cash match for FRA funds for the High Speed Rail Project, Commuter Rail Project, Sun Village project, Energy Efficiency project and specifically funded projects.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Balance Sheet**  
**Local Nonmajor Funds**  
**June 30, 2011**

	City of L.A. Modeling Fund 60001 60002	Combined Other Funds 20097, 60004 60005, 60006 60007, 60008 60010, 60011	Total Local Nonmajor Funds
<b>Assets</b>			
Receivables – local grants	\$ -	\$ 20,229	\$ 20,229
Due from other funds	9,183	57,964	67,147
Total assets	\$ 9,183	\$ 78,193	\$ 87,376
<b>Liabilities and Fund Balances</b>			
Accounts and contracts payable	\$ -	\$ 51,606	\$ 51,606
Deferred revenue	9,183	20,519	29,702
Due to other funds	-	6,068	6,068
Total liabilities	9,183	78,193	87,376
Fund balances - restricted	-	-	-
Total liabilities and fund balances	\$ 9,183	\$ 78,193	\$ 87,376

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Local Nonmajor Funds**  
**Year ended June 30, 2011**

	<b>City of L.A.</b>	<b>Combined Other Funds</b>	<b>Total Local Nonmajor Funds</b>
	<b>Modeling Fund</b>	<b>20097, 60004 60005, 60006</b>	
	<b>60001 60002</b>	<b>60007, 60008 60010, 60011</b>	
Local grants and services	\$ -	\$ 235,331	\$ 235,331
Expenditures:			
Transportation:			
Salaries and wages	-	9,777	9,777
Allocated fringe benefits	-	6,349	6,349
Allocated indirect costs	-	15,485	15,485
Contractual services	-	203,681	203,681
Travel	-	23	23
Other	-	16	16
Total transportation	-	235,331	235,331
Excess of revenues over expenditures	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -

**SUPPLEMENTAL  
SCHEDULES**

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Supplemental Schedule of Indirect Costs**  
**Year ended June 30, 2011**

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Indirect costs:	
Salaries and wages	\$ 3,259,845
Temporary help	370,426
Fringe benefits	2,098,191
Professional services	808,440
Computer support	785,403
Equipment repairs and maintenance	81,232
Office space leases	1,599,298
Equipment lease	106,399
Insurance	1,006,430
Office purchases under \$5,000	49,485
Office supplies	92,328
Telephone	139,899
Postage and delivery	5,827
Memberships	59,221
Professional materials	31,191
Depreciation	231,963
Staff training	70,393
Printing	10,631
Travel	121,188
Other	93,272
Total indirect costs	<u>11,021,062</u>
Indirect costs recovered:	
General Fund	387,910
Federal Transportation Administration	3,428,923
Federal Highway Administration	6,910,165
Nonmajor Funds	103,850
Total indirect costs recovered	<u>10,830,848</u>
Under recovered	190,214
Over recovered indirect costs at beginning of year	<u>(305,449)</u>
Over recovered indirect costs at end of year	<u>\$ (115,235)</u>

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Supplemental Schedule of Fringe Benefits  
Year ended June 30, 2011

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Fringe benefits:	
Employee leave and other salary benefits	\$ 1,523,704
PERS/Other Retirement Plans	2,322,783
Life insurance	100,860
Health insurance	1,965,595
Medicare tax – employer share	174,011
Bus passes	118,592
Carpool parking subsidy	1,750
Worker's compensation/unemployment insurance	37,362
Deferred compensation employer match	104,482
Other	97,638
Total fringe benefits	<u>6,446,777</u>
Fringe benefits recovered:	
Allocated to indirect costs	2,098,191
General Fund	156,886
Federal Transportation Administration	1,389,013
Federal Highway Administration	2,760,103
Nonmajor Funds	42,584
Total	<u>6,446,777</u>
Underrecovered fringe benefits	-
Underrecovered fringe benefits at beginning of year	<u>-</u>
Underrecovered fringe benefits at end of year	<u><u>\$ -</u></u>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Supplemental Schedule of Distribution of Salaries and Fringe Benefits by Project Area**  
**Year ended June 30, 2011**

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	<u>Salaries and wages</u>	<u>Fringe benefits</u>	<u>Salaries, wages, and fringe benefits</u>
Charges to Direct projects	\$ 6,684,096	\$ 4,191,700	\$ 10,875,796
Charges to General Fund projects	247,106	156,886	403,992
Charges to Indirect projects	<u>3,259,845</u>	<u>2,098,191</u>	<u>5,358,036</u>
Totals	<u>\$ 10,191,047</u>	<u>\$ 6,446,777</u>	<u>\$ 16,637,824</u>

**Report of Independent Auditors 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 the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Southern California Association of Governments, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Southern California Association of Governments is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Southern California Association of Governments' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Southern California Association of Governments' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Southern California Association of Governments' internal control over financial reporting.

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

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





### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Southern California Association of Governments' financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Vargus + Company LLP*

**Los Angeles, California  
December 5, 2011**

**STATISTICAL  
SECTION**

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Statistical Section**

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

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

Demographic and Economic Information assist 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 implemented GASB 34 in 2003 fiscal year. Schedules presenting government-wide financial statements include information beginning with that year.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 1 – Net Assets by Component**  
**Last Nine Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities:</b>									
Invested in capital assets	\$ 1,065,469	741,180	376,907	289,656	412,828	481,769	746,236	1,645,468	1,536,963
Restricted	-	-	-	-	-	-	-	1,534,921	1,417,565
Unrestricted	604,926	999,181	1,128,107	1,549,748	2,752,366	3,367,204	4,055,685	2,400,417	3,173,237
<b>Total governmental activities</b>									
net assets	\$ <u>1,670,395</u>	<u>1,740,361</u>	<u>1,505,014</u>	<u>1,839,404</u>	<u>3,165,194</u>	<u>3,848,973</u>	<u>4,801,921</u>	<u>5,580,806</u>	<u>6,127,765</u>

*SCAG implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 2 – Changes in Net Assets**  
**Last Nine Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities:</b>									
<b>Expenses:</b>									
Transportation	\$ 29,457,264	23,709,616 <sup>1</sup>	19,082,487	20,640,246	25,605,715	29,815,218	26,911,029	33,509,240	27,318,795
High speed rail	-	-	19,738	1,773,395	443,831	363,924	91,840	37,979	87,980
Aviation	-	-	871,935	1,019,056	626,352	123,407	17,275	289,498	845,705
Energy	-	-	-	-	96,435	116,947	47,152	-	-
Environmental	-	-	-	156,337	-	-	-	-	1,809,901
Housing	-	-	-	49,769	-	-	-	-	1,194,623
Water	-	-	70,389	-	77,615	-	-	-	-
Social Services	-	-	-	-	11,419	-	-	-	-
Administration	-	-	1,556,859	1,595,922	1,618,820	1,379,139	1,407,836	1,033,877	1,342,674
Interest on line of credit	125,421	64,064	12,504	-	-	-	-	-	-
Total expenses	<u>29,582,685</u>	<u>23,773,680</u>	<u>21,613,912</u>	<u>25,234,725</u>	<u>28,480,187</u>	<u>31,798,635</u>	<u>28,475,132</u>	<u>34,870,594</u>	<u>32,599,678</u>
<b>Program revenues:</b>									
Charges for services - member dues	1,193,069	1,270,190	1,313,163	1,367,785	1,438,135	1,520,805	1,609,029	1,494,523	1,566,006
Operating grants and contributions	28,529,885	22,465,587 <sup>2</sup>	20,044,549	23,638,803	27,198,415	30,763,997	27,643,659	33,834,170	30,949,013
Total program revenues	<u>29,722,954</u>	<u>23,735,777</u>	<u>21,357,712</u>	<u>25,006,588</u>	<u>28,636,550</u>	<u>32,284,802</u>	<u>29,252,688</u>	<u>35,328,693</u>	<u>32,515,019</u>
<b>Net revenues (expenses)</b>	<b>140,269</b>	<b>(37,903)</b>	<b>(256,200)</b>	<b>(228,137)</b>	<b>156,363</b>	<b>486,167</b>	<b>777,556</b>	<b>458,099</b>	<b>(84,659)</b>
<b>General revenues and other changes in net assets:</b>									
Interest income	25,405	107,869	36,863	149,276	146,987	104,946	86,581	49,759	51,647
Other income	-	-	147,085	413,251 <sup>3</sup>	158,736	92,366	61,383	271,027	579,971 <sup>4</sup>
<b>Changes in net assets</b>	<b>\$ <u>165,674</u></b>	<b><u>69,966</u></b>	<b><u>(72,252)</u></b>	<b><u>334,390</u></b>	<b><u>462,086</u></b>	<b><u>683,479</u></b>	<b><u>925,520</u></b>	<b><u>778,885</u></b>	<b><u>546,959</u></b>

SCAG implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

<sup>1</sup> The decrease in transportation expenditures resulted from the planned phase out of the Rideshare program and the expiration of a Federal Railroad Grant that funded the preconstruction planning of the Los Angeles Maglev system.

<sup>2</sup> The decrease in revenue resulted from the decrease in reimburseable expenses.

<sup>3</sup> Other income for the year ended June 30, 2006 includes the refund from the JPIA amounting to \$250,311.

<sup>4</sup> Other income for the year ended June 30, 2010 includes the refund from the JPIA amounting to \$307,281.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 3 – Fund Balances of Governmental Funds**  
**Last Nine Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011*	
<b>General fund:</b>										
Reserved	\$	—	—	—	—	—	—	—	—	—
Unreserved		604,926	999,181	2,715,661	2,714,955	1,861,607	2,923,649	3,431,480	4,506,578	—
Nonspendable		—	—	—	—	—	—	—	—	317,801
Unassigned		—	—	—	—	—	—	—	—	4,357,692
Total general fund	\$	<u>604,926</u>	<u>999,181</u>	<u>2,715,661</u>	<u>2,714,955</u>	<u>1,861,607</u>	<u>2,923,649</u>	<u>3,431,480</u>	<u>4,506,578</u>	<u>4,675,493</u>
<b>All other governmental funds:</b>										
Reserved	\$	—	—	—	—	—	—	—	—	—
Unreserved, reported in:										
Special revenue funds		—	—	—	—	—	1,997,894	1,534,921	—	—
Restricted		—	—	—	—	—	—	—	—	1,417,565
Total all other governmental funds	\$	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,997,894</u>	<u>1,534,921</u>	<u>—</u>	<u>1,417,565</u>

SCAG has elected to show only nine years of data for this schedule.

\* SCAG implemented GASB 54 for the fiscal year ended June 30, 2011.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 4 – Changes in Fund Balances of Governmental Funds**  
**Last Nine Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>									
Federal grants	\$ 22,540,651	20,139,571	19,096,413	21,694,775	24,368,620	28,397,861	25,556,990	32,429,892	29,131,559
State grants and contracts	670,492	740,473	399,002	206,516	1,148,805	1,866,733	986,200	270,940	582,123
Local grants and contracts	5,316,392	1,551,398	577,353	1,827,834	1,678,332	1,468,849	1,100,469	1,133,338	1,235,331
Membership assessments	1,193,069	1,270,190	1,313,163	1,367,785	1,438,135	1,520,805	1,609,029	1,494,523	1,566,006
Interest and other	25,405	107,869	183,948	312,216	205,945	197,312	147,964	324,153	324,337
Capital outlay recovery	2,350	—	—	—	—	—	—	—	—
<b>Total revenues</b>	<b>29,748,359</b>	<b>23,809,501</b>	<b>21,569,879</b>	<b>25,409,126</b>	<b>28,839,837</b>	<b>33,451,560</b>	<b>29,400,652</b>	<b>35,652,846</b>	<b>32,839,356</b>
<b>Expenditures:</b>									
<b>Current:</b>									
Transportation	29,047,446	23,339,931	19,450,818	20,401,077	25,607,040	30,064,151	26,911,029	33,867,010	28,601,593
Aviation	—	—	884,886	1,019,262	627,253	123,407	17,275	163,086	636,484
Water	—	—	72,159	—	77,956	—	—	—	—
High speed rail	—	—	20,073	2,365,430	443,831	363,924	91,840	—	44,538
Housing	—	—	—	50,179	—	—	—	—	746,686
Energy	—	—	—	—	11,471	108,100	47,152	—	—
Social Services	—	—	—	—	96,435	—	—	—	—
Environmental	—	—	—	—	—	—	—	—	1,090,079
Administration	—	—	1,230,779	1,536,062	2,244,573	1,093,211	1,041,644	924,182	1,196,508
<b>Debt service:</b>									
Interest	125,421	64,064	12,504	—	—	—	—	—	—
Capital outlay	9,356	11,251	107,262	37,822	247,578	257,272	366,192	86,443	471,909
<b>Total expenditures</b>	<b>29,182,223</b>	<b>23,415,246</b>	<b>21,778,481</b>	<b>25,409,832</b>	<b>29,356,137</b>	<b>32,010,065</b>	<b>28,475,132</b>	<b>35,040,721</b>	<b>32,787,797</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>566,136</b>	<b>394,255</b>	<b>(208,602)</b>	<b>(706)</b>	<b>(516,300)</b>	<b>1,441,495</b>	<b>925,520</b>	<b>612,125</b>	<b>51,559</b>
<b>Other financing sources (uses)</b>									
Transfers in	—	—	8,131,543	7,801,604	8,459,574	11,197,177	10,118,305	9,843,270	10,442,938
Transfers out	—	—	(8,131,543)	(7,801,604)	(8,459,574)	(11,197,177)	(10,118,305)	(9,843,270)	(10,442,938)
<b>Total other financing sources (uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net change in fund balances</b>	<b>\$ 566,136</b>	<b>394,255</b>	<b>(208,602)</b>	<b>(706)</b>	<b>(516,300)</b>	<b>1,441,495</b>	<b>925,520</b>	<b>612,125</b>	<b>51,559</b>

SCAG has elected to show only nine years of data for this schedule.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 5 – Indirect and Fringe Benefit Costs**  
**Last Ten Fiscal Years**

<u>Fiscal year</u>	<u>Indirect cost*</u>	<u>Fringe benefits</u>	<u>Totals</u>
2002	\$ 9,738,957	4,761,852	14,500,809
2003	8,762,846	4,407,432	13,170,278
2004	8,282,746	4,269,627	12,552,373
2005	8,056,802	4,251,082	12,307,884
2006	8,011,914	4,024,285	12,036,199
2007	9,466,613	4,960,781	14,427,394
2008	11,111,798	6,419,718	17,531,516
2009	9,688,278	5,559,745	15,248,023
2010	9,552,824	5,782,910	15,335,734
2011	11,021,062	6,446,777	17,467,839

\* Restated to include internal service funds included in indirect cost in fiscal years 2002 and 2003 and reported separately in prior years. Indirect Cost Allocation Plans are reviewed and approved by CALTRANS for federal reimbursements.

Source: SCAG Finance Department.



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 6 – Member Dues**  
**Last Nine Fiscal Years**

	<u>Cities &amp; Indian Tribes</u>			<u>Counties</u>			<u>Commissions</u>	
	<u>No. of Members</u>	<u>Population</u>	<u>Annual Dues</u>	<u>No. of Members</u>	<u>Population</u>	<u>Annual Dues</u>	<u>No. of Members</u>	<u>Annual Dues</u>
2003	165	13,688,368	\$933,413	6	1,901,872	\$224,656	2	\$35,000
2004	163	13,915,685	974,904	6	2,048,850	245,286	3	50,000
2005	162	13,898,797	1,019,884	6	1,964,321	243,279	3	50,000
2006	160	13,885,562	1,070,516	6	2,017,321	262,269	3	50,000
2007	167	14,044,986	1,125,866	6	2,070,482	262,269	3	50,000
2008	163	14,301,355	1,176,623	6	2,125,231	269,182	4	75,000
2009	171	14,815,707	1,231,148	6	2,179,564	292,881	4	85,000
2010	175	15,211,463	1,149,862	6	2,101,655	262,161	4	82,500
2011	182	16,097,577	1,209,583	6	2,101,655	261,423	5	95,000

*SCAG has elected to show only nine years of data for this schedule.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 7 – Principal Members**  
**Current Year and Five Years Ago**

City/County	2011		2006	
	Annual Dues	Percent of Total Dues Assessment	Annual Dues	Percent of Total Dues Assessment
City of Los Angeles	\$ 286,295	19%	\$ 264,937	19%
County of Los Angeles	109,588	7%	113,532	8%
County of Riverside	55,327	4%	50,189	4%
County of San Bernardino	43,615	3%	36,965	3%
City of Long Beach	35,908	2%	36,690	3%
County of Orange	31,038	2%	28,614	2%
City of Santa Ana	26,104	2%	not a member	
City of Anaheim	25,589	2%	26,060	2%
SANBAG	25,000	2%	not a member	
RCTC	25,000	2%	15,000	1%
OCTA	25,000	2%	25,000	2%
City of Riverside	22,154	1%	21,190	2%
County of Ventura	15,934	1%	17,016	1%
City of Irvine	15,884	1%	13,423	1%
City of Glendale	15,496	1%	15,898	1%
	<u>\$ 757,932</u>	<u>51%</u>	<u>\$ 664,514</u>	<u>49%</u>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 8 – Population by County in the SCAG Region**  
**Last Ten Calendar Years**

<b>Calendar year</b>	<b>Imperial</b>	<b>Los Angeles</b>	<b>Orange</b>	<b>Riverside</b>	<b>San Bernardino</b>	<b>Ventura</b>	<b>Total</b>
2002	148,910	9,822,627	2,933,771	1,648,756	1,793,726	779,395	17,127,185
2003	152,576	9,966,190	2,975,397	1,719,004	1,842,060	791,580	17,446,807
2004	156,562	10,102,961	3,017,298	1,776,743	1,886,481	802,436	17,742,481
2005	161,800	10,226,506	3,056,865	1,877,000	1,946,202	813,052	18,081,425
2006	166,585	10,245,572	3,072,336	1,953,330	1,991,829	817,346	18,246,998
2007	172,672	10,331,939	3,098,121	2,031,625	2,028,013	825,512	18,487,882
2008	176,158	10,363,850	3,121,251	2,088,322	2,055,766	831,587	18,636,934
2009	179,254	10,393,185	3,139,017	2,107,653	2,060,950	836,080	18,716,139
2010	174,528	9,818,605	3,010,232	2,189,641	2,035,210	823,318	18,051,534
2011	176,258	9,858,989	3,029,859	2,217,778	2,052,397	828,383	18,163,664

Source: State of California, Department of Finance.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 9 – Number of Households by County in the SCAG Region**  
**Last Ten Calendar Years**

<b>Calendar year</b>	<b>Imperial</b>	<b>Los Angeles</b>	<b>Orange</b>	<b>Riverside</b>	<b>San Bernardino</b>	<b>Ventura</b>	<b>Total</b>
2002	40,455	3,154,931	951,141	531,482	539,438	250,126	5,467,573
2003	41,340	3,170,393	958,815	546,495	547,439	253,138	5,517,620
2004	41,883	3,184,446	969,028	571,955	556,937	255,741	5,579,990
2005	43,714	3,201,352	976,540	598,207	569,060	258,441	5,647,314
2006	46,644	3,223,497	984,386	626,668	583,493	261,570	5,726,258
2007	49,032	3,239,511	988,560	653,123	597,614	265,172	5,793,012
2008	49,484	3,260,434	995,989	671,036	606,005	266,885	5,849,833
2009	50,059	3,274,667	1,000,798	677,582	610,352	268,444	5,881,902
2010	49,126	3,241,204	992,781	686,260	611,618	266,920	5,847,909
2011	49,197	3,245,697	997,743	689,849	613,018	266,958	5,862,462

Source: State of California, Department of Finance.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 10 – Wage and Salary Employment by County in the SCAG Region**  
**Last Ten Calendar Years**

<u>Calendar year</u>	<u>Imperial</u>	<u>Los Angeles</u>	<u>Orange</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Ventura</u>	<u>Total</u>
2002	50,800	4,034,600	1,411,000	508,900	575,900	301,000	6,882,200
2003	51,900	3,990,800	1,436,200	529,600	589,900	304,400	6,902,800
2004	51,300	4,004,100	1,463,400	557,400	621,300	306,900	7,004,400
2005	53,000	4,031,600	1,496,500	593,100	647,100	313,700	7,135,000
2006	56,200	4,100,100	1,524,300	620,500	664,400	320,700	7,286,200
2007	56,000	4,129,600	1,520,500	620,200	667,100	320,800	7,314,200
2008	58,200	4,077,600	1,486,200	592,000	647,700	316,400	7,178,100
2009	54,800	3,830,300	1,375,900	546,300	603,500	299,600	6,710,400
2010	54,900	3,775,300	1,356,700	536,600	589,300	296,800	6,609,600
2011	55,483	3,788,900	1,361,883	535,520	588,114	298,200	6,628,100

Source: Processed by SCAG Staff; CA EDD - March 2010 Benchmark, 7/22/2011

2011 data: average between January 11 and June 11

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 11 – Labor Force by County in the SCAG Region**  
**Last Ten Calendar Years**

<b>Calendar year</b>	<b>Imperial</b>	<b>Los Angeles</b>	<b>Orange</b>	<b>Riverside</b>	<b>San Bernardino</b>	<b>Ventura</b>	<b>Total</b>
2002	57,600	4,770,200	1,532,800	750,400	791,000	408,200	8,310,200
2003	59,100	4,759,100	1,557,000	781,700	808,200	412,700	8,377,800
2004	59,700	4,764,600	1,575,100	820,900	832,400	413,900	8,466,600
2005	60,800	4,771,400	1,588,800	854,300	853,100	416,800	8,545,200
2006	63,200	4,808,600	1,601,800	883,400	862,100	420,600	8,639,700
2007	66,100	4,874,600	1,609,400	903,800	863,900	423,900	8,741,700
2008	72,400	4,930,900	1,617,200	912,100	862,700	429,200	8,824,500
2009	75,900	4,900,100	1,588,700	916,600	858,300	430,300	8,769,900
2010	77,100	4,879,500	1,580,900	913,800	855,700	430,900	8,737,900
2011	75,733	4,872,667	1,568,350	900,583	845,133	428,283	8,690,749

Source: Processed by SCAG Staff; CA EDD - March 2010 Benchmark, 7/22/2011

2011 data: average between January 11 and June 11

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 12 – Unemployment by County in the SCAG Region**  
**Last Ten Calendar Years**

<b>Calendar year</b>	<b>Imperial</b>	<b>Los Angeles</b>	<b>Orange</b>	<b>Riverside</b>	<b>San Bernardino</b>	<b>Ventura</b>	<b>Total</b>
2002	8,600	323,100	76,400	48,600	47,800	23,600	528,100
2003	9,200	332,000	74,400	51,100	50,700	23,900	541,300
2004	10,200	310,400	67,100	49,300	48,100	22,200	507,300
2005	9,800	255,400	59,900	46,100	44,700	19,900	435,800
2006	9,700	229,900	54,400	44,400	41,500	18,100	398,000
2007	11,900	247,600	62,400	54,300	48,200	20,600	445,000
2008	16,200	367,600	84,900	77,400	68,600	26,700	641,400
2009	21,200	563,500	141,000	123,000	111,200	42,500	1,002,400
2010	22,900	617,200	151,200	134,300	121,900	46,600	1,094,100
2011	21,367	595,150	139,833	125,367	115,333	43,717	1,040,767

Source: Processed by SCAG Staff; CA EDD - March 2010 Benchmark, 7/22/2011

2011 data: average between January 11 and June 11

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 13 – Principal Employers by County in the SCAG Region**  
**Current Year**

	Employees	Percent of Total
<b>Imperial</b>		
1 State of California	3,018	5.31%
2 Maui Harvesting	3,000	5.28%
3 Federal Government	1,962	3.45%
4 Imperial County	1,800	3.17%
5 National Beef	1,695	2.98%
6 Corrections Dept.	1,207	2.12%
7 Centinela State Prison	1,200	2.11%
8 El Centro Regnl Mede Ctr Human	864	1.52%
9 Jjall LLC	800	1.40%
10 Walmart Supercenter	788	1.39%
<b>Los Angeles</b>		
1 Los Angeles County	101,296	2.67%
2 Los Angeles Unified School District	68,902	1.82%
3 City of Los Angeles	56,200	1.48%
4 Federal Government	48,099	1.27%
5 Kaiser Permanente	34,097	0.90%
6 State of California	30,500	0.80%
7 UCLA	28,400	0.75%
8 Northop Grumman	19,100	0.50%
9 Boeing	14,400	0.38%
10 Long Beach Unified School District	13,100	0.35%
<b>Orange</b>		
1 University of CA - Irvine	20,650	1.50%
2 Walt Disney, Co.	20,000	1.46%
3 County of Orange	17,655	1.29%
4 St. Joseph Health System	11,965	0.87%
5 Boeing	8,060	0.58%
6 Bank of America	6,500	0.47%
7 Yum Brands, Inc.	6,500	0.47%
8 Supervalu, Inc.	5,900	0.43%
9 Kaiser Permanente	5,397	0.39%
10 Target	5,325	0.39%

Data Compiled Based on data from California Employment Development Dept.



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 13 – Principal Employers by County in the SCAG Region (continued)**  
**Current Year**

	Employees	Percent of Total
<b>Riverside</b>		
1 Riverside County	17,669	3.30%
2 March Air Reserve Base	8,500	1.59%
3 Stater Bros Markets	6,900	1.29%
4 University of CA - Riverside	5,790	1.08%
5 Corona-Norco Unified School District	4,790	0.89%
6 KSL Resorts	4,000	0.75%
7 Pechanga Resort & Casino	4,000	0.75%
8 Riverside Unified School District	3,801	0.71%
9 Hemet Unified School District	3,546	0.66%
10 Moreno Valley Unified School District	3,481	0.65%
<b>San Bernardino</b>		
1 San Bernardino County	15,386	2.60%
2 Ontario Intl Airport	7,690	1.30%
3 Loma Linda University Hospital	7,558	1.29%
4 Kaiser Permanente	6,092	1.03%
5 San Bernardino City Unified	4,055	0.69%
6 Fontana Unified School District	3,953	0.67%
7 San Manuel Indian Bingo Casino	3,216	0.55%
8 Chino Valley Unified School District	3,200	0.54%
9 Arrowhead Regional Medical Center	2,813	0.48%
10 VA Medical Center	2,584	0.44%
<b>Ventura</b>		
1 Federal Government	18,000	5.96%
2 Ventura County	8,772	2.90%
3 Amgen Inc	6,600	2.19%
4 Anthem Blue Cross	3,620	1.20%
5 Community Memorial Hospital	2,000	0.66%
6 St John's Regional Medical	1,994	0.66%
7 Los Robles Hospital	1,469	0.49%
8 Baxter Healthcare	1,050	0.35%
9 Haas Automation	996	0.33%
10 Farmers Insurance group	990	0.33%

Data Compiled Based on data from California Employment Development Dept.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 14 – Housing Units by County in the SCAG Region**  
**Last Ten Calendar Years**

<b>Calendar year</b>	<b>Imperial</b>	<b>Los Angeles</b>	<b>Orange</b>	<b>Riverside</b>	<b>San Bernardino</b>	<b>Ventura</b>	<b>Total</b>
2002	45,035	3,292,582	986,067	613,667	613,139	258,798	5,809,288
2003	45,944	3,308,777	994,130	634,197	621,964	261,900	5,866,912
2004	46,531	3,323,630	1,003,929	659,795	632,267	264,583	5,930,735
2005	48,495	3,341,548	1,013,842	690,075	645,639	267,363	6,006,962
2006	51,792	3,364,750	1,018,380	722,361	661,668	270,587	6,089,538
2007	54,789	3,382,356	1,024,692	753,797	676,909	274,224	6,166,767
2008	55,599	3,403,480	1,030,289	773,331	685,642	276,320	6,224,661
2009	56,237	3,418,698	1,035,491	780,112	690,234	277,895	6,258,667
2010	56,067	3,445,076	1,048,907	800,707	699,637	281,695	6,332,089
2011	56,123	3,450,092	1,054,626	804,915	700,776	282,209	6,348,741

Source: California Department of Finance.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 15 – Median Home Values by County in the SCAG Region**  
**Last Ten Calendar Years**

<u>Calendar year</u>	<u>Imperial</u>	<u>Los Angeles</u>	<u>Orange</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Ventura</u>	<u>Average</u>
2002	\$ 130,200	263,767	335,818	187,359	152,839	320,729	231,785
2003	136,710	330,000	450,000	238,000	181,000	400,000	289,285
2004	146,000	414,000	540,000	319,000	246,000	500,000	360,833
2005	157,000	494,000	617,000	388,000	344,000	592,000	432,000
2006	182,000	509,000	626,000	423,000	365,000	584,000	448,167
2007	245,100	530,958	628,000	414,261	367,125	582,687	461,355
2008	191,239	458,556	506,117	271,352	239,834	425,022	348,687
2009	125,000	320,000	415,000	189,000	149,000	356,000	259,000
2010	125,000	333,000	433,000	200,000	155,000	370,000	269,333
2011	119,000	318,000	445,000	210,000	148,000	355,000	265,833

Source: Data Quick.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 16 – Land Use by County in the SCAG Region**  
**Last Ten Calendar Years**

<b>Calendar year</b>	<b>Imperial</b>	<b>Los Angeles</b>	<b>Orange</b>	<b>Riverside</b>	<b>San Bernardino</b>	<b>Ventura</b>	<b>Total</b>
2002	4,175	4,060	790	7,208	20,062	1,846	38,141
2003	4,175	4,060	790	7,208	20,062	1,846	38,141
2004	4,175	4,060	790	7,208	20,062	1,846	38,141
2005	4,175	4,060	790	7,208	20,062	1,846	38,141
2006	4,175	4,060	790	7,208	20,062	1,846	38,141
2007	4,175	4,060	790	7,208	20,062	1,846	38,141
2008	4,175	4,060	790	7,208	20,062	1,846	38,141
2009	4,175	4,060	790	7,208	20,062	1,846	38,141
2010	4,175	4,060	790	7,208	20,062	1,846	38,141
2011	4,175	4,060	790	7,208	20,062	1,846	38,141

Note: Units are in square miles.

Source: Census Bureau Tiger File

**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
2001	\$ 5,974,962,496	582,445,970,989	225,513,689,510	88,029,325,251	81,660,106,184	56,225,012,611	1,039,849,067,041
2002	6,509,341,507	622,333,984,376	246,142,319,416	97,381,425,501	86,962,701,280	61,033,182,674	1,120,362,954,754
2003	6,576,083,449	660,226,621,950	266,813,653,450	108,274,548,900	93,866,366,040	65,931,327,778	1,201,688,601,567
2004	7,111,265,553	709,464,293,809	284,868,806,916	121,044,256,493	102,025,286,469	71,391,458,104	1,295,905,367,344
2005	7,244,127,196	761,355,097,239	308,833,261,022	138,021,800,263	112,879,426,833	77,897,210,734	1,406,230,923,287
2006	7,831,908,679	835,894,825,705	339,760,670,292	165,323,198,637	129,136,246,197	86,088,492,662	1,564,035,342,172
2007	8,564,454,422	925,501,028,378	378,176,307,920	203,416,131,874	152,260,354,563	96,231,323,104	1,764,149,600,261
2008	10,233,444,219	1,010,019,713,739	410,016,640,580	237,388,487,198	176,135,269,285	103,943,537,873	1,947,737,092,894
2009	11,096,494,701	1,080,877,140,886	426,132,974,772	240,799,096,250	185,367,040,358	107,273,535,930	2,051,546,282,897
2010	10,786,878,349	1,075,011,703,995	420,208,433,390	215,292,421,831	174,112,125,571	104,656,698,553	2,000,068,261,689

Source: State of California – Controller's Office.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 18 – Full-time and Part-time Employees by Function**  
**Last Nine Fiscal Years**

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

<b>Fiscal Year</b>	<b>Transportation</b>	<b>High Speed Rail</b>	<b>Aviation</b>	<b>Environmental</b>	<b>Housing</b>	<b>Water</b>	<b>Administration</b>	<b>Total</b>
2003	64						45	109
2004	54						43	97
2005	44	1	1	1	6	1	42	96
2006	42	2	1	1	6		49	101
2007	71	1	1	3	2	1	67	146
2008	48	1	1	3	3		55	111
2009	44	1	1	3	2		57	108
2010	43	1	1	3	2		59	109
2011	43	1	1	3	2		55	105

SCAG has elected to show only nine years of data

Source: SCAG HR Department.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 19– Operating Indicators by Function**  
**Last Nine Fiscal Years**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Transportation</b>									
No. of projects undertaken	24	13	13	15	27	25	24	55	50
Grants & Contracts Revenue	\$ 26,433,070	21,320,486	19,082,487	20,640,246	28,806,467	31,699,796	29,929,881	33,664,593	29,354,637
<b>High Speed Rail</b>									
No. of projects undertaken	1	1	1	3	2	1	1	1	1
Grants & Contracts Revenue	\$ 999,227	231,821	19,738	1,773,395	443,831	899,136	32,989	42,594	98,354
<b>Aviation</b>									
No. of projects undertaken	4	4	3	4	3	3	1	3	3
Grants & Contracts Revenue	\$ 1,097,588	913,280	871,935	1,019,056	626,352	375,864	276,933	266,702	884,816
<b>Environmental</b>									
No. of projects undertaken				2		2	2		7
Grants & Contracts Revenue	\$			156,337		2,574,424	49,467		2,401,731
<b>Housing</b>									
No. of projects undertaken				1					2
Grants & Contracts Revenue	\$			49,769					1,306,547
<b>Water</b>									
No. of projects undertaken			1		1				
Grants & Contracts Revenue	\$		70,389		77,615				
<b>Social Sciences</b>									
No. of projects undertaken					1				
Grants & Contracts Revenue	\$				11,419				

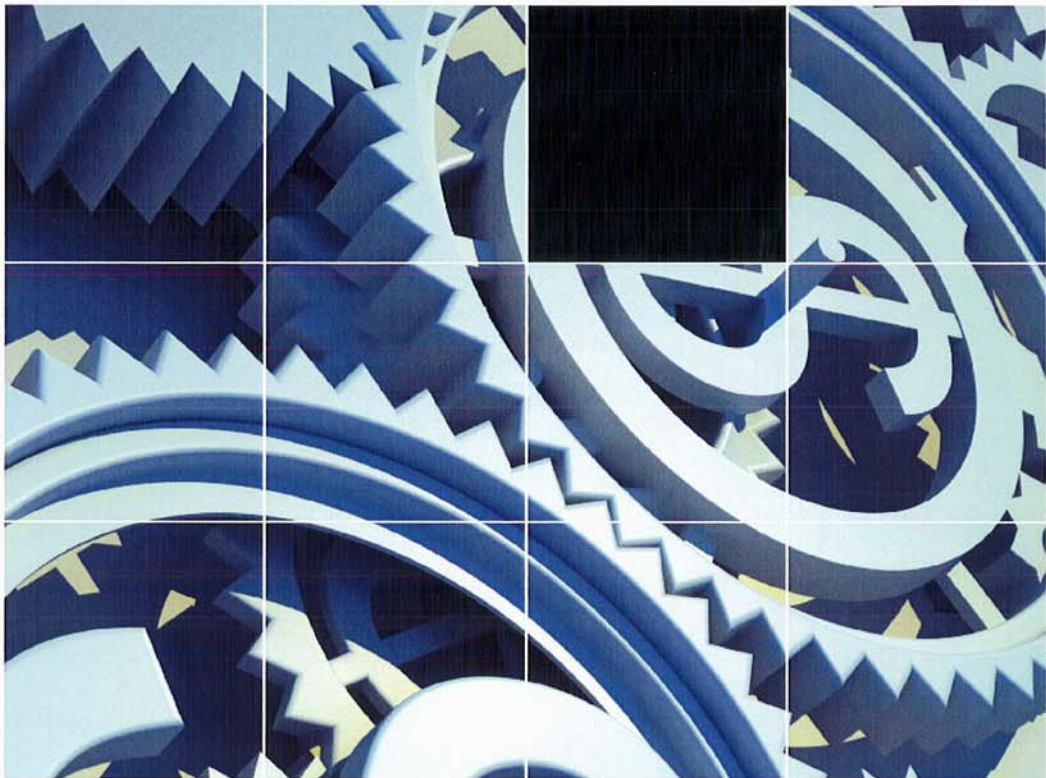
SCAG has elected to show only nine years of data for this schedule.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 20– Capital Assets Statistics by Function**  
**Last Nine Fiscal Years**

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No capital assets indicators are available to SCAG.





## **SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**

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The Southern California Association of Governments (SCAG) is the nation's largest metropolitan planning organization and council of governments. To better serve the 18 million residents and 191 cities it represents, SCAG has an office in each of its six member counties: Imperial, Los Angeles, Orange, Riverside, San Bernardino and Ventura. For more information about SCAG call (213) 236-1800 or visit us at [www.scag.ca.gov](http://www.scag.ca.gov).

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