

# COMPREHENSIVE ANNUAL FINANCIAL REPORT 2014

Year Ended June 30, 2014

SOUTHERN CALIFORNIA



ASSOCIATION of  
GOVERNMENTS

Finance Department  
BASIL PANAS, Chief Financial Officer  
Administration Division



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BASIL PANAS, Chief Financial Officer  
Administration Division



**Comprehensive Annual Financial Report**  
**Southern California Association of Governments**  
*Year ended June 30, 2014*  
*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

Carl Morehouse, San Buenaventura

First Vice President

Cheryl Viegas-Walker, El Centro

Second Vice President

Michele Martinez, Santa Ana

Immediate Past President

Greg Pettis, Cathedral City

**Executive/Administration  
Committee Chair**

Carl Morehouse, San Buenaventura

**Policy Committee Chairs**

Community, Economic and  
Human Development  
Margaret Finlay, Duarte

Energy & Environment  
Deborah Robertson, Rialto

Transportation  
Alan Wapner, San Bernardino  
Associated Governments

December 19, 2014

Honorable Carl Morehouse, 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 2013/14*

Dear President Morehouse 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, 2014.

This Letter of Transmittal is the first item in the introductory section of the CAFR. Its purpose is firstly to provide readers with general financial information about the basic financial statements in the CAFR and 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 at the same time, to highlight several significant planning programs mandated by Federal and State requirements, which were successfully managed in 2013/2014.

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 FY 2013/14 CAFR.



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

We are pleased to report that the Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to SCAG for its CAFR for the fiscal year ended June 30, 2013. This was the ninth 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 & 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, 2014 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 & Company LLP. The Single Audit report for the year ended June 30, 2014 is issued separately from the CAFR and is available upon written request to the Chief Financial Officer.

### **Management Discussion and Analysis**

The provisions of GASB 34, as amended by GASB 37 and GASB 38, require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). MD&A is an opportunity for management to reach beyond the familiar to a new and different analytical overview of financial activities. The transactions and events in FY 2013/14 are discussed fully in the MD&A.

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

### **SCAG Management & Financial Goals for FY 2014/15**

- Continue progress with the initiatives set forth in the adopted 2012 Regional Transportation Plan Sustainable Communities Strategy (RTP/SCS), and begin preparation of the 2016 RTP/SCS with a focus on the following: emerging new technologies; sustainable transportation strategies; a sustainable transportation finance strategy; a sustainable regional freight strategy; a sustainable rail and transit strategy; and a regional aviation strategy. Complete the process of funding all 73 projects in SCAG's Sustainability Program. As of June 30, 2014, 44 projects were funded and most of the contracts had been executed. The remaining 29 projects will be funded and procured in FY2014/15.
- Strategically deploy SCAG's additional TDA funding to maximize its leverage as primary or match funding for critical projects.

### **Profile of SCAG**

City and county governments along with other local agencies throughout Southern California come together at SCAG to develop solutions to common concerns in transportation, housing, air quality, 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
- 191 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 69 Districts who represent the 191 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 serve as elected officials 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 his or her respective representation are included in the introductory section.

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

### **SCAG's Mandates**

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

#### **(a) Development of the RTP/SCS**

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 define 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 ensures 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.

Senate Bill 375 (Steinberg), or SB 375, is California legislation that became law effective January 1, 2009. It requires Metropolitan Planning Organizations in California, such as SCAG, develop a Sustainable Communities Strategy (SCS) in conjunction with the RTP to reduce greenhouse gas (GHG) emissions from cars and light trucks by creating nexuses between land uses and transportation infrastructure investments and policy. In compliance with this law SCAG developed and incorporated its very first SCS into the adopted 2012 RTP/SCS.

The 2012 RTP/SCS was adopted in April 2012, and was the culmination of a multi-year effort that involved transportation, land use and housing stakeholders from across the region. It represents the most comprehensive long-term vision for the future of our transportation system as well as urban forms that best complement our current and future transportation system, while supporting the objectives of SB 375. Given the size and complexity of our region, by necessity the RTP/SCS 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 the regular four-year updates, to ensure major projects being planned and implemented in the region remain consistent with the prevailing RTP/SCS. SCAG finalized its first amendment to the 2012 RTP/SCS in FY 2012/13, and adopted its second amendment to the 2012 RTP/SCS in September 2014. In addition to putting forth bold transportation initiatives, including an unprecedented level of emphasis on system preservation, the 2012 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 full update of the RTP/SCS is scheduled for review and adoption by the Regional Council in April 2016.

### **(b) Development of the Federal Transportation Improvement Program**

The Federal Transportation Improvement Program (FTIP) is the short-range program that includes a multi-modal list of capital improvement projects to be implemented over a six-year period and is the program that implements the Regional Transportation Plan (RTP). SCAG is responsible for developing the FTIP in cooperation with the State (Caltrans), the County Transportation Commissions (CTCs) and public transit operators every two years. The FTIP must include all federally funded transportation projects in the region, as well as all regionally significant transportation projects which require approval from federal funding agencies regardless of the funding sources. The current 2015 FTIP is expected to be federally approved in December 2014.

### **(c) Conformity with 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 an expert panel of economists and demographers, 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 for federal and state mandated long-range planning efforts such as the RTP/SCS, the FTIP, a portion of the Air Quality Management Plan (AQMP) and the Regional Housing Needs Assessment Plan (the last two are further described below).

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. SCAG has prepared the 5<sup>th</sup> cycle RHNA Allocation Plan for the planning period from October 2013 to October 2021, which was adopted by the Regional Council in October 2012. In response to challenges raised during the development of the 5<sup>th</sup> RHNA Allocation Plan, a RHNA and Housing Element Reform Subcommittee was formed to discuss and review possible reforms to the RHNA and

housing element processes. The Subcommittee is expected to conclude its work in the FY 2014/15 fiscal year.

**(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 socio-economic and travel activity projections and the regional transportation strategy and control measures portion of the AQMP about every three years. SCAG had prepared its portion of the South Coast AQMP for particulate matter (PM 2.5) pollutants and submitted it to SCAQMD for inclusion in the Final 2012 South Coast AQMP. The SCAQMD Governing Board adopted the AQMP in December 2012. SCAG will prepare its portion of the 2016 AQMP based upon the development of the upcoming 2016 RTP/SCS.

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

Pursuant to the California Environmental Quality Act (CEQA), SCAG undertakes the appropriate environmental review of the RTP/SCS. This mostly involves the preparation of a Program Environmental Impact Report (PEIR) for the RTP/SCS. Additionally, in accordance with CEQA regulations, SCAG reviews projects of regional significance for consistency with SCAG's regional plans and policies. Further, pursuant to Presidential Executive Order 12372, SCAG is responsible for intergovernmental review of federal actions (e.g., applications for federal grants and financial assistance programs, and federal environmental documents) for consistency with regional planning goals.

**(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 SCAG’s management leadership coaching program has yielded noticeable benefits. So far, fifteen of SCAG management employees have participated. Additionally, the whole Executive Team is participating in the program for the 2014/15 fiscal year to further enhance their leadership effectiveness. Along with the SCAG Strategic Plan to guide us, we are able to regularly assess our actual performance and to make 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 Morehouse, 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 Ikhrata

*Executive Director*



Basil Panas

*Chief Financial Officer*

## 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 document was financed in part through funds from the Federal Highway Administration and Federal Transit Administration. Additional financial assistance was provided by the California 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: Carl Morehouse, San Buenaventura  
 First Vice President: Cheryl Viegas-Walker, El Centro  
 Second Vice President: Michele Martinez, Santa Ana  
 Immediate Past President: Greg Pettis, Cathedral City

### 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 | Dante Acosta, Santa Clarita | Bruce Barrows, Cerritos | Bob Blumenfield, Los Angeles | Mike Bonin, Los Angeles | Joe Buscaino, Los Angeles | Gilbert Cedillo, City of Los Angeles | Margaret Clark, Rosemead | Jonathan Curtis, La Cañada Flintridge | Gene Daniels, Paramount | Mitchell Englander, Los Angeles | Margaret E. Finlay, Duarte | Roy Francis, La Habra Heights | Felipe Fuentes, Los Angeles | Eric Garcetti, Los Angeles | James Gazeley, Lomita | Mario Guerra, Downey | Carol Herrera, Diamond Bar | Steven 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 | Nury Martinez, Los Angeles | Dan Medina, Gardena | Barbara Messina, Alhambra | Judy Mitchell, Rolling Hills Estates | Gene Murabito, Glendora | Steven Neal, Long Beach | Pam O'Connor, Santa Monica | Mitch O'Farrell, Los Angeles | Bernard Parks, Los Angeles | Sam Pedroza, Claremont | Curren D. Price, Jr., Los Angeles | Mark Rutherford, Westlake Village | Ali Saleh, Bell | Jess Talamantes, Burbank | Herb J. Wesson, Jr., Los Angeles

Orange County: Shawn Nelson, Orange County | Art Brown, Buena Park | Steven Choi, Irvine | Leslie Daigle, Newport Beach | Jim Katapodis, Huntington Beach | Michele Martinez, Santa Ana | Kathryn McCullough, Lake Forest | Leroy Mills, Cypress | Mike Munzing, Aliso Viejo | Brett Murdock, Brea | Kris Murray, Anaheim | John Nielsen, Tustin | Tri Ta, Westminster

Riverside County: Jeff Stone, Riverside County | Rusty Bailey, Riverside | Jeff DeGrandpre, Eastvale | Jim Hyatt, Calimesa | Greg Pettis, Cathedral City | Ron Roberts, Temecula | Julio Rodriguez, Perris | Karen Spiegel, Corona | Michael Wilson, Indio

San Bernardino County: Gary Ovitt, San Bernardino County | Paul Eaton, Montclair | Ed Graham, Chino Hills | Bill Jahn, Big Bear Lake | Larry McCallon, Highland | Ryan McEachron, Victorville | Frank Navarro, Colton | Deborah Robertson, Rialto

Ventura County: Linda Parks, Ventura County | Glen Becerra, Simi Valley | Carl Morehouse, San Buenaventura | Carmen Ramirez, Oxnard

Tribal Government Representative: Andrew Masiel, Sr., Pechanga Band of Luiseño Indians

Orange County Transportation Authority: Matthew Harper

Riverside County Transportation Commission: Adam Rush, Eastvale

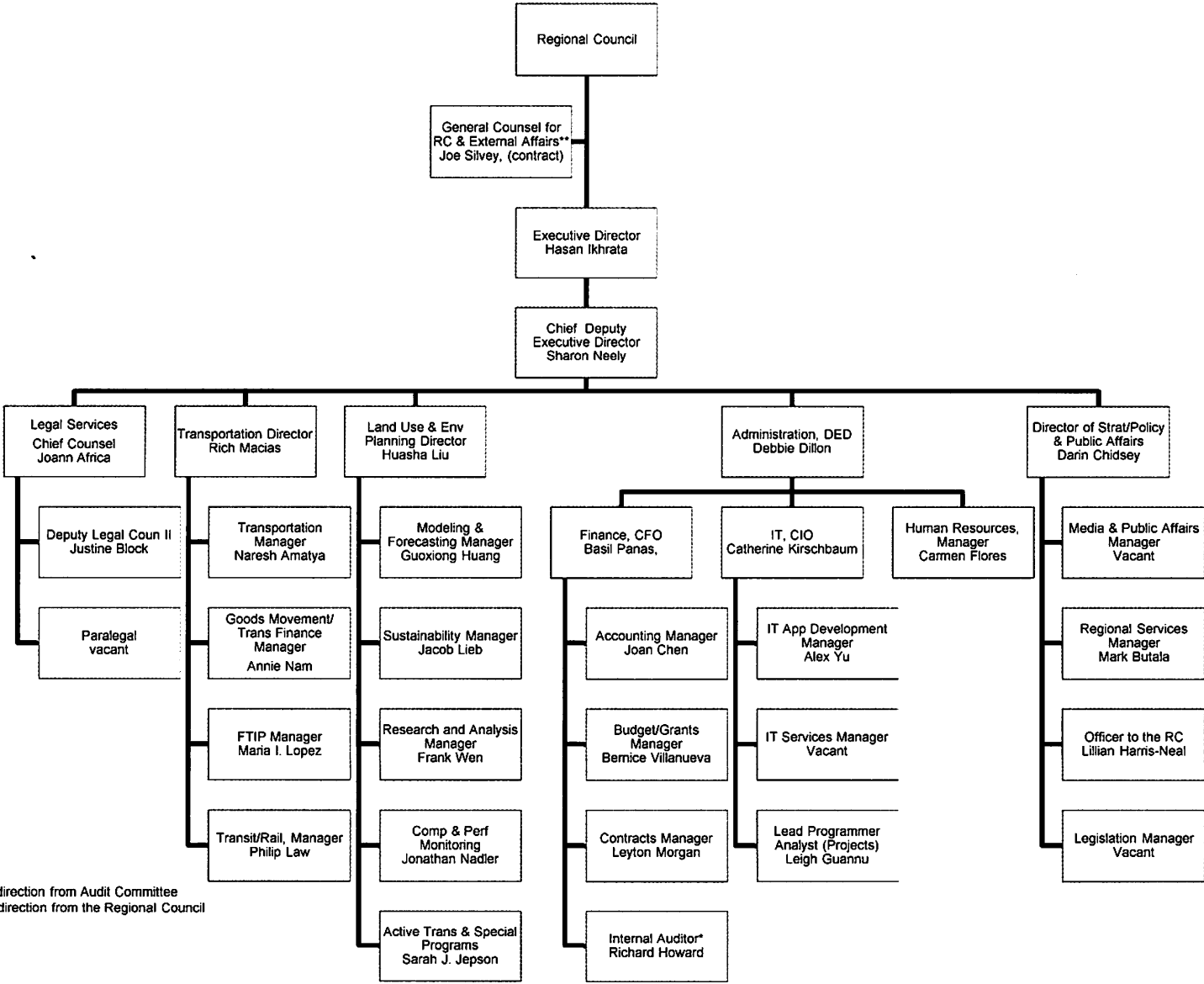
San Bernardino Associated Governments: Alan Wapner, Ontario

Ventura County Transportation Commission: Keith Millhouse, Moorpark

Transportation Corridors Agency: Lisa Bartlett, Dana Point

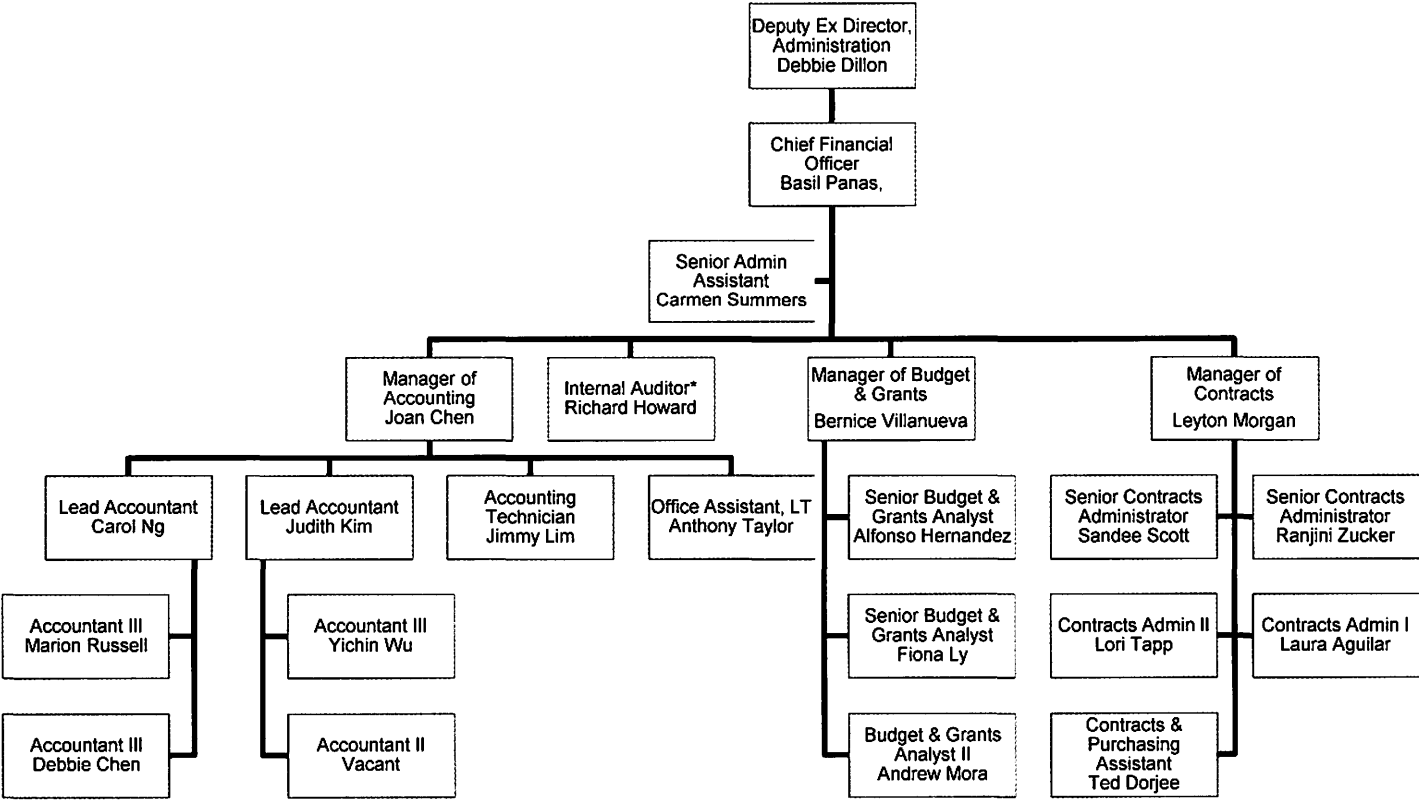


# SCAG Organization Chart – June 30, 2014



\* Takes direction from Audit Committee  
 \*\* Takes direction from the Regional Council

# Finance Division Organization Chart - June 30, 2014



\*Reports to Audit Committee



Government Finance Officers Association

**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, 2013**

Executive Director/CEO

**FINANCIAL  
SECTION**

## Report of Independent Auditors

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Southern California Association of Governments as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Southern California Association of Governments' basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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



### ***Opinion***

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 Southern California Association of Governments as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 16-26 and 57-63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental combining financial statements and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014 on our consideration of 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* in considering Southern California Association of Governments' internal control over financial reporting and compliance.

*Vasquez + Company LLP*

Los Angeles, California  
December 19, 2014

**MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS**



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2014**

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## **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, 2014. 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 composed of the government-wide financial statements, the governmental fund financial statements, and notes to the basic financial statements. These various presentations combine to form a single, integrated set of basic financial statements.

In this MD&A, the Statement of Net Position and the individual accounts, which comprise total assets and 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 FY 2013-2014.

## **FINANCIAL HIGHLIGHTS**

- Revenues decreased to \$35.1 million in FY 2013-2014 from \$35.6 million in FY 2012-2013, a decrease of \$0.5 million, or 1%.
- Federal revenues decreased by \$1.0 million; state revenues decreased by \$0.3 million; local revenues increased by \$0.6 million; and General Fund revenues increased by \$0.2 million.
- Net position increased by \$4.3 million to \$13.8 million. The increase was attributable to the surpluses in the Transportation Development Act Fund.
- Cash increased by \$4.8 million; receivables decreased by \$0.9 million; and accounts payable and contracts payable increased by \$0.7 million, all compared to FY 2012-2013.
- Cash balances were adequate to support operations. There were no draws on SCAG's line of credit in FY 2013-2014.
- Receivables decreased \$0.9 million to \$8.0 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 increased \$0.7 million to \$3.6 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 position and the statement of activities.

The Statement of Net Position is the basic government-wide statement of financial position. It presents information on all assets and liabilities, deferred outflows of resources and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SCAG is improving or deteriorating.

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

The government-wide financial statements distinguish between the activities of SCAG that are principally supported by grants or contracts, and the General Fund activities which are intended to be covered primarily by dues paid by SCAG's members. Changes in net position are a result of the financial activities of the General and Transportation Development Act (TDA) funds, not from the grant funds, which operate on a cost-reimbursement basis. The government-wide financial statements can be found on pages 27 and 28 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. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

The focus of governmental funds is narrower than the government-wide financial statements; however, it is useful to compare and reconcile the governmental funds with the information presented in the government-wide financial statements. A comparison will provide a better understanding of the near-term and long-term impact of SCAG's financial decisions. Governmental 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**  
**Year ended June 30, 2014**

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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 33 to 56 of this report.

**Statement of Net Position**

The Statement of Net Position is prepared using accrual accounting since its measurement focus is total economic resources. Thus, it reports both long-term and short-term assets and deferred outflows of resources and liabilities and deferred inflows of resources. At the end of FY 2013-2014, assets exceeded liabilities by \$13,818,620 an increase of \$4,250,085 from FY 2012-2013. This results from the increase in TDA fund balances. No other funds have a fund balance. There were no deferred outflows/inflows of resources at June 30, 2014 and 2013.

The following is a summary of net positions as of June 30, 2014 and 2013:

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Current and other assets	\$ <b>19,586,470</b>	\$ 15,300,690
Capital assets, net	<b>2,766,741</b>	1,954,455
Total assets	<b>22,353,211</b>	17,255,145
Current liabilities	<b>6,574,560</b>	5,936,591
Noncurrent liabilities	<b>1,960,031</b>	1,750,019
Total liabilities	<b>8,534,591</b>	7,686,610
Net position		
Invested in capital assets	<b>2,766,741</b>	1,954,455
Restricted	<b>8,195,221</b>	4,408,177
Unrestricted	<b>2,856,658</b>	3,205,903
Total net position	<b>\$ 13,818,620</b>	\$ 9,568,535

**Cash and Cash Equivalents**

Over the last year, cash and cash equivalents has increased \$4.8 million to \$10.9 million. During that same period, cash as a percentage of total assets increased from 35% to 49% due to the decrease in receivables during that period.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2014**

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Included in cash was \$8.2 million of TDA, and \$0.3 million of member dues for FY 2014-2015 received in FY2013-2014.

**Accounts Receivable (AR)**

ARs from federal, state, local and other agencies at the end of FY 2013-2014 were \$8.0 million compared to \$8.9 million the year before. AR balances represented 36% of total assets compared to 52% in FY 2012-2013.

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

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

Federal ARs at \$7.2 million were \$0.1 million less than last year. State receivables decreased by \$0.05 million to \$0.4 million. Local grants and contracts receivable decreased by \$0.3 million to \$0.3 million. Other receivables decreased from \$0.4 million to \$0.1 million.

**Accounts and Contracts Payable (AP)**

During FY 2013-2014, SCAG met its goal of paying 95% of invoices within 30 days in six of the twelve months. This was due to a vacancy in the Accounting Department and a recruitment is currently underway. The AP balance increased from \$2.9 million to \$3.6 million.

**Line of Credit (LOC)**

During FY 2013-2014, SCAG did not draw on its LOC.

The LOC is a \$6.5 million credit line with an independent financial institution, which expires on February 28, 2015. 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%. LIBOR advances incur a fixed rate of interest for a fixed period which is 2.5% above the bank's LIBOR rate.

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**Capital Assets**

Net investment in net capital assets of \$2,766,741 represents about 20% of net position. 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 (\$100,000 for intangible assets) and have a useful life of more than one year. Net investment in capital assets includes computer equipment, leasehold improvements, and furniture and fixtures as follows:

	June 30	
	2014	2013
Computer equipment and software, net	\$ 2,611,065	\$ 1,857,916
Leasehold improvements, net	48,814	38,997
Furniture and fixtures, net	106,862	57,542
	\$ 2,766,741	\$ 1,954,455

**Statements of Activities**

	Years ended June 30	
	2014	2013
<b>REVENUES</b>		
Charges for services - member dues	\$ 1,834,522	\$ 1,779,184
Operating grants and contributions	32,833,285	33,510,829
General revenues:		
Interest income	53,149	28,479
Other revenue	378,659	278,235
	35,099,615	35,596,727
<b>EXPENSES</b>		
Transportation	23,153,109	24,518,174
Aviation	303,773	357,539
Environmental	1,403,147	320,850
High-speed rail	305,054	196,200
Housing	1,505,232	1,993,419
Sustainability initiatives	2,173,803	5,473,095
Administration	2,005,412	1,560,377
	30,849,530	34,419,654
Change in net position	4,250,085	1,177,073
Net position - beginning	9,568,535	8,391,462
Net position - ending	\$ 13,818,620	\$ 9,568,535

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2014**

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

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

Total revenues in FY 2013-2014 were \$35.1 million compared to \$35.6 million last year. This is decrease of \$0.5 million or about 1%.

The increase in net position is primarily due to unspent TDA Fund revenues. TDA is a potential funding source for SCAG's unmet needs (i.e., local match for CPG-funded projects or the Sustainability Program).

### **Major Expenses**

In FY 2013-2014, salary expenses were \$12.0 million which included \$1.6 million of non-worktime (e.g., vacation leave, sick leave, and holiday). The comparable amounts in FY 2012-2013 were \$12.4 million and \$1.7 million, respectively. Salaries, including non-worktime, represent about 39% of total expenses.

Consultant expenses are the next largest expense line item. They decreased \$2.9 million to \$8.1 million in FY 2013-2014 from \$11.0 million in FY 2012-2013. They represent about 26% of total expenses. Detailed information concerning specific consultant activities is analyzed below in the discussion about major revenues and expenses of federal, state and local grants and the General Fund.

### **Federal Transportation Grants**

#### **Major FHWA and FTA Grants**

On annual basis, SCAG receives two major federal grants for Metropolitan Planning from the Federal Highway Administration (FHWA) and Section 5303 from the Federal Transit Administration (FTA). 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.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2014**

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These two grants were billed \$24.8 million in FY 2013-2014 compared to \$26.4 million in FY 2012-2013. FHWA revenues amounted to \$17.7 million and FTA \$7.1 million in FY 2013-2014. Salaries and fringe benefits accounted for \$11.2 million, consultant expenses were \$2.5 million and the balance consisted of indirect overhead of \$9.7 million and other direct project costs of \$1.4 million. Other direct project expenses include professional services, travel, printing and other non-labor costs.

**Other Federal Grants**

In addition to the two (2) metropolitan planning funding programs under the federal Consolidated Planning Grant (CPG), there are five (5) federal grant programs awarded to SCAG to fund specific project activities.

*FTA Section 5304 and FHWA Partnership Planning*

The total FTA Section 5304 and FHWA Partnership Planning budget was approximately \$2.4 million. The total amount expended for these two grant programs was about \$0.7 million in FY 2013/14. The unused balance for grants not expiring at the end of fiscal year are carried forward to FY 2014-2015 and future years, if needed, subject to authorization from Caltrans. In August 2014, SCAG was awarded six (6) new grants amounting to approximately \$1.1 million for FY 2014-2015.

*FTA Section 5310*

As part of the responsibilities of an MPO, SCAG is responsible for the administration of the program fund allocations and coordinating the project selection between the County Transportation Commissions and Caltrans.

*FTA Section 5316 Jobs Access and Reverse Commute (JARC) and 5317 New Freedom*

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.

*FTA Section 5337 State of Good Repair*

As the Designated Recipient, SCAG is responsible for the administration of the program fund allocations and monitoring the grant program to ensure the funds are obligated and to ensure that projects that are selected are included in the Federal Transportation Improvement program and the State Transportation Improvement Plan.

*FTA Section 5339 Bus and Bus Facilities*

As the Designated and Direct Recipient, SCAG is responsible passing the funds through to eligible subrecipients and ongoing monitoring and compliance of the grant program. In FY 2012-2013, approximately \$30.5 million was appropriated to the SCAG region. In FY 2013-2014, approximately \$33.3 million was appropriated to the SCAG region. For FY 2014-2015, the appropriations have yet to be allocated, however, management expects the amount to be consistent with the two past years.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2014**

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*Other Federal*

As for federal agencies other than FTA, SCAG received a grant award in the amount of \$3.2 million from FHWA for the Value Pricing Pilot Program. Caltrans is the Direct Recipient of the funds from FHWA and SCAG is responsible for managing the program. In addition, the Cooperative Agreement for the program was authorized on November 15, 2012 and will be completed by November 15, 2015.

SCAG has a total of four (4) pass-through grants funded by the Department of Energy. All four (4) grants are related to the Clean Cities Coalitions, and total about \$173,000. Two of the four grants are passed through from the South Coast Air Quality Management District (AQMD). The third grant is a pass-through from Leonardo Technologies, Inc. (LTI) for Clean Cities Coalition Programmatic Support. The last grant is a pass-through from the San Bernardino Associated Governments (SANBAG) for the Alternative Fuel Project.

SCAG has a Caltrans pass-through grant funded by FHWA. The grant is under the Second Strategic Highway Research Program (SHRP2) and for a total of \$25,000.

Also, SCAG has been recently awarded a \$40,000 grant award from FHWA for the use of the Infrastructure Voluntary Evaluation Sustainability Tool (INVEST) to assist in the development of the 2016 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). The grant will be applied to SCAG's budget in FY 2014-2015.

**State Grants**

The California Energy Commission (CEC) awarded SCAG a \$0.2 million grant (in FY 2011-2012) from the Alternative and Renewable Fuel and Vehicle Technology Program. The funds will support the Southern California Plug-In Electric Vehicle (PEV) Readiness Plan, which will develop a regional EV strategy based on planning factors to develop a regional readiness program with subregional focus studies. It is also financially supported by the DOE-AQMD Clean Cities Community Readiness and Planning for PEVs and Charging Infrastructure grant.

SCAG currently has two (2) active grants from the Strategic Growth Council (SGC) under the Proposition 84 Sustainable Communities Planning Grant Program. Each grant was awarded in the amount of \$1.0 million and intended to expand the technical capacity and knowledge base to facilitate the development of sustainable communities in Southern California. Furthermore, SCAG was recently notified of a third grant award from SGC. This grant is for a total of \$983,541 and will be included in the FY 2014-2015 budget.



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2014**

**Local Revenues**

Local revenues were \$5.5 million compared to \$4.9 million in FY 2012-2013, consisting of local match, mostly of Transportation Development Act (TDA) funding. The TDA Fund, a major fund, had revenues of \$5.2 million. TDA funds are primarily used to meet the local match requirement for federal grants and for other unmet needs. SCAG receives these funds under the terms of AB1403. The TDA fund balance increased \$3.8 million as not all programmed TDA expenditures had been spent by June 30, 2014. The Sustainability Program will draw a total of \$5.5 million from the TDA Fund over its duration.

**General Fund**

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

The comparative summary statement of revenues, expenditures, and changes in fund balances of the GF shown below is reported on a modified accrual basis. In FY 2013-2014, fund balance decreased by \$29,367 due mostly to unanticipated transfers to other funds.

	<b>Years ended June 30</b>	
	<b>2014</b>	<b>2013</b>
<b>Revenues:</b>		
Membership assessments	\$ 1,834,522	\$ 1,779,184
General assembly	292,090	236,247
Interest and other	139,718	70,467
Total revenues	<b>2,266,330</b>	<b>2,085,898</b>
<b>Expenditures:</b>		
Transportation	9,789,733	10,813,814
Housing	147,073	182,295
Administration	1,685,534	1,646,163
Capital outlay	735,582	496,151
Total expenditures	<b>12,357,922</b>	<b>13,138,423</b>
Deficiency of revenues over expenditures	<b>(10,091,592)</b>	<b>(11,052,525)</b>
<b>Other financing sources:</b>		
Transfer in	10,077,575	10,951,088
Transfer out	<b>(15,350)</b>	<b>(36,587)</b>
Change in fund balance	<b>(29,367)</b>	<b>(138,024)</b>
Fund balance, beginning of year	<b>4,808,726</b>	<b>4,946,750</b>
Fund balance, end of year	<b>\$ 4,779,359</b>	<b>\$ 4,808,726</b>

### **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 rose in FY 2013-2014 to \$1,834,522 from \$1,779,184 in FY 2012-2013, an increase of about 3.1%. This resulted from the automatic dues increase equivalent to the Consumer Price Index provided for in the Bylaws and new two additional members (Maywood and Bell). At the end of FY 2013-2014, only one city on the entire SCAG region was not a member.

### **Other GF revenues and interest income**

Total other revenues increased in FY 2013-2014 to \$139,718 from \$70,467 in FY 2012-2013.

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 \$2.3 million (excluding indirect cost allocated to funds) compared to the budget of \$2.7 million, a positive variance of \$0.4 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 FY 2014-2015 is \$44.4 million compared to the grant budget in FY 2013-2014 of \$39.8 million, a net increase of \$4.6 million or 11.6%. Most FY 2014-2015 OWP funding comes from the Federal government (77%), 20% 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 Position**  
**June 30, 2014**

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**ASSETS**

Cash and cash equivalents	\$ 10,876,162
Receivables:	
Federal grants	7,178,370
State grants and contracts	406,331
Local grants and contracts	338,157
Other	122,154
Prepays	652,453
Other assets	12,843
Capital assets, net	2,766,741
Total assets	22,353,211

**LIABILITIES**

Accounts and contracts payable	3,616,749
Accrued liabilities	559,969
Over-recovery of indirect costs	1,646,051
Advances from grantors	447,694
Unearned revenues	304,097
Noncurrent liabilities:	
Due within one year	773,389
Due in more than one year	1,186,642
Total liabilities	8,534,591

**NET POSITION**

Net investment in capital assets	2,766,741
Restricted for:	
Transportation projects	8,195,221
Unrestricted	2,856,658
Total net position	\$ 13,818,620

*See notes to financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Statement of Activities**  
**Year ended June 30, 2014**

			Program revenues		Net
	Expenses	Indirect cost allocations	Charges for services – member dues	Operating grants and contributions	(expenses) revenues and change in net position 2014
Functions/programs:					
Transportation	\$ 15,155,311	\$ 7,997,798	\$ -	\$ 27,449,207	\$ 4,296,098
Aviation	181,671	122,102	-	296,947	(6,826)
Environmental	892,907	510,240	-	1,398,047	(5,100)
High-speed rail	182,276	122,778	-	263,578	(41,476)
Housing	964,145	541,087	-	1,316,732	(188,500)
Sustainability initiatives	1,390,233	783,570	-	2,108,774	(65,029)
Administration	12,082,987	(10,077,575)	1,834,522	-	(170,890)
Total governmental activities	\$ 30,849,530	\$ -	\$ 1,834,522	\$ 32,833,285	3,818,277
General revenues:					
Interest income					53,149
Other revenue					378,659
Total general revenues					431,808
Change in net position					4,250,085
Net position at beginning of year					9,568,535
Net position at end of the year					\$ 13,818,620

*See notes to financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

<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	\$ 10,876,162	\$ -	\$ -	\$ -	\$ -	\$ 10,876,162
Receivables:						
Federal grants	-	2,410,811	3,503,629	-	1,263,930	7,178,370
State grants and contracts	-	-	-	-	406,331	406,331
Local grants and contracts	-	-	-	338,157	-	338,157
Other	122,154	-	-	-	-	122,154
Due from other funds	-	-	-	8,226,194	497,675	8,723,869
Prepays	652,453	-	-	-	-	652,453
Other assets	12,843	-	-	-	-	12,843
<b>Total assets</b>	<b>\$ 11,663,612</b>	<b>\$ 2,410,811</b>	<b>\$ 3,503,629</b>	<b>\$ 8,564,351</b>	<b>\$ 2,167,936</b>	<b>\$ 28,310,339</b>
<b>Liabilities, Deferred Inflow of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts and contracts payable	\$ 811,196	\$ 1,251,237	\$ 354,003	\$ 369,130	\$ 831,183	\$ 3,616,749
Accrued liabilities	559,969	-	-	-	-	559,969
Over-recovery of indirect costs	1,646,051	-	-	-	-	1,646,051
Due to other funds	3,525,610	1,159,574	3,149,626	-	889,059	8,723,869
Advances from grantors	-	-	-	-	447,694	447,694
Unearned revenues	304,097	-	-	-	-	304,097
<b>Total liabilities</b>	<b>6,846,923</b>	<b>2,410,811</b>	<b>3,503,629</b>	<b>369,130</b>	<b>2,167,936</b>	<b>15,298,429</b>
<b>Deferred Inflow of Resources</b>						
Unavailable revenue	37,330	-	-	-	-	37,330
<b>Total deferred inflow of resources</b>	<b>37,330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,330</b>
<b>Fund balances</b>						
<b>Nonspendable for:</b>						
Prepays	652,453	-	-	-	-	652,453
<b>Restricted:</b>						
Transportation	-	-	-	8,195,221	-	8,195,221
<b>Unassigned:</b>						
General Fund	4,126,906	-	-	-	-	4,126,906
<b>Total fund balances</b>	<b>4,779,359</b>	<b>-</b>	<b>-</b>	<b>8,195,221</b>	<b>-</b>	<b>12,974,580</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 11,663,612</b>	<b>\$ 2,410,811</b>	<b>\$ 3,503,629</b>	<b>\$ 8,564,351</b>	<b>\$ 2,167,936</b>	<b>\$ 28,310,339</b>

*See notes to financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position in the Statement of Net Position**  
**June 30, 2014**

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Total governmental fund balances	\$ 12,974,580
Amounts reported for governmental activities in the accompanying statement of net position are different because:	
Capital assets, net of accumulated depreciation of \$4,313,831 used in governmental activities are not financial resources; they are therefore not reported in the governmental fund financial statements	2,766,741
Other long-term liabilities recorded on the statement of net position are not considered to be fund liabilities as they are not expected to be liquidated with current financial resources	(135,846)
Compensated absences liabilities are not due and payable at year end; they are therefore not reported in the governmental fund financial statements	(1,272,332)
Net pension obligations are not due and payable at year end; they are therefore not reported in the governmental fund financial statements	(551,853)
Claim receivables from California JPIA are not available on a current basis; they are therefore not reported in the governmental fund financial statements	<u>37,330</u>
Net position	<u>\$ 13,818,620</u>

*See notes to financial statements.*



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year ended June 30, 2014**

	General Fund	FTA Fund	FHWA	TDA Fund	Nonmajor Funds	Total
<b>Revenues:</b>						
Federal grants, net	\$ -	\$ 7,104,954	\$ 17,652,214	\$ -	\$ 2,088,249	\$ 26,845,417
State grants and contracts	-	-	-	-	489,803	489,803
Local grants and contracts	-	-	-	5,210,954	287,111	5,498,065
Membership assessments:						
Cities	1,446,376	-	-	-	-	1,446,376
Counties	293,146	-	-	-	-	293,146
Commission	95,000	-	-	-	-	95,000
General assembly	292,090	-	-	-	-	292,090
Interest and other	139,718	-	-	-	-	139,718
Total revenues	<u>2,266,330</u>	<u>7,104,954</u>	<u>17,652,214</u>	<u>5,210,954</u>	<u>2,865,163</u>	<u>35,099,615</u>
<b>Expenditures:</b>						
Transportation	9,789,733	4,285,512	7,139,085	762,511	2,749,829	24,726,670
Aviation	-	29,438	141,593	3,814	-	174,845
Environmental	-	-	848,954	38,853	-	887,807
High-speed rail	-	140,800	-	-	-	140,800
Housing	147,073	-	545,471	230,174	-	922,718
Sustainability initiatives	-	353,312	912,117	59,775	-	1,325,204
Administration	1,685,534	-	-	-	-	1,685,534
Capital outlay	735,582	201,315	515,380	26,083	-	1,478,360
Total expenditures	<u>12,357,922</u>	<u>5,010,377</u>	<u>10,102,600</u>	<u>1,121,210</u>	<u>2,749,829</u>	<u>31,341,938</u>
Excess (deficiency) of revenues over expenditures	(10,091,592)	2,094,577	7,549,614	4,089,744	115,334	3,757,677
<b>Other financing sources (uses):</b>						
Transfers in	10,077,575	-	-	-	15,851	10,093,426
Transfers out	(15,350)	(2,094,577)	(7,549,614)	(302,700)	(131,185)	(10,093,426)
Change in fund balance	(29,367)	-	-	3,787,044	-	3,757,677
Fund balances at beginning of year	4,808,726	-	-	4,408,177	-	9,216,903
Fund balances at end of year	<u>\$ 4,779,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,195,221</u>	<u>\$ -</u>	<u>\$ 12,974,580</u>

*See notes to 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, 2014**

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Change in fund balances – total governmental funds \$ 3,757,677

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

Net California JPIA insurance coverage refund that was earned and was considered measurable and available was recorded as revenue in the governmental funds during the year. However, for government-wide financial statements, this has already been recorded as revenue in prior years when it was earned. (109,866)

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	\$ 1,570,896	
Depreciation expense	<u>(758,610)</u>	812,286

Compensated absences and other long-term liabilities are not recorded in the governmental funds and the corresponding changes in these balances are not reflected in the change in fund balance:

Compensated absences liabilities		(161,066)
Other long-term liabilities		27,147

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:

Net pension obligation		<u>(76,093)</u>
Change in net position of governmental activities	\$	<u><u>4,250,085</u></u>

*See notes to 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 84-member Regional Council (RC). Members of the RC are locally elected officials who are appointed to serve two-year terms by their respective local jurisdictions. RC officers are elected by the RC membership and serve a one-year term.

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

**(b) New Government Accounting Standards Board (GASB) pronouncements issued, not yet effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2014, that have effective dates that may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of SCAG.

**GASB No. 68** - GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. The requirements of this Statement are intended to improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also may be enhanced through new note disclosures and required supplementary information. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

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

**(b) *New Government Accounting Standards Board (GASB) pronouncements issued, not yet effective (continued)***

**GASB No. 69** - GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013.

**GASB No. 71** - GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. This Statement amends paragraph 137 of GASB No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resource for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. GASB No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of GASB No. 68.

**(c) *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 Position and the Statement of Activities) display information about SCAG as a whole. All of SCAG's operations represent governmental activities and SCAG has no business-type activities. 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)**

**(c) *Government-wide and Fund 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).

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)**

**(c) Government-wide and 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.

**(d) 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 (FTA) Fund** – 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 (FHWA) Fund** – 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 (TDA) Fund** – 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 related to the transportation planning and programming process.

**(e) 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)**

**(f) *Unearned Revenue and Advances from Grantors***

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

**(g) *Other long-term liabilities***

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 noncurrent liabilities 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 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 Position as noncurrent liabilities (Note 9).

**(h) *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.

**(i) *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	10 years
Furniture and fixtures	3 to 7 years

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

**(j) *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.

**(k) *Deferred Outflows and Inflows of Resources***

Pursuant to GASB Statements No. 63 and No. 65, SCAG recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period.

**(l) *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.

**(m) *Fund Balance Reporting***

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund-type Definitions*, defines fund balance as the difference between the assets and liabilities reported in SCAG's governmental funds. There are generally limitations on the purpose for which all or a portion of the resources of a governmental fund may be used. The force behind these limitations can vary significantly, depending upon their source. Consequently, the fund balance reported in the annual financial statements is categorized into five components whereby each component identifies the extent to which a governmental entity is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The five components of fund balance are as follows:

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



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

***(m) Fund Balance Reporting (continued)***

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

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

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

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

The Regional Council, as SCAG's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken. Committed amounts cannot be used for any other purpose unless the Regional Council removes or changes the specific use through the same type of formal action taken to establish the commitment. SCAG does not have any fund balance that meets this classification as of June 30, 2014.

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.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
**Notes to Financial Statements**  
Year ended June 30, 2014

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**NOTE 2 CASH AND CASH EQUIVALENTS**

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

Book balance of deposits with financial institutions	\$ 1,427,600
Cash and cash equivalents in County of Los Angeles Treasury	9,447,562
Petty cash	1,000
	\$ 10,876,162

**(a) Deposits**

At June 30, 2014 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, 2014 SCAG's carrying amount of cash in checking and payroll accounts was \$1,427,600 while the bank balance was \$1,599,350; the difference is attributable to outstanding checks.

Beginning January 1, 2013, all of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category.

As of June 30, 2014, SCAG's cash in bank balance in excess of the amount insured amounted to \$1,349,350.

**(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.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2014

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

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

	Maximum maturities	Maximum concentration
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

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

At June 30, 2014 and as permitted by California Government Code Section 53635, a portion of SCAG's cash balance totaling \$9,447,562 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. Agency securities	3.63	52.70
U.S. Treasury notes	2.34	1.66
U.S. Treasury bills	0.44	2.86
Negotiable certificates of deposit	0.22	14.28
Commercial paper	0.05	27.59
Los Angeles County securities	2.00	0.03
Corporate and deposit notes	0.98	0.88

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2014

**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.

An over-recovery of \$906,676 was carried forward from FY 2012-2013 and added to the over-recovered indirect costs for FY 2013-2014. The over-recovered amount is included in the General Fund and presented as liability. The fixed percentage rate that was approved by Caltrans and used for FY 2013-2014 was 87.20% of salaries plus fringe benefits. A reconciliation of the carryforward to FY 2013-2014 follows:

	<b>Indirect costs</b>
Indirect costs	\$ 9,870,797
Indirect costs recovered	<u>10,610,172</u>
(Over) under-recovered indirect costs	(739,375)
(Over) under-recovered indirect costs, beginning of year	<u>(906,676)</u>
(Over) under-recovered indirect costs, end of year	<u>\$ (1,646,051)</u>

The balance of over-recovered indirect costs at June 30, 2014 amounting to \$1,646,051 will be carried forward as an adjustment to the calculation of the indirect cost carryforward for the FY 2014-2015.

**NOTE 4    UNEARNED REVENUE AND ADVANCES FROM GRANTORS**

Unearned revenue consisted of the following:

**(a)    Membership Dues**

Cash received as of June 30, 2014 for member dues for the following year amounted to \$304,097. The amount is reported as unearned revenue in the governmental and government-wide statements.

**(b)    Grant Advances**

Cash advances received from various grantees and not yet expended at June 30, 2014 amounted to \$447,694. The amount is reported as advances from grantors revenue in the governmental funds and government-wide financial statements.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2014**

**NOTE 5 CAPITAL ASSETS**

SCAG's capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets being depreciated:				
Computer equipment and software	\$ 4,978,224	\$ 1,453,387	\$ -	\$ 6,431,611
Leasehold improvements	193,210	16,657	-	209,867
Furniture and fixtures	<u>338,242</u>	<u>100,852</u>	-	<u>439,094</u>
Total capital assets being depreciated	<u>5,509,676</u>	<u>1,570,896</u>	-	<u>7,080,572</u>
Less accumulated depreciation and amortization:				
Computer equipment and software	(3,120,308)	(700,238)	-	(3,820,546)
Leasehold improvements	(154,212)	(6,840)	-	(161,052)
Furniture and fixtures	<u>(280,701)</u>	<u>(51,532)</u>	-	<u>(332,233)</u>
Total accumulated depreciation and amortization	<u>(3,555,221)</u>	<u>(758,610)</u>	-	<u>(4,313,831)</u>
Capital assets, net	<u>\$ 1,954,455</u>	<u>\$ 812,286</u>	<u>\$ -</u>	<u>\$ 2,766,741</u>

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

Transportation	\$ 598,752
Aviation	6,826
Environmental	5,100
High speed rail	41,476
Housing	41,427
Sustainability initiatives	65,029
	<u>\$ 758,610</u>

**NOTE 6 INTERFUND BALANCES**

The interfund due to/from amounts at June 30, 2014 were as follows:

	Due from Other Funds	Due to Other Funds
Major governmental funds:		
General fund	\$ -	\$ 3,525,610
FTA fund	-	1,159,574
FHWA fund	-	3,149,626
TDA fund	<u>8,226,194</u>	-
Total	<u>8,226,194</u>	<u>7,834,810</u>
Nonmajor funds	<u>497,675</u>	<u>889,059</u>
	<u>\$ 8,723,869</u>	<u>\$ 8,723,869</u>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
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**Year ended June 30, 2014**

**NOTE 6 INTERFUND BALANCES (CONTINUED)**

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, 2014:

Transfers In	Transfers Out	Amount	Purpose
General Fund	FTA Fund	\$ 2,094,577	Allocation of indirect costs
	FHWA Fund	7,549,614	Allocation of indirect costs
	TDA Fund	302,700	Allocation of indirect costs
	Nonmajor Funds	131,185	Allocation of indirect costs
	General Fund	15,350	To pay for nonmajor fund expenses
		<u>\$ 10,093,426</u>	

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.

**(b) Contract Commitments**

At June 30, 2014, SCAG is contractually committed to pay for certain future transportation, technical, and other planning consulting services amounting to \$6,132,619.

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

**(c) Lease Commitments**

At June 30, 2014, minimum lease commitments under noncancelable operating leases with initial terms of one year or more are as follows:

Year ending June 30	
2015	\$ 1,735,308
2016	1,765,410
2017	1,811,905
2018	1,816,026
2019-2020	3,435,557
	\$ 10,564,206

**(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 affect SCAG's financial position.

**(e) Liability, Workers' Compensation, and Purchased Insurance**

**Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

The Southern California Association of Governments is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

**Self-Insurance Programs of the Authority**

Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

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

**(e) *Liability, Workers' Compensation, and Purchased Insurance (continued)***

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.



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

**(e)    *Liability, Workers' Compensation, and Purchased Insurance (continued)***

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Purchased Insurance

Property Insurance

The Southern California Association of Governments participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. Southern California Association of Governments property is currently insured according to a schedule of covered property submitted by the Southern California Association of Governments to the Authority. Southern California Association of Governments property currently has all-risk property insurance protection in the amount of \$4,881,254. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

The Southern California Association of Governments purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

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

**(e)    *Liability, Workers' Compensation, and Purchased Insurance (continued)***

**Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2013-14.

During the year ended June 30, 2014, the premium for general liability coverage was \$163,474 and for workers' compensation it was \$87,220. A retroactive adjustment totaling to \$153,941 was applied against the FY2014-2015 premium payment. At June 30, 2014, the cumulative retrospective refunds from California JPIA for general liability and workers' compensation were \$0 and \$37,330, respectively.

**(f)    *Other Employee Benefits***

SCAG also provides health insurance, vision, and dental benefits to employees under fully insured plans. The benefits are funded on a pay-as-you-go basis in which SCAG pays premiums up to a maximum amount to cover the employees who participate in the program or payments are made directly to employees who have elected not to participate in the program. During the year ended June 30, 2014, SCAG paid \$1,500,091 of health insurance premiums and \$200,754 of vision and dental insurance premiums, as well as \$587,185 to employees who had no health insurance elections.

**NOTE 8    LINE OF CREDIT**

SCAG has a \$6.5 million line of credit arrangement with an independent financial institution, which expires on February 28, 2015. It was established to provide access to cash, if needed, on a current basis. If advances are requested, they are secured by an assignment of all monies due, or to be due, from Caltrans. Advances must be made in minimum amounts of \$350,000. The line of credit was not used in the year ended June 30, 2014 and no liability was outstanding.

The line of credit agreement contains certain covenants regarding timely repayment, maintenance of certain levels of financial position, and other criteria. At June 30, 2014, SCAG management believes SCAG was in compliance with the financial covenants.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2014**

**NOTE 9 LONG-TERM LIABILITIES**

Long-term liabilities activity for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Due within one year
Compensated absences	\$ 1,111,266	\$ 780,253	\$ 619,187	\$ 1,272,332	\$ 746,243
Net pension obligations	475,760	144,674	68,581	551,853	-
Other long-term liabilities	162,993	-	27,147	135,846	27,146
	<u>\$ 1,750,019</u>	<u>\$ 924,927</u>	<u>\$ 714,915</u>	<u>\$ 1,960,031</u>	<u>\$ 773,389</u>

Net pension obligations are liquidated from the General Fund.

**NOTE 10 RELATED PARTY TRANSACTIONS**

For the year ended June 30, 2014, SCAG recorded \$1,834,522 as membership revenue. These revenues are received from member cities, counties, Transportation Commissions and two Indian tribes whose representatives also serve on the Regional Council of SCAG. Such revenues are shown as membership assessments in the accompanying basic financial statements. The individual member assessments are calculated by a variable fixed base amount dependent on population plus a pro-rata allocation based on population. The bylaws of SCAG specify the method of calculation for the annual member assessments.

**NOTE 11 RETIREMENT PLANS**

**CALIFORNIA PUBLIC EMPLOYEES' PENSION REFORM ACT**

The California Public Employees' Pension Reform Act (PEPRA) took effect on January 1, 2013. Under its provisions, SCAG's new hires who are also new PERS members, will participate in a defined benefit plan whose retirement formula is 2% of final pay for each year of service at age 62. Final pay is the average annual pay of the highest three years. The amount of annual compensation that can be used to calculate a retirement benefit is capped at \$132,130. The employee is required to pay half the normal cost of the retirement benefit. SCAG pays the other half.

***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.

**NOTE 11 RETIREMENT PLANS (CONTINUED)**

***Defined Benefit Pension Plan (Continued)***

**(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, 2014 was 15.046% 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 Cost**

For the fiscal year ended June 30, 2014, SCAG's annual required contribution (ARC) was \$2,043,868. The required contribution for fiscal year 2013/14 was determined as part of the June 30, 2011 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) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.3% to 12.40% depending on age, service, and type of employment, (c) an assumed annual inflation rate of 2.75% and (d) an overall payroll growth rate of 3.00%. The valuation of the plan's assets was determined using a technique that smooths 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.

The cost of the plan is charged to SCAG's general and grant funds in accordance with a systematic cost allocation plan.

**(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:			
2012	\$ 1,559,638	100%	—
2013	1,799,184	100%	—
2014	2,043,868	100%	—

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2014

NOTE 11 RETIREMENT PLANS (CONTINUED)

*Defined Benefit Pension Plan (Continued)*

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

Actuarial valuation date	Actuarial accrued liability	Actuarial value of assets	Unfunded actuarial accrued liability (UAAL)	Funded ratio	Annual covered payroll	UAAL as a percentage of payroll
6/30/11	\$ 87,378,741	\$ 74,771,890	\$ 12,606,851	85.6%	\$ 12,431,184	101.4%
6/30/12	90,824,728	76,267,192	14,557,536	84.0%	12,285,666	118.5%
6/30/13	94,337,544	70,229,648	24,107,896	74.4%	11,853,231	203.4%

*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 by PERS for the purpose of calculating benefits; consequently, the Plan was established to pay each retiree the retirement amount they would have received from PERS, if the bonus had been deemed eligible. The Plan does not issue stand-alone financial reports.

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

**NOTE 11 RETIREMENT PLANS (CONTINUED)**

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

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

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 June 30, 2014, 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, 2014. 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.

The amount of the ARC was determined by an actuarial valuation as of June 30, 2014. The net pension obligation (NPO) at June 30, 2014 was calculated based on the ARC of \$620,434, less the payments of \$68,581 made on the pay-as-you-go method, plus interest at 6% on the prior year NPO (\$28,546). An adjustment to the annual required contribution was recorded during the year amounting to \$504,306. The unfunded amount is reported as a liability of \$551,853 in the *Statement of Net Position* in long-term liabilities.

***(c) Annual Pension Cost***

For the FY 2013–2014, SCAG's annual actuarially determined pension cost was \$620,434. It was calculated as part of the actuarial valuations using the actual retirement benefits due to each retiree. The actuarial method used for valuing plan assets is market value. 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.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2014

**NOTE 11 RETIREMENT PLANS (CONTINUED)**

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

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

Fiscal year ended June 30:	Annual pension cost (APC)	Amount Contributed	Percentage of APC contributed	Net pension obligation
2012	\$ 125,231	\$ 65,918	53%	\$ 414,053
2013	124,596	67,237	54%	475,760
2014	144,674	68,581	47%	551,853

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

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, 2012	\$ 684,894	\$ 18,142	\$ 666,752	2.65%	N/A	N/A
June 30, 2013	651,468	18,711	632,757	2.87%	N/A	N/A
June 30, 2014	639,726	19,292	620,434	3.02%	N/A	N/A

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

Actuarially determined contribution	\$ 620,434
Interest on NPO	28,546
Adjustment to annual required contribution	<u>(504,306)</u>
Annual pension cost	144,674
Contributions made	<u>(68,581)</u>
Increase in NPO	76,093
NPO beginning of year	475,760
NPO end of year	<u>\$ 551,853</u>

**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, 2014, plan assets totaling \$17,247,526 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.

The Prefunding Plan is an agent multiple employer plan and CalPERS will publish aggregated GASB 45 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 2013-2014, the actual number of retirees was 91. 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.



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

**(b) Funding Policy**

During the fiscal year 2013-2014, SCAG has paid to CalPERS the amount of \$887,000, sufficient to meet the Annual Required Contribution. During the year, retirees received the health benefit up to the monthly benefit maximum of \$550. The aggregate amount paid to retirees in the fiscal year was \$398,254. 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, 2013. The actuarial methods and assumptions used were determined by the actuary.

**(c) Annual Postemployment Healthcare Cost**

The amount of the actuarially determined annual postemployment healthcare cost for the year ended June 30, 2014 was \$887,000. It was calculated by using the June 30, 2013 actuarial valuation. There is no net OPEB obligation at the end of the year because 100% of the ARC was paid in 2014. 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.

The cost of the plan is charged to SCAG's general and grant funds in accordance with a systematic cost allocation plan.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
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**Year ended June 30, 2014**

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

**(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, 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%
June 30, 2013	8,326,403	2,253,854	6,072,549	27.07%	11,108,000	54.7%

**(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:

Year ended	Annual OPEB cost	Annual OPEB cost contributed	OPEB obligation
6/30/2012	\$ 755,000	100%	\$ —
6/30/2013	859,000	100%	—
6/30/2014	887,000	100%	—

**NOTE 14 SUBSEQUENT EVENTS**

SCAG has evaluated events subsequent to June 30, 2014 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 19, 2014, 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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Membership assessments:</b>				
Cities	\$ 1,444,701	\$ 1,416,743	\$ 1,446,376	\$ 29,633
Counties	293,146	293,146	293,146	-
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>1,857,847</u>	<u>1,829,889</u>	<u>1,834,522</u>	<u>4,633</u>
Leasehold improvement reimbursement	542,106	542,106	-	(542,106)
General assembly	205,000	205,000	292,090	87,090
Interest and other	88,000	88,000	139,718	51,718
Total revenues	<u>2,692,953</u>	<u>2,664,995</u>	<u>2,266,330</u>	<u>(398,665)</u>
<b>Expenditures:</b>				
<b>Administration:</b>				
Salaries and wages	60,570	89,431	201,217	(111,786)
Allocated fringe benefits	42,434	59,798	144,319	(84,521)
Allocated indirect costs	89,947	131,122	303,858	(172,736)
Contractual and professional services	444,000	401,711	309,201	92,510
Capital outlay >\$5,000*	677,106	559,606	179,164	380,442
Interest and fees	13,000	14,000	12,770	1,230
Hardware, software support & equipment <\$5,000	-	71,593	42,621	28,972
Training	-	-	550	(550)
Meetings & conferences	50,000	13,850	16,848	(2,998)
General assembly	420,000	431,000	402,490	28,510
SCAG memberships	135,300	45,192	29,819	15,373
Office supplies	-	20,000	20,945	(945)
Reproduction and printing	6,000	1,900	1,252	648
Project reserves	294,374	201	-	201
Stipend-RC Mtg	180,000	180,000	177,570	2,430
RC sponsorships	66,400	96,000	96,040	(40)
Economic summit	-	65,000	64,951	49
Severance	-	2,925	2,925	-
Travel	75,800	94,819	99,892	(5,073)
Other	25,975	70,956	62,124	8,832
Total administration	<u>2,580,906</u>	<u>2,349,104</u>	<u>2,168,556</u>	<u>180,548</u>
<b>Housing:</b>				
Salaries and wages	27,325	85,036	79,212	5,824
Allocated fringe benefits	19,143	59,574	57,953	1,621
Allocated indirect costs	40,579	126,281	119,608	6,673
Contractual and professional services	25,000	45,000	9,908	35,092
Total housing	<u>112,047</u>	<u>315,891</u>	<u>266,681</u>	<u>49,210</u>
<b>Transportation:</b>				
Salaries and wages	-	-	19,628	(19,628)
Allocated fringe benefits	-	-	14,360	(14,360)
Allocated indirect costs	-	-	29,637	(29,637)
Travel	-	-	1,100	(1,100)
Total transportation	<u>-</u>	<u>-</u>	<u>64,725</u>	<u>(64,725)</u>
Total expenditures	<u>2,692,953</u>	<u>2,664,995</u>	<u>2,499,962</u>	<u>165,033</u>
Excess (deficiency) of revenues over expenditures	-	-	(233,632)	(233,632)
<b>Other financing sources (uses)</b>				
Transfer out	-	-	(15,350)	(15,350)
Change in fund balance	-	-	(248,982)	(248,982)
Fund balance at beginning of year	<u>4,808,726</u>	<u>4,808,726</u>	<u>4,808,726</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,808,726</u>	<u>\$ 4,808,726</u>	<u>\$ 4,559,744</u>	<u>\$ (248,982)</u>

\* Actual amount does not include salaries and wages, allocated fringe benefits, allocated indirect costs and other expenses capitalized in computer software.

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, 2014**

	<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>				
Federal grants	\$ 8,891,810	\$ 8,651,302	\$ 7,104,954	\$ (1,546,348)
<b>Expenditures:</b>				
<b>Transportation:</b>				
Salaries and wages	1,449,798	1,405,736	1,319,342	86,394
Allocated fringe benefits	1,015,697	984,827	941,895	42,932
Allocated indirect costs	2,152,978	2,087,545	1,971,798	115,747
Contractual and professional services	3,012,799	3,017,092	2,145,296	871,796
SCAG memberships	6,000	6,000	-	6,000
Resources material/subscription	30,000	30,000	14,590	15,410
Meetings & conferences	18,570	18,913	2,061	16,852
Reproduction and printing	80,000	80,000	8,404	71,596
Travel	39,920	40,290	19,665	20,625
Other	53,000	53,000	35,574	17,426
<b>Total transportation</b>	<u>7,858,762</u>	<u>7,723,403</u>	<u>6,458,625</u>	<u>1,264,778</u>
<b>Sustainability initiatives:</b>				
Contractual and professional services	575,445	486,915	353,312	133,603
<b>Total sustainability initiatives</b>	<u>575,445</u>	<u>486,915</u>	<u>353,312</u>	<u>133,603</u>
<b>Aviation</b>				
Contractual and professional services	177,060	160,441	29,439	131,002
<b>Total housing</b>	<u>177,060</u>	<u>160,441</u>	<u>29,439</u>	<u>131,002</u>
<b>High-speed rail:</b>				
Salaries and wages	88,066	88,066	81,311	6,755
Allocated fringe benefits	61,697	61,697	59,489	2,208
Allocated indirect costs	130,780	130,780	122,778	8,002
<b>Total high-speed rail</b>	<u>280,543</u>	<u>280,543</u>	<u>263,578</u>	<u>16,965</u>
<b>Total expenditures</b>	<u>8,891,810</u>	<u>8,651,302</u>	<u>7,104,954</u>	<u>1,546,348</u>
<b>Excess of revenues over expenditures</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<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 – Federal Highway Administration**  
**Year ended June 30, 2014**

	<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>		
<b>Revenues:</b>				
Federal grants	\$ 18,450,001	\$ 18,916,377	\$ 17,652,214	\$ (1,264,163)
<b>Expenditures:</b>				
<b>Transportation:</b>				
Salaries and wages	4,001,156	4,218,759	3,918,424	300,335
Allocated fringe benefits	2,764,449	2,857,350	2,783,802	73,548
Allocated indirect costs	5,908,025	6,264,016	5,844,342	419,674
Contractual and professional services	532,000	577,000	511,921	65,079
Hardware, software support & equipment <\$5,000	70,000	70,000	104,476	(34,476)
Meetings & conferences	56,930	21,586	11,314	10,272
Reproduction and printing	20,000	24,000	120	23,880
Travel	114,780	139,660	97,753	41,907
Other	8,000	8,000	-	8,000
<b>Total transportation</b>	<u>13,650,340</u>	<u>14,437,856</u>	<u>13,419,313</u>	<u>1,018,543</u>
<b>Environmental:</b>				
Salaries and wages	356,832	356,832	320,325	36,507
Allocated fringe benefits	241,582	241,582	225,959	15,623
Allocated indirect costs	522,561	522,561	476,360	46,201
Contractual and professional services	72,000	72,000	72,000	-
Hardware, software support & equipment <\$5,000	238,059	238,059	227,955	10,104
Meetings & conferences	-	-	125	(125)
Travel	3,000	3,000	2,590	410
<b>Total environmental</b>	<u>1,434,034</u>	<u>1,434,034</u>	<u>1,325,314</u>	<u>108,720</u>
<b>Housing:</b>				
Salaries and wages	259,799	256,709	270,066	(13,357)
Allocated fringe benefits	173,603	171,438	191,785	(20,347)
Allocated indirect costs	378,466	373,877	402,734	(28,857)
Contractual and professional services	145,000	125,000	74,179	50,821
Hardware, software support & equipment <\$5,000	-	-	216	(216)
Meetings & conferences	11,000	6,000	1,595	4,405
Travel	8,000	8,000	7,323	677
Other	-	-	307	(307)
<b>Total housing</b>	<u>975,868</u>	<u>941,024</u>	<u>948,205</u>	<u>(7,181)</u>
<b>Sustainability initiatives:</b>				
Salaries and wages	560,388	575,388	521,915	53,473
Allocated fringe benefits	392,596	392,596	376,674	15,922
Allocated indirect costs	832,186	846,086	783,570	62,516
Contractual and professional services	-	-	1,500	(1,500)
Meetings & conferences	20,000	5,000	965	4,035
Reproduction and printing	5,000	5,000	-	5,000
Travel	5,000	5,000	11,063	(6,063)
<b>Total sustainability initiatives</b>	<u>1,815,170</u>	<u>1,829,070</u>	<u>1,695,687</u>	<u>133,383</u>
<b>Aviation:</b>				
Salaries and wages	180,371	85,665	80,864	4,801
Allocated fringe benefits	126,364	60,014	59,162	852
Allocated indirect costs	267,854	127,214	122,102	5,112
Travel	-	1,500	1,567	(67)
<b>Total aviation</b>	<u>574,589</u>	<u>274,393</u>	<u>263,695</u>	<u>10,698</u>
<b>Total expenditures</b>	<u>18,450,001</u>	<u>18,916,377</u>	<u>17,652,214</u>	<u>1,264,163</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, 2014**

	<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	\$ 4,733,809	\$ 4,733,809	\$ 5,210,954	\$ 477,145
<b>Expenditures:</b>				
<b>Transportation:</b>				
Salaries and wages	84,450	84,450	86,403	(1,953)
Allocated fringe benefits	59,164	59,164	63,214	(4,050)
Allocated indirect costs	125,409	125,409	130,466	(5,057)
Contractual and professional services	929,601	980,946	638,929	342,017
Res Mats/Subscrip	-	10,000	-	10,000
Meetings & conferences	-	25,000	-	25,000
Travel	-	-	48	(48)
Total transportation	<u>1,198,624</u>	<u>1,284,969</u>	<u>919,060</u>	<u>365,909</u>
<b>Aviation:</b>				
Contractual services	22,940	20,787	3,814	16,973
Total aviation	<u>22,940</u>	<u>20,787</u>	<u>3,814</u>	<u>16,973</u>
<b>Housing:</b>				
Salaries and wages	93,590	93,590	91,626	1,964
Allocated fringe benefits	65,567	65,567	67,036	(1,469)
Allocated indirect costs	138,983	138,983	138,353	630
Contractual and professional services	110,000	110,000	71,512	38,488
Total housing	<u>408,140</u>	<u>408,140</u>	<u>368,527</u>	<u>38,488</u>
<b>Environmental:</b>				
Salaries and wages	47,141	47,141	22,438	24,703
Allocated fringe benefits	33,026	33,026	16,416	16,610
Allocated indirect costs	70,005	70,005	33,880	36,125
Total environmental	<u>150,172</u>	<u>150,172</u>	<u>72,734</u>	<u>77,438</u>
<b>Sustainability initiatives:</b>				
Contractual and professional services	74,555	1,063,085	59,775	1,003,310
Total sustainability initiatives	<u>74,555</u>	<u>1,063,085</u>	<u>59,775</u>	<u>1,003,310</u>
Total expenditures	<u>1,854,431</u>	<u>2,927,153</u>	<u>1,423,910</u>	<u>1,502,118</u>
Excess of revenues over expenditures	2,879,378	1,806,656	3,787,044	1,980,388
Fund balance at beginning of year	4,408,177	4,408,177	4,408,177	-
Fund balance at end of year	<u>\$ 7,287,555</u>	<u>\$ 6,214,833</u>	<u>\$ 8,195,221</u>	<u>\$ 1,980,388</u>

*See notes to required supplementary information.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Required Supplementary Information**  
**Year ended June 30, 2014**

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**BUDGETARY BASIS OF ACCOUNTING**

An annual budget is prepared and established for the General Fund, 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	\$ 2,266,330	\$ 2,266,330	\$ -
Total expenditures	(2,499,962)	(12,357,922)	(9,857,960)
Total other financing sources	(15,350)	10,062,225	10,077,575
<b>Net change in fund balance</b>	<b>\$ (248,982)</b>	<b>\$ (29,367)</b>	<b>\$ 219,615</b>



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Required Supplementary Information**  
**Year ended June 30, 2014**

**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	\$ 7,104,954	\$ 7,104,954	\$ -
Total expenditures	(7,104,954)	(5,010,377)	2,094,577
Total other financing uses	-	(2,094,577)	(2,094,577)
<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	\$ 17,652,214	\$ 17,652,214	\$ -
Total expenditures	(17,652,214)	(10,102,600)	7,549,614
Total other financing uses	-	(7,549,614)	(7,549,614)
<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	\$ 5,210,954	\$ 5,210,954	\$ -
Total expenditures	(1,423,910)	(1,121,210)	302,700
Total other financing uses	-	(302,700)	(302,700)
<b>Net change in fund balance</b>	<b>\$ 3,787,044</b>	<b>\$ 3,787,044</b>	<b>\$ -</b>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Required Supplementary Information**  
**Year ended June 30, 2014**

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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, 2014**

<b>Assets</b>	<b>Federal Funds</b>	<b>State Funds</b>	<b>Local Funds</b>	<b>Total Nonmajor Funds</b>
Receivables:				
Federal grants	\$ 1,263,930	\$ -	\$ -	\$ 1,263,930
State grants and contracts	-	406,331	-	406,331
Due from other funds	-	-	497,675	497,675
<b>Total assets</b>	<b>\$ 1,263,930</b>	<b>\$ 406,331</b>	<b>\$ 497,675</b>	<b>\$ 2,167,936</b>
<b>Liabilities and Fund Balances</b>				
Accounts and contracts payable	\$ 600,489	\$ 180,713	\$ 49,981	\$ 831,183
Advances from grantors	-	-	447,694	447,694
Due to other funds	663,441	225,618	-	889,059
<b>Total liabilities</b>	<b>1,263,930</b>	<b>406,331</b>	<b>497,675</b>	<b>2,167,936</b>
Fund balances – restricted	-	-	-	-
<b>Total liabilities and fund balances</b>	<b>\$ 1,263,930</b>	<b>\$ 406,331</b>	<b>\$ 497,675</b>	<b>\$ 2,167,936</b>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Funds**  
**Year ended June 30, 2014**

	<u>Federal Funds</u>	<u>State Funds</u>	<u>Local Funds</u>	<u>Total Nonmajor Funds</u>
Grant revenues, net	\$ 2,088,249	\$ 489,803	\$ 287,111	\$ 2,865,163
Expenditures:				
Transportation:				
Salaries and wages	49,033	37,514	-	86,547
Allocated fringe benefits	35,874	27,446	-	63,320
Allocated indirect costs *	74,039	56,645	-	130,684
Contractual services	1,905,992	367,697	287,111	2,560,800
Other	39,162	-	-	39,162
Total transportation	<u>2,104,100</u>	<u>489,302</u>	<u>287,111</u>	<u>2,880,513</u>
 Total expenditures	 <u>2,104,100</u>	 <u>489,302</u>	 <u>287,111</u>	 <u>2,880,513</u>
Excess of revenues over expenditures	(15,851)	501	-	(15,350)
Other financing sources (uses):				
Transfers in	15,851	-	-	15,851
Transfers out	<u>-</u>	<u>(501)</u>	<u>-</u>	<u>(501)</u>
Net change in fund balance	-	-	-	-
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 31).

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Federal Nonmajor Funds**  
**June 30, 2014**

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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.

**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 expenditures for specifically identified purposes and projects.

**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 expenditures for specifically identified purposes and projects.

**FHWA – Value Pricing:**

This fund is established to account for revenues from the Federal Highway Administration for the Express Travel Choices Phase II study.

**Other Federal Funds:**

These funds are established to account for the revenues from: the Federal Highway Administration for the Strategic Highway Research Program 2 (SHRP2) and the Pacific Coast Highway Safety Study, and from the Department of Energy for the Clean Cities program. These funds are available and restricted to support expenditures for specifically identified purposes and projects.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Balance Sheet**  
**Federal Nonmajor Funds**  
**June 30, 2014**

	FTA			FHWA	Other	Total Federal Nonmajor Funds
	Sec. 5304	JARC	New Freedom	Value Pricing	Federal Funds	
	20070	20080	20085	20100	20075, 20090, 20097, 20098, 60004, 60010, 60026	
<b>Assets</b>						
Receivables – federal grants	\$ 391,903	\$ 12,090	\$ 5,182	\$ 785,240	\$ 69,515	\$ 1,263,930
Total assets	\$ 391,903	\$ 12,090	\$ 5,182	\$ 785,240	\$ 69,515	\$ 1,263,930
<b>Liabilities and Fund Balances</b>						
Accounts and contracts payable	\$ 347,778	\$ -	\$ -	\$ 231,631	\$ 21,080	\$ 600,489
Due to other funds	44,125	12,090	5,182	553,609	48,435	663,441
Total liabilities	391,903	12,090	5,182	785,240	69,515	1,263,930
Fund balances - restricted	-	-	-	-	-	-
Total liabilities and fund balances	\$ 391,903	\$ 12,090	\$ 5,182	\$ 785,240	\$ 69,515	\$ 1,263,930

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Federal Nonmajor Funds**  
**Year ended June 30, 2014**

	FTA			FHWA	Other	Total Federal Nonmajor Funds
	Sec. 5304	JARC	New Freedom	Value Pricing	Federal Funds	
	20070	20080	20085	20100	20075, 20090, 20097, 20098, 60004, 60010, 60026	
Federal grants and services	\$ 662,608	\$ 49,703	\$ 21,302	\$ 1,179,984	\$ 174,652	\$ 2,088,249
Expenditures:						
Transportation:						
Salaries and wages	-	15,333	6,571	-	27,129	49,033
Allocated fringe benefits	-	11,218	4,808	-	19,848	35,874
Allocated indirect costs	-	23,152	9,923	-	40,964	74,039
Contractual services	662,608	-	-	1,179,984	63,400	1,905,992
Other	-	-	-	-	39,162	39,162
Total transportation	<u>662,608</u>	<u>49,703</u>	<u>21,302</u>	<u>1,179,984</u>	<u>190,503</u>	<u>2,104,100</u>
Total expenditures	<u>662,608</u>	<u>49,703</u>	<u>21,302</u>	<u>1,179,984</u>	<u>190,503</u>	<u>2,104,100</u>
Excess of revenues over expenditures	-	-	-	-	(15,851)	(15,851)
Other financing uses:						
Transfers in	-	-	-	-	15,851	15,851
Net change in fund balance	-	-	-	-	-	-
Fund balances at beginning of year	-	-	-	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



SCAG considers the following funds as nonmajor state governmental funds:

**Prop 84 Plan:**

These funds are intended to improve the modeling capacity of MPOs in order to meet the requirements of SB 375.

**SGC SCS:**

These are Prop 84 funds intended for projects that further the goal laid out in AB 32, specifically greenhouse gas emissions reduction.

**CA Energy Commission:**

The California Energy Commission provided funding for the development of a regional plan to support the Plug-in Electric Vehicle Readiness Project.

**SGC SCS 2012:**

This is the second award of Prop 84 funds intended for projects that further the goal laid out in AB 32, specifically greenhouse gas emissions reduction.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Balance Sheet**  
**State Nonmajor Funds**  
**June 30, 2014**

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	<u>Prop 84 Plan</u>	<u>SGC SCS</u>	<u>CA Energy Comm</u>	<u>SGC 2012</u>	<u>Total State Nonmajor Funds</u>
	30200	30201	30203	30204	
<b>Assets</b>					
Receivables – state grants	\$ -	\$ 262,506	\$ 82,628	\$ 61,197	\$ 406,331
Total assets	\$ -	\$ 262,506	\$ 82,628	\$ 61,197	\$ 406,331
<b>Liabilities and Fund Balances</b>					
Accounts and contracts payable	\$ -	\$ 124,977	\$ -	\$ 55,736	\$ 180,713
Due to other funds	-	137,529	82,628	5,461	225,618
Total liabilities	-	262,506	82,628	61,197	406,331
Fund balances - restricted	-	-	-	-	-
Total liabilities and fund balances	\$ -	\$ 262,506	\$ 82,628	\$ 61,197	\$ 406,331

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**State Nonmajor Funds**  
**Year ended June 30, 2014**

	<u>Prop 84 Plan</u>	<u>SGC SCS</u>	<u>CA Energy Comm</u>	<u>SGC 2012</u>	<u>Total State Nonmajor Funds</u>
	<u>30200</u>	<u>30201</u>	<u>30203</u>	<u>30204</u>	
State grants and contracts	\$ 166,399	\$ 193,600	\$ 68,607	\$ 61,197	\$ 489,803
Expenditures:					
Transportation:					
Salaries and wages	32,756	-	4,758	-	37,514
Allocated fringe benefits	23,965	-	3,481	-	27,446
Allocated indirect costs	49,460	-	7,185	-	56,645
Contractual services	59,717	193,600	53,183	61,197	367,697
Total transportation	<u>165,898</u>	<u>193,600</u>	<u>68,607</u>	<u>61,197</u>	<u>489,302</u>
Excess of revenues over expenditures	501	-	-	-	501
Other financing uses:					
Transfers out	<u>(501)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(501)</u>
Net change in fund balance	-	-	-	-	-
Fund balances at beginning of year	-	-	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Local Nonmajor Funds**  
**June 30, 2014**

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SCAG considers the following funds as nonmajor local governmental funds:

**LACMTA Expenses:**

This represents funding from the LA County Metropolitan Transportation Authority to support work on the Express Travel Choices Project.

**Combined Other Accounts:**

This fund is established to account for revenues from the Cities of Fullerton, Pomona and Malibu, San Bernardino Association of Governments, the Orange County Transportation Authority, The South Coast Air quality Management District, Imperial County Transportation Commission, and the Riverside County Transportation Commission. These funds are available and restricted to support expenditures for cash match for FRA funds for the specifically funded projects.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Balance Sheet**  
**Local Nonmajor Funds**  
**June 30, 2014**

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	<u>LACMTA Express</u>	<u>60021</u>	<u>Combined Other Funds</u> 60007, 60008 60009, 60015, 60016, 60017, 60019, 60022 60023, 60024	<u>Total Local Nonmajor Funds</u>
<b>Assets</b>				
Due from other funds	\$	190,258	\$ 307,417	\$ 497,675
Total assets	\$	<u>190,258</u>	\$ <u>307,417</u>	\$ <u>497,675</u>
<b>Liabilities and Fund Balances</b>				
Accounts and contracts payable	\$	24,954	\$ 25,027	\$ 49,981
Advances from grantors		<u>165,304</u>	<u>282,390</u>	<u>447,694</u>
Total liabilities		190,258	307,417	497,675
Fund balances - restricted		<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$	<u>190,258</u>	\$ <u>307,417</u>	\$ <u>497,675</u>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Local Nonmajor Funds**  
**Year ended June 30, 2014**

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	<u>LACMTA Express</u>	<u>Combined Other Funds</u> 60007, 60008 60009, 60015, 60016, 60017, 60019, 60022 60023, 60024	<u>Total Local Nonmajor</u>
	<u>60021</u>		
Local grants and services	\$ 122,883	\$ 164,228	\$ 287,111
Expenditures:			
Transportation:			
Contractual services	<u>122,883</u>	<u>164,228</u>	<u>287,111</u>
Total transportation	<u>122,883</u>	<u>164,228</u>	<u>287,111</u>
Excess of revenues over expenditures	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SUPPLEMENTAL  
SCHEDULES**

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Supplemental Schedule of Indirect Costs**  
**Year ended June 30, 2014**

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Indirect costs:	
Salaries and wages	\$ 3,250,267
Temporary help	6,751
Fringe benefits	2,341,558
Professional services	1,299,207
Computer support	294,661
Equipment repairs and maintenance	50,595
Office space leases	1,667,195
Equipment lease	71,487
Insurance	24,443
Office purchases under \$5,000	72,636
Office supplies	84,600
Telephone	186,510
Postage and delivery	5,173
Memberships	73,228
Professsional materials	39,616
Depreciation	219,613
Staff training	52,971
Printing	4,210
Travel	68,916
Other	57,160
Total indirect costs	<u>9,870,797</u>
Indirect costs recovered:	
General Fund	453,103
Federal Transportation Administration	2,094,577
Federal Highway Administration	7,629,108
Transportation Development Act	302,700
Nonmajor Funds	130,684
Total indirect costs recovered	<u>10,610,172</u>
Over-recovered	(739,375)
Over-recovered indirect costs at beginning of year	(906,676)
Over-recovered indirect costs at end of year	<u>\$ (1,646,051)</u>



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Supplemental Schedule of Fringe Benefits**  
**Year ended June 30, 2014**

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Fringe benefits:	
Employee leave and other salary benefits	\$ 1,620,136
PERS/Other Retirement Plans	2,830,124
Life insurance	75,351
Health insurance	2,288,031
Medicare tax – employer share	146,287
Bus passes	122,519
Carpool parking subsidy	1,925
Worker's compensation/unemployment insurance	122,241
Deferred compensation employer match	120,675
Other	79,654
Total fringe benefits	<u>7,406,943</u>
Fringe benefits recovered:	
Allocated to indirect costs	2,341,558
General Fund	216,633
Federal Transportation Administration	1,001,384
Federal Highway Administration	3,637,383
Transportation Development Act	146,666
Nonmajor Funds	63,319
Total	<u>7,406,943</u>
Under-recovered fringe benefits	-
Under-recovered fringe benefits at beginning of year	<u>-</u>
Under-recovered 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, 2014**

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	<u>Salaries and wages</u>	<u>Fringe benefits</u>	<u>Salaries, wages, and fringe benefits</u>
Charges to Direct projects	\$ 6,799,261	\$ 4,848,752	\$ 11,648,013
Charges to General Fund projects	302,982	216,633	519,615
Charges to Indirect projects	<u>3,250,267</u>	<u>2,341,558</u>	<u>5,591,825</u>
Totals	<u>\$ 10,352,510</u>	<u>\$ 7,406,943</u>	<u>\$ 17,759,453</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, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Southern California Association of Governments, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Southern California Association of Governments' basic financial statements, and have issued our report thereon dated December 19, 2014.

**Internal Control Over Financial Reporting**

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

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

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



### Compliance and Other Matters

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

### Purpose of this Report

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

*Vasquez + Company LLP*

Los Angeles, California  
December 19, 2014

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

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

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

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

**Sources:**

Unless otherwise noted, the information in these schedules is derived from the comprehensive reports for the relevant year. Southern California Association of Governments implemented GASB 34 in the fiscal year ended June 30, 2003. Schedules presenting government-wide financial statements include information beginning with that year.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities:</b>										
Net invested in capital assets \$	376,907	289,656	412,828	481,769	746,236	1,645,468	1,536,963	1,615,120	1,954,455	2,766,741
Restricted	-	-	-	-	-	1,534,921	1,417,565	3,547,633	4,408,177	8,195,221
Unrestricted	<u>1,128,107</u>	<u>1,549,748</u>	<u>2,752,366</u>	<u>3,367,204</u>	<u>4,055,685</u>	<u>2,400,417</u>	<u>3,173,237</u>	<u>3,228,709</u>	<u>3,205,903</u>	<u>2,856,658</u>
<b>Total governmental activities</b>										
net position \$	<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>	<u>8,391,462</u>	<u>9,568,535</u>	<u>13,818,620</u>

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

	2005	2006	2007	2008	2009	2010	2011	2012 <sup>4</sup>	2013	2014
<b>Governmental activities:</b>										
<b>Expenses:</b>										
Transportation	\$ 19,082,487	20,640,246	25,605,715	29,815,218	26,911,029	33,509,240	27,318,795	30,615,654	24,518,174	23,153,109
High-speed rail	19,738	1,773,395	443,831	363,924	91,840	37,979	87,980	135,882	196,200	305,054
Aviation	871,935	1,019,056	626,352	123,407	17,275	289,498	845,705	472,799	357,539	303,773
Energy	-	-	96,435	116,947	47,152	-	-	-	-	-
Environmental	-	156,337	-	-	-	-	1,809,901	2,626,070	320,850	1,403,147
Housing	-	49,769	-	-	-	-	1,194,623	665,008	1,993,419	1,505,232
Water	70,389	-	77,615	-	-	-	-	-	-	-
Social Services	-	-	11,419	-	-	-	-	-	-	-
Sustainability initiatives	-	-	-	-	-	-	-	-	5,473,095	2,173,803
Administration	1,556,859	1,595,922	1,618,820	1,379,139	1,407,836	1,033,877	1,342,674	1,678,605	1,560,377	2,005,412
Interest on line of credit	12,504	-	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>21,613,912</b>	<b>25,234,725</b>	<b>28,480,187</b>	<b>31,798,635</b>	<b>28,475,132</b>	<b>34,870,594</b>	<b>32,599,678</b>	<b>36,194,018</b>	<b>34,419,654</b>	<b>30,849,530</b>
<b>Program revenues:</b>										
Charges for services - member dues	1,313,163	1,367,785	1,438,135	1,520,805	1,609,029	1,494,523	1,566,006	1,759,631	1,779,184	1,834,522
Operating grants and contributions	20,044,549	23,638,803	27,198,415	30,763,997	27,643,659	33,834,170	30,949,013	36,245,424	33,510,829	32,833,285
<b>Total program revenues</b>	<b>21,357,712</b>	<b>25,006,588</b>	<b>28,636,550</b>	<b>32,284,802</b>	<b>29,252,688</b>	<b>35,328,693</b>	<b>32,515,019</b>	<b>38,005,055</b>	<b>35,290,013</b>	<b>34,667,807</b>
<b>Net revenues (expenses)</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>1,811,037</b>	<b>870,359</b>	<b>3,818,277</b>
<b>General revenues and other changes in net assets:</b>										
Interest income	36,863	149,276	146,987	104,946	86,581	49,759	51,647	46,580	28,479	53,149
Other income	147,085	413,251 <sup>1</sup>	158,736	92,366	61,383	271,027 <sup>2</sup>	579,971 <sup>2</sup>	406,080 <sup>3</sup>	278,235 <sup>5</sup>	378,659
<b>Changes in net positions</b>	<b>\$ (72,252)</b>	<b>334,390</b>	<b>462,086</b>	<b>683,479</b>	<b>925,520</b>	<b>778,885</b>	<b>546,959</b>	<b>2,263,697</b>	<b>1,177,073</b>	<b>4,250,085</b>

<sup>1</sup> Other income for the year ended June 30, 2006 includes the refund from the JPIA amounting to \$250,311.

<sup>2</sup> Other income for the year ended June 30, 2011 includes the refund from the JPIA amounting to \$307,281.

<sup>3</sup> Other income for the year ended June 30, 2012 includes the refund from the JPIA amounting to \$155,750.

<sup>4</sup> Certain amounts in 2012 have been reclassified to conform with the 2013 presentation.

<sup>5</sup> Other income for the year ended June 30, 2013 includes the refund from the JPIA amounting to \$147,196.



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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011*	2012	2013	2014
<b>General fund:</b>										
Reserved	\$ -	-	-	-	-	-	-	-	-	-
Unreserved	2,715,661	2,714,955	1,861,607	2,923,649	3,431,480	4,506,578	-	-	-	-
Nonspendable	-	-	-	-	-	-	317,801	502,200	262,658	652,453
Unassigned	-	-	-	-	-	-	4,357,692	4,444,550	4,546,068	4,126,906
<b>Total general fund</b>	<b>\$ 2,715,661</b>	<b>2,714,955</b>	<b>1,861,607</b>	<b>2,923,649</b>	<b>3,431,480</b>	<b>4,506,578</b>	<b>-</b>	<b>4,946,750</b>	<b>4,808,726</b>	<b>4,779,359</b>
<b>All other governmental funds:</b>										
Reserved	\$ -	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	1,997,894	1,534,921	-	-	-	-
Restricted	-	-	-	-	-	-	1,417,565	3,547,633	4,408,177	8,195,221
<b>Total all other governmental funds</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,534,921</b>	<b>-</b>	<b>3,547,633</b>	<b>4,408,177</b>	<b>8,195,221</b>

\* 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 Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues:</b>										
Federal grants, net	\$ 19,096,413	21,694,775	24,368,620	28,397,861	25,556,990	32,429,892	29,131,559	30,204,434	27,849,710	26,845,417
State grants and contracts	399,002	206,516	1,148,805	1,866,733	986,200	270,940	582,123	1,682,599	798,043	489,803
Local grants and contracts	577,353	1,827,834	1,678,332	1,468,849	1,100,469	1,133,338	1,235,331	4,358,391	4,863,076	5,498,065
Membership assessments	1,313,163	1,367,785	1,438,135	1,520,805	1,609,029	1,494,523	1,566,006	1,759,631	1,779,184	1,834,522
Interest and other	183,948	312,216	205,945	197,312	147,964	324,153	324,337	731,702	306,714	431,808
<b>Total revenues</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>38,736,757</b>	<b>35,596,727</b>	<b>35,099,615</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Transportation	19,450,818	20,401,077	25,607,040	30,064,151	26,911,029	33,867,010	28,601,593	31,672,376	26,662,798	24,726,670
Aviation	884,886	1,019,262	627,253	123,407	17,275	163,086	636,484	277,796	176,017	174,845
Water	72,159	-	77,956	-	-	-	-	-	-	-
High-speed rail	20,073	2,365,430	443,831	363,924	91,840	-	44,538	68,460	96,590	140,800
Housing	-	50,179	-	-	-	-	746,686	342,391	1,180,258	922,718
Energy	-	-	11,471	108,100	47,152	-	-	-	-	-
Social Services	-	-	96,435	-	-	-	-	-	-	-
Environmental	-	-	-	-	-	-	1,090,079	1,598,322	158,345	887,807
Sustainability initiatives	-	-	-	-	-	-	-	-	3,959,891	1,325,204
Administration	1,230,779	1,536,062	2,244,573	1,093,211	1,041,644	924,182	1,196,508	1,727,671	1,646,163	1,685,534
<b>Debt service:</b>										
Interest	12,504	-	-	-	-	-	-	-	-	-
Capital outlay	107,262	37,822	247,578	257,272	366,192	86,443	471,909	648,416	994,145	1,478,360
<b>Total expenditures</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>32,767,797</b>	<b>36,335,432</b>	<b>34,874,207</b>	<b>31,341,938</b>
<b>Excess (deficiency) of revenues over (under) expenditures</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>2,401,325</b>	<b>722,520</b>	<b>3,757,677</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	10,168,814	10,987,675	10,093,426
Transfers out	(8,131,543)	(7,801,604)	(8,459,574)	(11,197,177)	(10,118,305)	(9,843,270)	(10,442,938)	(10,168,814)	(10,987,675)	(10,093,426)
<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>-</b>
<b>Net change in fund balances</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>2,401,325</b>	<b>722,520</b>	<b>3,757,677</b>

<sup>1</sup> Certain amounts in 2012 have been reclassified to conform with the 2013 presentation.

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

<b>Fiscal year</b>		<b>Indirect costs</b>	<b>Fringe benefits</b>	<b>Totals</b>
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
2012		10,892,283	6,993,925	17,886,208
2013		10,625,503	7,291,029	17,916,532
2014		9,870,797	7,406,943	17,277,740

Source: SCAG Finance Department.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 6 – Member Dues**  
**Last Ten 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>
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
2012	190	16,035,831	1,373,766	6	2,115,074	290,865	5	95,000
2013	191	16,377,980	1,391,884	6	2,066,588	290,942	5	95,000
2014	191	15,764,229	1,446,376	6	1,967,621	293,146	5	95,000

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

City/County	2014		2009	
	Annual Dues	Percent of Total Dues Assessment	Annual Dues	Percent of Total Dues Assessment
City of Los Angeles	\$ 330,970	18%	\$ 300,959	20%
County of Los Angeles	126,572	7%	119,868	8%
County of Riverside	55,743	3%	66,828	4%
County of San Bernardino	50,454	3%	48,008	4%
City of Long Beach	40,803	2%	39,062	3%
County of Orange	35,319	2%	34,180	2%
City of Santa Ana	29,001	2%	not a member	
City of Anaheim	30,392	2%	27,603	2%
City of Riverside	27,350	1%	23,403	2%
SANBAG	25,000	1%	not a member	
RCTC	25,000	1%	15,000	1%
OCTA	25,000	1%	25,000	2%
City of Irvine	20,043	1%	16,449	1%
County of Ventura	18,332	1%	17,427	1%
City of Glendale	17,352	1%	16,886	1%
	<u>\$ 857,331</u>	<u>46%</u>	<u>\$ 750,673</u>	<u>51%</u>

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

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<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>
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
2012	177,441	9,884,632	3,055,792	2,227,577	2,063,919	832,970	18,242,331
2013	180,523	9,992,377	3,093,767	2,265,492	2,084,562	838,622	18,455,343
2014	180,672	10,041,797	3,113,991	2,279,967	2,085,669	842,967	18,545,063

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**

<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>
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
2012	49,276	3,249,575	995,933	692,520	614,640	268,059	5,870,003
2013	49,559	3,258,265	999,552	696,290	616,124	268,726	5,888,516
2014	49,766	3,268,347	1,005,957	700,413	617,749	269,896	5,912,128

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**

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<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>
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
2012	55,650	3,833,217	1,387,350	555,904	603,613	301,950	6,737,684
2013	56,700	3,915,350	1,421,583	565,444	613,973	310,500	6,883,550
2014	63,700	4,208,400	1,487,300	612,500	662,400	318,500	7,352,800

Source: Processed by SCAG Staff; CA EDD - July 2014 Benchmark

2014 data: Estimation based on average between Jan 14 and June 14 and 2013



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 11 – Labor Force 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>
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
2012	77,883	4,878,467	1,613,983	940,567	866,050	438,933	8,815,883
2013	77,150	4,916,433	1,630,883	943,483	863,600	444,633	8,876,182
2014	79,800	4,973,600	1,612,800	952,900	863,600	431,900	8,914,600

Source: Processed by SCAG Staff; CA EDD - July 2014 Benchmark  
2014 data: Estimation based on average between Jan 14 and June 14 and 2013

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 12 – Unemployment 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>
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
2012	21,400	561,567	126,417	116,133	106,167	40,533	972,217
2013	18,883	489,983	101,350	97,333	89,767	34,017	831,333
2014	17,800	408,000	85,400	83,400	73,200	28,600	696,400

Source: Processed by SCAG Staff; CA EDD - March 2010 Benchmark, 7/20/2012  
2014 data: Estimation based on average between Jan 14 and June 14 and 2013

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

	No. of Employees	Type of Business		No. of Employees	Type of Business
<b>Imperial</b>			<b>Riverside</b>		
1 Maui Harvesting	3,000	Harvesting	1 County of Riverside	21,000	Government
2 Imperial County	2,000	Government	2 March Air Reserve Base	8,500	Government
3 Imperial Irrigation District	1,400	Utilities	3 University of California, Riverside	7,500	Education
4 Calipatria State Prison	1,200	Correctional Institution	4 Stater Bros. Markets	6,900	Grocery
5 Centinela State Prison	1,100	Correctional Institution	5 Wal-Mart	5,700	Retail
6 Jjall LLC	800	Labor Contractors	6 Kaiser Permanente Riverside Medical Center	5,600	Hospital
7 El Centro Naval Air Facility	800	Federal Government	7 Riverside Unified School District	5,000	Education
8 El Centro Regional Medical Center	800	Hospital	8 Corona-Norco Unified School District	4,600	Education
9 Pioneers Memorial Hospital	600	Hospital	9 Moreno Valley Unified School District	3,355	Education
10 Paradise Casino	600	Casino	10 Hemet Unified School District	3,400	Education
<b>Los Angeles</b>			<b>San Bernardino</b>		
1 Los Angeles County	101,800	Government	1 County of San Bernardino	17,500	Government
2 Los Angeles Unified School District	60,300	Education	2 Stater Bros. Markets	18,200	Grocery
3 Kaiser Permanente	35,900	Hospital	3 U.S. Army, Fort Irwin & Nat'l Training Center	13,800	Government
4 UCLA	35,500	Education	4 Loma Linda University	13,800	Education
5 City of Los Angeles	32,000	Government	5 U.S. Marine Corps Air Ground Combat Center	12,500	Government
6 Nestle	20,000	Food Products	6 San Bernardino City Unified School District	8,600	Education
7 USC	14,700	Education	7 Ontario International Airport	7,700	Airport
8 Ralphs	11,600	Grocery	8 Loma Linda University Medical Center	6,100	Hospital
9 Cedars-Sinai Medical Center	10,000	Hospital	9 Kaiser Permanente (Fontana only)	6,000	Hospital
10 Target	8,200	Retail	10 United Parcel Service	5,700	Postal Service
<b>Orange</b>			<b>Ventura</b>		
1 Walt Disney Co	25,000	Hospitality and Entertainment	1 Naval Base Ventura County	20,600	Government
2 University of California, Irvine	22,300	Education	2 County of Ventura	10,700	Government
3 County of Orange	17,700	Government	3 Amgen Inc	5,800	Biomedical
4 St. Joseph Health	11,679	Hospital	4 Simi Valley Unified School District	2,500	Education
5 Kaiser Permanente	7,200	Hospital	5 Community Memorial Hospital	1,800	Hospital
6 The Boeing Company	6,800	Aerospace	6 Los Robles Hospital & Medical Center	1,600	Hospital
7 Bank of America Corp	6,000	Finance	7 City of Oxnard	1,600	Government
8 Memorial Care Health System	5,500	Hospital	8 Ventura Unified School District	1,600	Education
9 Target Corp.	5,400	Retail	9 Ventura County Community College District	1,600	Education
10 Cedar Fair LP	5,200	Entertainment	10 Oxnard Elementary School District	1,600	Education

Data provided courtesy of InfoGroup, California Employment Development Department (EDD), Ventura County Economic Development Corporation, Imperial County Economic Development Corporation, Los Angeles County, Orange County, Riverside County, San Bernardino County, Los Angeles Unified School District, Kaiser Permanente, UCLA, USC, Cedars-Sinai Medical Center, Target Co., UC Irvine, The Boeing Company, March Air Reserve Base, Corona-Norco Unified School District, Moreno Valley Unified School District, Hemet Unified School District.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 14 – Housing Units 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>
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
2012	56,222	3,454,092	1,052,361	807,970	702,911	282,923	6,356,479
2013	56,524	3,463,382	1,056,195	812,234	704,540	283,575	6,376,450
2014	56,731	3,474,152	1,062,966	817,008	706,314	284,489	6,401,660

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>
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
2012	121,500	325,000	453,000	206,500	158,000	365,500	271,583
2013	128,000	410,000	540,000	255,000	205,000	425,000	327,167
2014	200,000	450,250	600,000	300,000	240,000	470,000	376,708

Source: Data Quick

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

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<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>
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
2012	4,175	4,060	790	7,208	20,062	1,846	38,141
2013	4,175	4,060	790	7,208	20,062	1,846	38,141
2014	4,175	4,060	790	7,208	20,062	1,846	38,141

Source: Census Bureau Tiger File

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 17 – Assessed Valuation 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>
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
2011	10,636,065,947	1,055,470,089,596	417,961,898,748	205,709,223,529	166,489,324,697	104,382,110,478	1,960,648,712,995
2012	10,335,759,824	1,070,532,689,445	422,054,150,027	203,143,376,088	165,720,121,024	104,392,245,689	1,976,178,342,097
2013	10,043,932,754	1,085,810,247,460	426,186,468,404	200,609,532,915	164,954,471,178	104,402,381,884	1,992,007,034,595
2014	10,758,020,589	1,141,939,764,894	447,370,937,697	212,354,801,114	175,088,929,464	109,275,582,221	2,096,788,035,978

Source: State of California – Controller’s Office.

Note: 2014 data are estimated based on the average growth from 2005 to 2013. They will be replaced when official data are released.

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

Full-Time and Part-Time Employees as of June 30								
Fiscal Year	Transportation	High Speed Rail	Aviation	Environ- mental	Housing	Water	Admini- stration	Total
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
2012	42	1	1	3	2	—	56	105
2013	55	1	1	2	1	—	67	127
2014	57	1	1	2	1	—	58	120

Source: SCAG HR Department.



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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Transportation</b>										
No. of projects undertaken	13	15	27	25	24	55	50	48	49	82
Grants & Contracts Revenue	\$ 19,082,487	20,640,246	28,806,467	31,899,796	29,929,881	33,664,593	29,354,637	23,819,826	23,880,028	23,120,187
<b>High Speed Rail</b>										
No. of projects undertaken	1	3	2	1	1	1	1	1	1	1
Grants & Contracts Revenue	\$ 19,738	1,773,395	443,831	899,136	32,989	42,594	98,354	137,330	21,200	263,579
<b>Aviation</b>										
No. of projects undertaken	3	4	3	3	1	3	3	1	1	1
Grants & Contracts Revenue	\$ 871,935	1,019,056	626,352	375,864	276,933	266,702	884,816	461,819	347,880	196,948
<b>Environmental</b>										
No. of projects undertaken	-	2	-	2	2	-	7	9	6	13
Grants & Contracts Revenue	\$ -	156,337	-	2,574,424	49,467	-	2,401,731	2,881,315	587,435	1,601,570
<b>Housing</b>										
No. of projects undertaken	-	1	-	-	-	-	2	2	2	3
Grants & Contracts Revenue	\$ -	49,769	-	-	-	-	1,306,547	1,345,833	2,088,856	1,599,668
<b>Sustainability Initiatives</b>										
No. of projects undertaken	-	-	-	-	-	-	-	6	9	12
Grants & Contracts Revenue	\$ -	-	-	-	-	-	-	6,200,905	6,089,132	2,511,049
<b>Water</b>										
No. of projects undertaken	1	-	1	-	-	-	-	-	-	-
Grants & Contracts Revenue	\$ 70,389	-	77,616	-	-	-	-	-	-	-
<b>Social Sciences</b>										
No. of projects undertaken	-	-	1	-	-	-	-	-	-	-
Grants & Contracts Revenue	\$ -	-	11,419	-	-	-	-	-	-	-

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

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No capital assets indicators are available to SCAG.



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