

# COMPREHENSIVE ANNUAL FINANCIAL REPORT 2013

YEAR ENDED JUNE 30, 2013

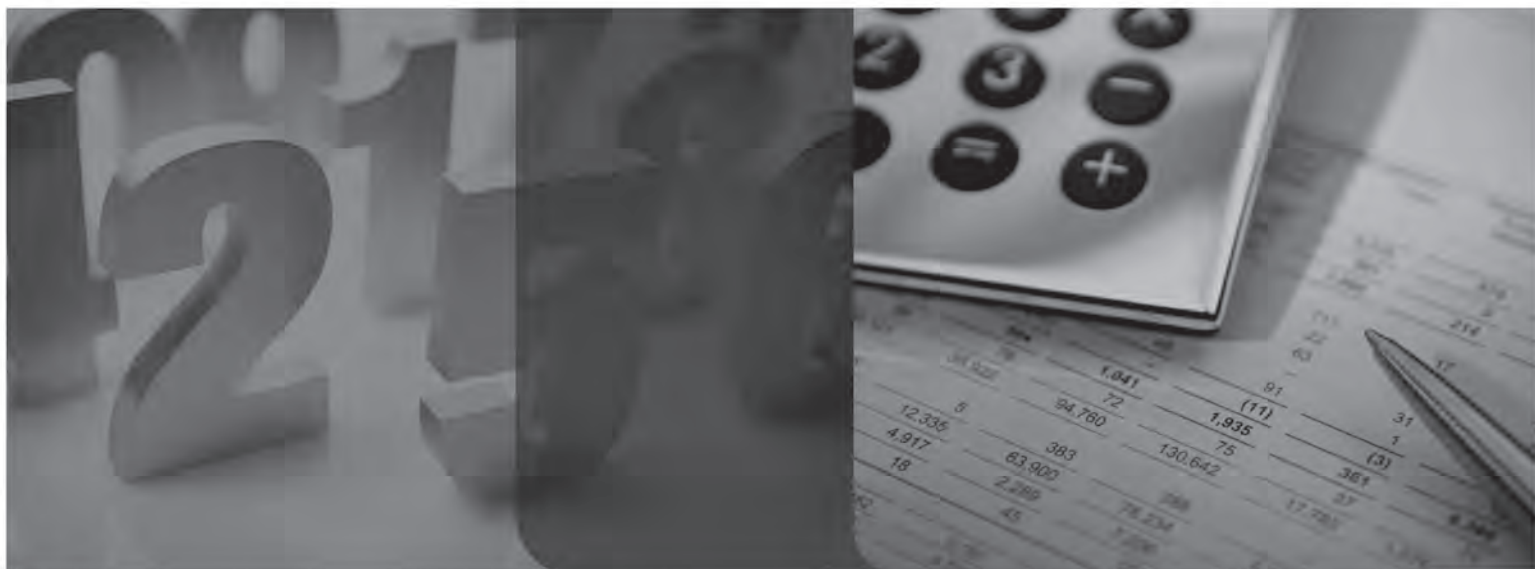
Finance Department  
BASIL PANAS, Chief Financial Officer  
Administration Division



# COMPREHENSIVE ANNUAL FINANCIAL REPORT 2013

YEAR ENDED JUNE 30, 2013

Finance Department  
BASIL PANAS, Chief Financial Officer  
Administration Division



**Comprehensive Annual Financial Report**  
**Southern California Association of Governments**  
*Year ended June 30, 2013*  
*with Report of Independent Auditors*

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



**ASSOCIATION OF  
GOVERNMENTS**

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**Officers**

President  
Greg Pettis, Cathedral City

First Vice President  
Carl Morehouse, San Buenaventura

Second Vice President  
Cheryl Viegas-Walker, El Centro

Immediate Past President  
Glen Becerra, Simi Valley

**Executive/Administration  
Committee Chair**

Greg Pettis, Cathedral City

**Policy Committee Chairs**

Community, Economic and  
Human Development  
Margaret Finlay, Duarte

Energy & Environment  
James Johnson, Long Beach

Transportation  
Keith Millhouse, Ventura County  
Transportation Commission

December 16, 2013

Honorable Greg Pettis, 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  
2012/13*

Dear President Pettis 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, 2013.

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 2012-2013.

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 2011/12 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, 2012. 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, 2013 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, 2013 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 2012/13 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 2013/14**

- Continue progress with the initiatives set forth in the adopted 2012 Regional Transportation Plan (RTP)/Sustainable Communities Strategy (SCS), and begin preparation of the 2015-2040 RTP/SCS with a focus on the integrated growth forecast and transportation modeling development.
- With the recent completion of the Fifth Cycle of the Regional Housing Needs Assessment (RHNA), facilitate possible reform efforts in the area of RHNA and local Housing Elements.
- Strategically deploy SCAG's additional TDA funding to maximize its leverage as primary or match funding for critical projects.
- Aggressively pursue funding for, and implementation of, the seventy-three projects in SCAG's Sustainability Program.

### **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 67 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 are elected from within the six-county region. All policy-making, the annual Overall Work Program, project budgets, and all material financial matters are discussed and acted upon through the Regional Council. A listing of each member and the names of the city, county, county transportation commission and tribal government representatives 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 and other Regional Council members appointed by the SCAG President. There are three main policy Committees: Transportation; Community, Economic and Human Development; and Energy and Environment. In addition, all financial operations are reviewed and managed by the EAC.

### **SCAG's Mandates**

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

#### **(a) Development of the 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.

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 major 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. 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 the spring of 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 2013 FTIP was federally approved on December 14, 2012.

**(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 and Sustainable Communities Strategy (SCS) the Air Quality Management Plan (AQMP), the FTIP, and the RHNA.

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

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

To ensure integration of regional plans under SB 375, a Regional Housing Needs Assessment (RHNA) is developed every eight years in conjunction with every other RTP process. The RHNA Allocation Plan sets each jurisdiction's share of the region's future housing needs for all income groups and serves as the housing need goal for the local housing element update process. 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 2014.

**(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 develop similar data and materials for the upcoming 2015/16 South Coast AQMP.

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

On behalf of each of the members of the management team at SCAG, we express our sincere gratitude to you, President Pettis, 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 report was financed in part through grants from the United States Department of Transportation – Federal Highway Administration and the Federal Transit Administration – under provisions of the “Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users” (SAFETEA-LU). Additional financial assistance was provided by the California State Department of Transportation.

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

## REGIONAL COUNCIL MEMBERS

### Officers

President: Greg Pettis, Cathedral City  
First Vice President: Carl Morehouse, San Buenaventura  
Second Vice President: Cheryl Viegas-Walker, El Centro  
Immediate Past President: Glen Becerra, Simi Valley

### Members

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

Los Angeles County: Michael D. Antonovich, Los Angeles County • Mark Ridley-Thomas, Los Angeles County • Richard Alarcón, Los Angeles • Bruce Barrows, Cerritos • Sylvia Balin, San Fernando • Joe Buscaino, Los Angeles • Margaret Clark, Rosemead • Gene Daniels, Paramount • Mitchell Englander, Los Angeles • Margaret E. Finlay, Duarte • Roy Francis, La Habra Heights • Eric Garcetti, Los Angeles • James Gazeley, Lomita • Mario A. Guerra, Downey • Frank Gurulé, Cudahy • 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 • Dan Medina, Gardena • Barbara Messina, Alhambra • Judy Mitchell, Rolling Hills Estates • Jim Morton, Lynwood • Gene Murabito, Glendora • Steven Neal, Long Beach • Pam O'Connor, Santa Monica • Bernard Parks, Los Angeles • Jan Perry, Los Angeles • Ed P. Reyes, Los Angeles • Bill Rosendahl, Los Angeles • Mark Rutherford, Westlake Village • Jess Talamantes, Burbank • Antonio Villaraigosa, Los Angeles • Donald Voss, La Cañada Flintridge • Herb Wesson, Jr., Los Angeles • Dennis Zine, Los Angeles

Orange County: Shawn Nelson, Orange County • Art Brown, Buena Park • Steven Choi, Irvine • Leslie Daigle, Newport Beach • Matthew Harper, 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 • Jeff DeGrandpre, Eastvale • Jim Hyatt, Calimesa • Greg Pettis, Cathedral City • Lupe Ramos Watson, Indio • Ron Roberts, Temecula • Karen Spiegel, Corona

San Bernardino County: Gary Ovitt, San Bernardino County • Paul Eaton, Montclair • Ed Graham, Chino Hills • Jon Harrison, Redlands • Bill Jahn, Big Bear Lake • Larry McCallon, Highland • Ryan McEachron, Victorville • Deborah Robertson, Rialto

Ventura County: Linda Parks, Ventura County • Glen Becerra, Simi Valley • Carl Morehouse, San Buenaventura • Carmen Ramirez, Oxnard  
Tribal Government Representative: Andrew Maisel, Sr.

Riverside County Transportation Commission: Bob Botts, Banning

San Bernardino Associated Governments: Alan Wapner, Ontario

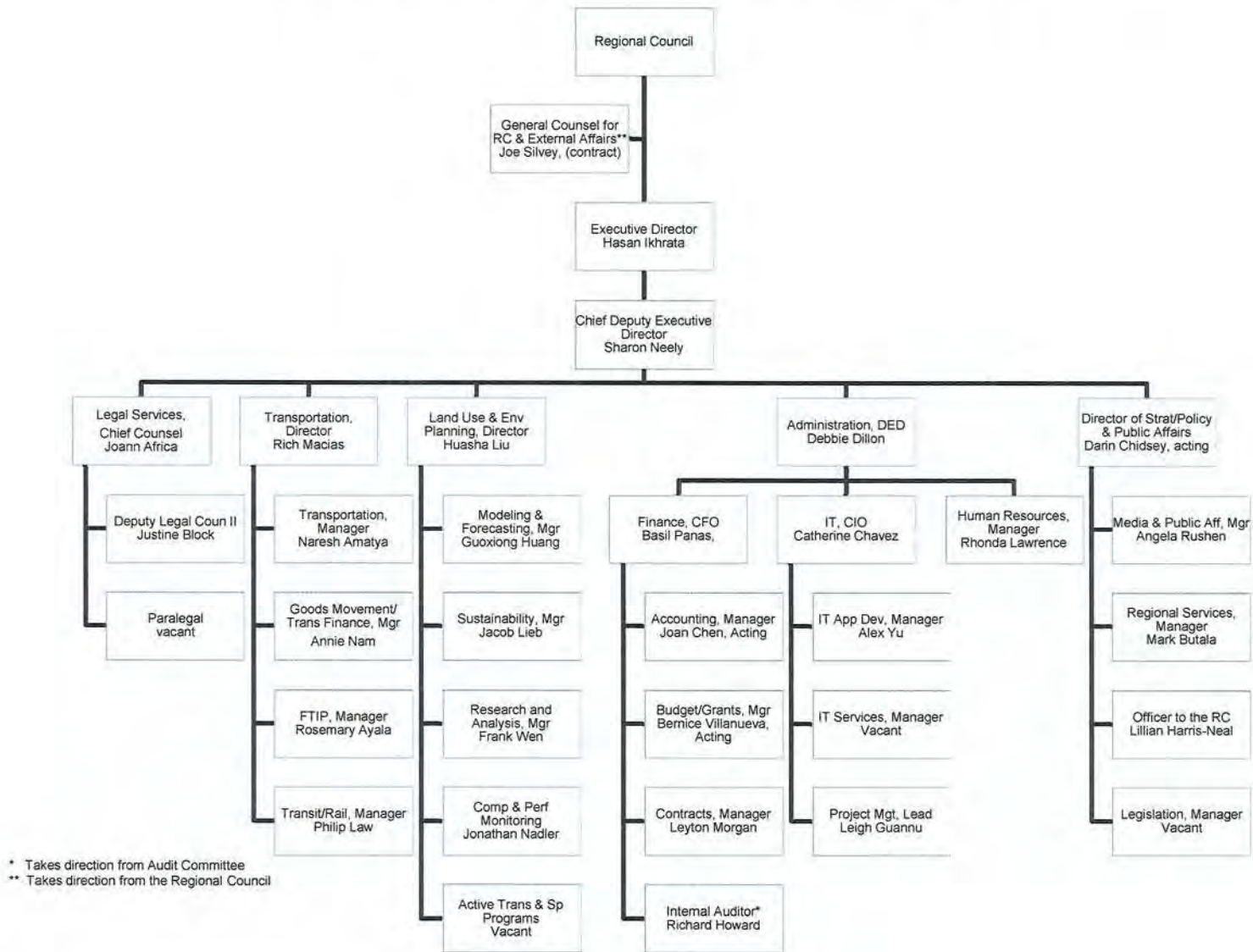
Ventura County Transportation Commission: Keith Millhouse, Moorpark  
Transportation Corridors Agency: Lisa Bartlett, Dana Point

*Please note: There are current vacancies on the Regional Council which include representatives for RC District #53, Orange County Transportation Authority (OCTA), Metro, Imperial County Transportation Commission (ICTC) and the Air Districts.*

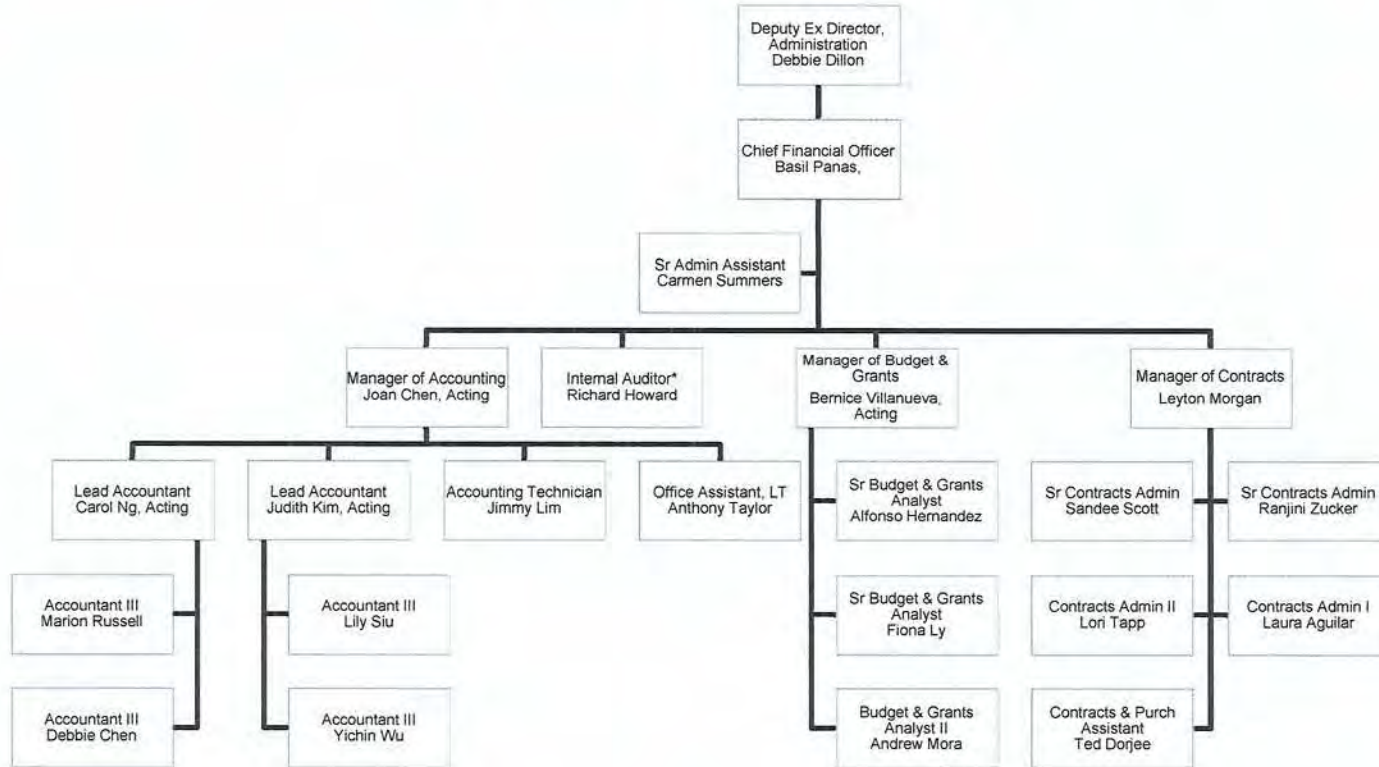
June 30, 2013



# SCAG Organization Chart – June 2013



# Finance Division- June 30, 2013



\*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, 2012**

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, 2013, 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 significant 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.



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Southern California Association of Governments as of June 30, 2013, 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 16-25 and 56-62 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 Government's 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 16, 2013 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 the Southern California Association of Governments' internal control over financial reporting and compliance.

*Vargus + Company LLP*

Los Angeles, California  
December 16, 2013

**MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS**



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2013**

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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, 2013. 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 FY13.

## **FINANCIAL HIGHLIGHTS**

- Revenues decreased to \$35.6 million in FY13 from \$38.5 million in FY12, a decrease of \$2.9 million, or 7%.
- Federal revenues decreased by \$2.4 million; state revenues decreased by \$0.9 million; local revenues increased by \$0.5 million; and General Fund revenues decreased by \$0.4 million.
- Net position increased by \$1.2 million to \$9.6 million. The increase was attributable to the surpluses in the General and Transportation Development Act Funds.
- Cash increased by \$1.7 million; receivables decreased by \$1.3 million; and accounts payable and contracts payable decreased by \$2.3 million, all compared to FY12.
- Cash balances were adequate to support operations. There were no draws on SCAG's line of credit in FY13.
- Receivables decreased \$1.3 million to \$8.9 million. No receivables are past due at year end.
- Accounts and contracts payable (AP) payments to vendors are disbursed on a current basis. AP balances decreased \$2.3 million to \$2.9 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 inflow 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 26 and 27 of this report.

## **FUND-BASED REPORTING**

The primary role of fund-based financial statements is fiscal accountability. This means demonstrating whether SCAG complied, in the short-term (usually a fiscal year), with the legal restrictions associated with its funding. The governmental funds report the same activities as the government-wide financial statements but they use modified accrual accounting. 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, 2013**

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**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements and the governmental funds financial statements. The notes provide the reader with information about accounting policies, data and information about cash, indirect overhead, commitments and contingencies, retirement pension plans, and other items. The notes to the basic financial statements can be found on pages 32 to 55 of this report.

**Statement of Net Position**

The Statement of Net Position is prepared using accrual accounting since its measurement focus is total economic resources. Thus, it reports both long-term and short-term assets and deferred outflows of resources and liabilities and deferred inflows of resources. At the end of FY13, assets exceeded liabilities by \$9,568,535, an increase of \$1,177,073 from FY12. There were no deferred outflows/inflows of resources at June 30, 2013. This results from the increases in the General and TDA fund balances. No other funds have a fund balance.

The following is a summary of net positions as of June 30, 2013 and 2012:

	<b>June 30</b>	
	<u><b>2013</b></u>	<u><b>2012</b></u>
Current and other assets	\$ <b>15,300,690</b>	\$ 15,081,412
Capital assets, net	<b>1,954,455</b>	1,615,120
Total assets	<u><b>17,255,145</b></u>	<u>16,696,532</u>
Current liabilities	<b>5,936,591</b>	6,239,755
Noncurrent liabilities	<b>1,750,019</b>	2,065,315
Total liabilities	<u><b>7,686,610</b></u>	<u>8,305,070</u>
Net position		
Invested in capital assets	<b>1,954,455</b>	1,615,120
Restricted	<b>4,408,177</b>	3,547,633
Unrestricted	<b>3,205,903</b>	3,228,709
Total net position	<u><b>\$ 9,568,535</b></u>	<u>\$ 8,391,462</u>

**Cash and Cash Equivalents**

Over the last year, cash and cash equivalents has increased \$1.7 million to \$6.1 million. During that same period, cash as a percentage of total assets increased from 26% to 35% due to the decrease in receivables during that period.

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Included in cash was \$4.4 million of TDA, and \$0.3 million of member dues for FY14 received in FY13.

**Accounts Receivable (AR)**

ARs from federal, state, local and other agencies at the end of FY13 were \$8.9 million compared to \$10.2 million the year before. AR balances represented 52% of total assets compared to 61% in FY12.

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 \$7.3 million were \$1.2 million less than last year. State receivables decreased by \$0.3 million to \$0.5 million. Local grants and contracts receivable increased by \$0.3 million to \$0.6 million. Other receivables decreased from \$0.7 million to \$0.3 million.

**Accounts and Contracts Payable (AP)**

During FY13, SCAG met its goal of paying 95% of invoices within 30 days in eight of twelve months. While this was an improvement over the previous year, the Finance Department is continually evaluating its processes to improve on this record. The AP balance decreased from \$5.2 million to \$2.9 million.

**Line of Credit (LOC)**

During FY13, 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, 2014. 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 \$1,954,455 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	
		2013	2012
Computer equipment and software, net	\$	1,857,916	\$ 1,471,742
Leasehold improvements, net		38,997	48,721
Furniture and fixtures, net		57,542	94,657
	\$	1,954,455	\$ 1,615,120

**Statements of Activities**

		Years ended June 30	
		2013	2012
<b>REVENUES</b>			
Charges for services - member dues	\$	1,779,184	\$ 1,759,631
Operating grants and contributions		33,510,829	36,245,424
General revenues:			
Interest income		28,479	46,580
Other revenue		278,235	406,080
		35,596,727	38,457,715
<b>EXPENSES</b>			
Transportation		24,518,174	24,075,983
Aviation		357,539	472,799
Environmental		320,850	2,912,300
High-speed rail		196,200	135,882
Housing		1,993,419	665,008
Sustainability initiatives		5,473,095	6,253,441
Administration		1,560,377	1,678,605
		34,419,654	36,194,018
Change in net position		1,177,073	2,263,697
Net position - beginning		8,391,462	6,127,765
Net position - ending	\$	9,568,535	\$ 8,391,462

*NOTE: Certain amounts in the 2012 Statement of Activities have been reclassified to conform with the 2013 presentation.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2013**

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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 FY13 were \$35.6 million compared to \$38.7 million last year. This is decrease of \$3.1 million or about 8%.

The increase in net positions 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 FY13, salary expenses were \$12.4 million which included \$1.7 million of non-worktime (e.g., vacation leave, sick leave, holiday). The comparable amounts in FY12 were \$12.2 million and \$1.5 million, respectively. Salaries, including non-worktime, represent about 35% of total expenses.

Consultant expenses are the next largest expense line item. They decreased \$2 million to \$11.0 million in FY13 from \$13.0 million in FY12. They represent about 32% 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**  
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These two grants were billed \$26.4 million in FY13 compared to \$28.7 million in FY12. FHWA revenues amounted to \$18.0 million and FTA \$8.4 million in FY13. Salaries and fringe benefits accounted for \$10.7 million, consultant expenses were \$4.5 million and the balance consisted of indirect overhead of \$10.4 million and other direct project costs of \$0.8 million. Other direct project expenses include professional services, travel, printing and other non-labor costs.

**Other Federal Grants**

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

The total FTA Section 5304 budget was \$1.8 million. The total amount expended from Section 5304 was about \$0.5 million. The unused grant balance will be carried forward to FY14 and future years, if needed, subject to authorization from Caltrans. In August, SCAG was awarded eight new grants amounting to approximately \$1.0 million for FY14.

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

As for 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 Co-Op Agreement for the program was authorized on November 15, 2012 and will be completed by November 15, 2015.

SCAG has a total of six pass-through grants funded by the Department of Energy. All six grants are related to the Clean Cities Coalitions, and total \$0.6 million. Three of the six grants are passed through to the South Coast Air Quality Management District (AQMD). The fourth is a pass-through to the American Society for Engineering Education (ASEE) and Argonne National Laboratory (ANL) for a Clean Cities Internship for the Summer of 2013. The second to last grant is a pass-through to Leonardo Technologies, Inc (LTI) for Clean Cities Coalition Programmatic Support. The last grant is a pass-through with the San Bernardino Associated Governments (SANBAG) for the Alternative Fuel Project.

**State Grants**

State revenues this year were \$0.8 million from three state grants. Each grant was awarded to SCAG to fund specific project activities.

The California Energy Commission (CEC) awarded SCAG a \$0.2 million grant (in FY12) 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.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2013**

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A total of \$1 million was awarded at the start of FY11 from the Proposition 84 Modeling grant by the Strategic Growth Council (SGC). It is the intent of the SGC to expedite the development of regional transportation and land use modeling by supporting the data gathering and model development necessary to comply with SB 375 and promote the objectives of the SGC. The grant is managed by Caltrans and part of SCAG's Overall Work Program Agreement (OWPA).

In addition, a total of \$2 million was awarded from the SGC for two Proposition 84 Sustainable Communities Planning Grants. The Round One grant was awarded and executed in early FY12. The Round Two grant was awarded in May 2013. Each grant is intended to expand the technical capacity and knowledge base to facilitate the development of sustainable communities in Southern California.

**Local Revenues**

Local revenues were \$4.9M compared to \$4.4 million in FY12, consisting of local match, mostly of Transportation Development Act (TDA) funding. The TDA fund, a major fund, had revenues of \$4.6 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.

**General Fund**

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

The comparative summary statement of revenues, expenditures, and changes in fund balances of the GF shown below is reported on a modified accrual basis. In FY13, fund balance decreased by \$138,024. The reader is referred to page 27, which presents the statement of activities on a government-wide basis and reports an increase in net position of \$1,177,073.



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2013**

	<u>Years ended June 30</u>	
	<u>2013</u>	<u>2012</u>
<b>Revenues:</b>		
Membership assessments	\$ 1,779,184	\$ 1,759,631
General assembly	236,247	194,000
Interest and other	70,467	537,702
Total revenues	<u>2,085,898</u>	<u>2,491,333</u>
<b>Expenditures:</b>		
Transportation	10,813,814	10,451,638
Housing	182,295	-
Administration	1,646,163	1,727,671
Capital outlay	496,151	143,923
Total expenditures	<u>13,138,423</u>	<u>12,323,232</u>
Deficiency of revenues over expenditures	(11,052,525)	(9,831,899)
<b>Other financing sources:</b>		
Transfer in	10,951,088	10,135,985
Transfer out	<u>(36,587)</u>	<u>(32,829)</u>
Change in fund balance	(138,024)	271,257
Fund balance, beginning of year	<u>4,947,750</u>	<u>4,676,493</u>
Fund balance, end of year	<u>\$ 4,809,726</u>	<u>\$ 4,947,750</u>

**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 FY13 to \$1,779,184 from \$1,759,631 in FY12, an increase of about 1.1%. This resulted from the automatic dues increase equivalent to the Consumer Price Index provided for in the Bylaws. In FY13, SCAG welcomed the following new members: Rancho Santa Margarita, Jurupa Valley, Fountain Valley and Costa Mesa.

**Other GF revenues and interest income**

Total other revenues decreased in FY13 to \$70,467 from \$537,702 in FY12. FY12 other revenues included a large reimbursement from the landlord of the Los Angeles facility.

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 compared to the budget of \$2.9 million, a positive variance of \$0.6 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 FY14 is \$39.8 million compared to the grant budget in FY13 of \$43.7 million, a net decrease of \$3.9 million or 8.9%. Most FY14 OWP funding comes from the Federal government (85%), 12% 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, 2013

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**ASSETS**

Cash and cash equivalents	\$	6,101,553
Receivables:		
Federal grants		7,299,063
State grants and contracts		452,602
Local grants and contracts		618,013
Other		553,155
Prepays		262,658
Other assets		13,646
Capital assets, net		<u>1,954,455</u>
Total assets		<u>17,255,145</u>

**LIABILITIES**

Accounts and contracts payable		2,931,234
Accrued liabilities		1,180,729
Over-recovery of indirect costs		906,676
Advances from grantors		624,488
Unearned revenues		293,464
Noncurrent liabilities:		
Due within one year		618,394
Due in more than one year		<u>1,131,625</u>
Total liabilities		<u>7,686,610</u>

**NET POSITION**

Net investment in capital assets		1,954,455
Restricted for:		
Transportation projects		4,408,177
Unrestricted		<u>3,205,903</u>
Total net position	\$	<u><u>9,568,535</u></u>

*See notes to basic financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Statement of Activities**  
**Year ended June 30, 2013**

	<u>Expenses</u>	<u>Indirect cost allocations</u>	<u>Program revenues</u>		<u>Net (expenses) revenues and change in net position 2013</u>
			<u>Charges for services – member dues</u>	<u>Operating grants and contributions</u>	
Functions/programs:					
Transportation	\$ 16,177,839	\$ 8,340,335	\$ -	\$ 25,511,270	\$ 993,096
Aviation	185,676	171,863	-	347,880	(9,659)
Environmental	168,107	152,743	-	311,088	(9,762)
High-speed rail	101,890	94,310	-	190,900	(5,300)
Housing	1,230,187	763,232	-	1,761,195	(232,224)
Sustainability initiatives	4,044,490	1,428,605	-	5,388,496	(84,599)
Administration	<u>12,511,465</u>	<u>(10,951,088)</u>	<u>1,779,184</u>	<u>-</u>	<u>218,807</u>
Total governmental activities	<u>\$ 34,419,654</u>	<u>\$ -</u>	<u>\$ 1,779,184</u>	<u>\$ 33,510,829</u>	<u>870,359</u>
General revenues:					
Interest income					28,479
Other revenue					<u>278,235</u>
Total general revenues					<u>306,714</u>
Change in net position					1,177,073
Net position at beginning of year					<u>8,391,462</u>
Net position at end of the year					<u>\$ 9,568,535</u>

*See notes to basic financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

<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	\$ 6,101,553	\$ -	\$ -	\$ -	\$ -	\$ 6,101,553
Receivables:						
Federal grants	-	3,681,830	2,941,669	-	675,564	7,299,063
State grants and contracts	-	-	-	-	452,602	452,602
Local grants and contracts	-	-	-	274,679	343,334	618,013
Other	553,155	-	-	-	-	553,155
Due from other funds	1,007,354	-	-	4,331,940	394,814	5,734,108
Prepays	262,658	-	-	-	-	262,658
Other assets	13,646	-	-	-	-	13,646
<b>Total assets</b>	<b>\$ 7,938,366</b>	<b>\$ 3,681,830</b>	<b>\$ 2,941,669</b>	<b>\$ 4,606,619</b>	<b>\$ 1,866,314</b>	<b>\$ 21,034,798</b>
 <b>Liabilities, Deferred Inflow of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts and contracts payable	\$ 601,575	\$ 1,340,468	\$ 109,700	\$ 198,442	\$ 681,049	\$ 2,931,234
Accrued liabilities	1,180,729	-	-	-	-	1,180,729
Over-recovery of indirect costs	906,676	-	-	-	-	906,676
Due to other funds	-	2,341,362	2,831,969	-	560,777	5,734,108
Advances from grantors	-	-	-	-	624,488	624,488
Unearned revenues	293,464	-	-	-	-	293,464
<b>Total liabilities</b>	<b>2,982,444</b>	<b>3,681,830</b>	<b>2,941,669</b>	<b>198,442</b>	<b>1,866,314</b>	<b>11,670,699</b>
 <b>Deferred Inflow of Resources</b>						
Unavailable revenue	147,196	-	-	-	-	147,196
<b>Total deferred inflow of resources</b>	<b>147,196</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147,196</b>
 <b>Fund balances</b>						
Nonspendable for:						
Prepays	262,658	-	-	-	-	262,658
Restricted:						
Transportation	-	-	-	4,408,177	-	4,408,177
Unassigned:						
General Fund	4,546,068	-	-	-	-	4,546,068
<b>Total fund balances</b>	<b>4,808,726</b>	<b>-</b>	<b>-</b>	<b>4,408,177</b>	<b>-</b>	<b>9,216,903</b>
 Total liabilities, deferred inflows of resources and fund balances	 <b>\$ 7,938,366</b>	 <b>\$ 3,681,830</b>	 <b>\$ 2,941,669</b>	 <b>\$ 4,606,619</b>	 <b>\$ 1,866,314</b>	 <b>\$ 21,034,798</b>

*See notes to basic financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position in the Statement of Net Position**  
**June 30, 2013**

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Total governmental fund balances	\$	9,216,903
Amounts reported for governmental activities in the accompanying statement of net position are different because:		
Capital assets, net of accumulated depreciation of \$3,555,221 used in governmental activities are not financial resources; they are therefore not reported in the governmental fund financial statements		1,954,455
Deferred credits 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		(162,993)
Compensated absences liabilities are not due and payable at year end; they are therefore not reported in the governmental fund financial statements		(1,111,266)
Net pension obligations are not due and payable at year end; they are therefore not reported in the governmental fund financial statements		(475,760)
Claim receivables from California JPIA are not available on a current basis; they are therefore not reported in the governmental fund financial statements		<u>147,196</u>
Net position	\$	<u><u>9,568,535</u></u>

*See notes to basic financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year ended June 30, 2013**

	General Fund	FTA Fund	FHWA	TDA Fund	Nonmajor Funds	Total
<b>Revenues:</b>						
Federal grants, net	\$ -	\$ 8,427,170	\$ 18,004,208	\$ -	\$ 1,418,332	\$ 27,849,710
State grants and contracts	-	-	-	-	798,043	798,043
Local grants and contracts	-	-	-	4,594,677	268,399	4,863,076
Membership assessments:						
Cities	1,393,242	-	-	-	-	1,393,242
Counties	290,942	-	-	-	-	290,942
Commission	95,000	-	-	-	-	95,000
General assembly	236,247	-	-	-	-	236,247
Interest and other	70,467	-	-	-	-	70,467
Total revenues	<u>2,085,898</u>	<u>8,427,170</u>	<u>18,004,208</u>	<u>4,594,677</u>	<u>2,484,774</u>	<u>35,596,727</u>
<b>Expenditures:</b>						
Transportation	10,813,814	5,061,270	7,104,281	1,293,859	2,389,574	26,662,798
Aviation	-	-	176,017	-	-	176,017
Environmental	-	-	158,345	-	-	158,345
High-speed rail	-	96,590	-	-	-	96,590
Housing	182,295	133,574	847,083	17,306	-	1,180,258
Sustainability initiatives	-	1,234,234	950,730	1,774,927	-	3,959,891
Administration	1,646,163	-	-	-	-	1,646,163
Capital outlay	496,151	-	451,676	46,318	-	994,145
Total expenditures	<u>13,138,423</u>	<u>6,525,668</u>	<u>9,688,132</u>	<u>3,132,410</u>	<u>2,389,574</u>	<u>34,874,207</u>
Excess (deficiency) of revenues over expenditures	(11,052,525)	1,901,502	8,316,076	1,462,267	95,200	722,520
<b>Other financing sources (uses):</b>						
Transfers in	10,951,088	-	-	-	36,587	10,987,675
Transfers out	(36,587)	(1,901,502)	(8,316,076)	(601,723)	(131,787)	(10,987,675)
Change in fund balance	<u>(138,024)</u>	<u>-</u>	<u>-</u>	<u>860,544</u>	<u>-</u>	<u>722,520</u>
Fund balances at beginning of year	4,946,750	-	-	3,547,633	-	8,494,383
Fund balances at end of year	<u>\$ 4,808,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,408,177</u>	<u>\$ -</u>	<u>\$ 9,216,903</u>

*See notes to basic financial statements.*



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**Year ended June 30, 2013**

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Change in fund balances – total governmental funds \$ 722,520

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. (200,078)

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	\$ 994,145	
Loss on disposal of assets	(23,537)	
Depreciation expense	<u>(631,273)</u>	339,335

Deferred credits and compensated absences liabilities are not recorded in the governmental funds and the corresponding changes in these balances are not reflected in the change in fund balance:

Deferred credits	346,181
Compensated absences liabilities	30,822

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:

Decrease in net pension obligation	<u>(61,707)</u>
Change in net position of governmental activities	<u><u>\$ 1,177,073</u></u>

*See notes to basic financial statements.*

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) General Background**

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

The region served by SCAG includes the counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura as well as cities within the boundaries of these counties. SCAG works with the region's agencies and decision makers to develop long-range regional plans and strategies that provide for efficient movement of people, goods, and information; enhance economic growth and improve the quality of life. These plans can be used as a guide in addressing issues of regional/subregional concern and to help local agencies meet federal and state planning mandates. SCAG's policies and programs are governed by a 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) Implementation of New Accounting Pronouncement**

During the fiscal year ended June 30, 2013, SCAG adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which impacted SCAG's financial statements. This Statement amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows of resources and deferred inflow of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. As of June 30, 2013, SCAG has deferred inflows of resources for unavailable revenues relating to claim receivables from California JPIA shown in the governmental funds' balance sheet.

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

**(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.

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).

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

**(c) Government-wide and Fund Financial Statements**

**Governmental Funds Financial Statements (continued)**

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

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

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

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

**(d) Major Funds (continued)**

**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.

**(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) Deferred Credits**

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

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

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

**(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

**(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 Statement No. 63, 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.

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

**(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.

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, 2013.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2013

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

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

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

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

**NOTE 2 CASH AND CASH EQUIVALENTS**

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

Book balance of deposits with financial institutions	\$ 2,672,126
Cash and cash equivalents in County of Los Angeles Treasury	3,428,727
Petty cash	700
	\$ 6,101,553

**(a) Deposits**

At June 30, 2013 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, 2013 SCAG's carrying amount of cash in checking and payroll accounts was \$2,672,126 while the bank balance was \$3,457,227; the difference is attributable to outstanding checks.

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account (including an Interest in Lawyer Trust Account) no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). 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, 2013, SCAG's cash in bank balance in excess of the amount insured amounted to \$3,207,227.



SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2013

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

**(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.

	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, 2013 and as permitted by California Government Code Section 53635, a portion of SCAG's cash balance totaling \$3,428,727 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:

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2013

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

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

Description	Weighted average maturity in years	Relative % of total pool
U.S. Agency securities	3.06	52.28
U.S. Treasury notes	2.49	2.60
U.S. Treasury bills	0.38	0.43
Negotiable certificates of deposit	0.25	17.18
Commercial paper	0.05	26.15
Los Angeles County securities	1.47	0.14
Corporate and deposit notes	1.27	1.22

**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 under-recovery of \$4,604 was carried forward from fiscal year 2012 and offset from the over-recovered indirect costs for fiscal year 2013. 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 fiscal 2013 was 97.64% of salaries plus fringe benefits. A reconciliation of the carryforward to fiscal year 2014 follows:

	<b>Indirect costs</b>
Indirect costs	\$ 10,625,503
Indirect costs recovered	11,536,783
(Over) under-recovered indirect costs	<u>(911,280)</u>
(Over) under-recovered indirect costs, beginning of year	4,604
(Over) under-recovered indirect costs, end of year	<u>\$ (906,676)</u>

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2013

**NOTE 3 INDIRECT OVERHEAD (CONTINUED)**

The balance of over-recovered indirect costs at June 30, 2013 amounting to \$906,676 will be carried forward as an adjustment to the calculation of the indirect cost carryforward for the fiscal year 2013-2014.

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

Unearned revenue consisted of the following:

**(a) Membership Dues**

Cash received as of June 30, 2013 for member dues for the following year amounted to \$293,464. 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, 2013 amounted to \$624,488. The amount is reported as advances from grantors revenue in the governmental funds and government-wide financial statements.

**NOTE 5 CAPITAL ASSETS**

SCAG's capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets being depreciated:				
Computer equipment and software	\$ 4,176,191	\$ 978,330	\$ (176,297)	\$ 4,978,224
Leasehold improvements	193,209	1	-	193,210
Furniture and fixtures	322,428	15,814	-	338,242
Total capital assets being depreciated	<u>4,691,828</u>	<u>994,145</u>	<u>(176,297)</u>	<u>5,509,676</u>
Less accumulated depreciation and amortization:				
Computer equipment and software	(2,704,449)	(568,619)	152,760	(3,120,308)
Leasehold improvements	(144,488)	(9,724)	-	(154,212)
Furniture and fixtures	(227,771)	(52,930)	-	(280,701)
Total accumulated depreciation and amortization	<u>(3,076,708)</u>	<u>(631,273)</u>	<u>152,760</u>	<u>(3,555,221)</u>
Capital assets, net	<u>\$ 1,615,120</u>	<u>\$ 362,872</u>	<u>\$ (23,537)</u>	<u>\$ 1,954,455</u>

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2013

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**NOTE 5 CAPITAL ASSETS (CONTINUED)**

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

Transportation	\$	466,129
Aviation		9,659
Environmental		9,762
High speed rail		5,300
Housing		49,929
Sustainability		84,599
Administration		5,895
	\$	<u>631,273</u>

**NOTE 6 INTERFUND BALANCES**

The interfund due to/from amounts at June 30, 2013 were as follows:

	Due from Other Fund		Due to Other Fund
Major governmental funds:			
General fund	\$ 1,007,354	\$	-
FTA fund	-		2,341,362
FHWA fund	-		2,831,969
TDA fund	<u>4,331,940</u>		<u>-</u>
Total	<u>5,339,294</u>		<u>5,173,331</u>
 Nonmajor funds			
	<u>394,814</u>		<u>560,777</u>
	<u>\$ 5,734,108</u>	\$	<u>5,734,108</u>

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.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2013**

**NOTE 6 INTERFUND BALANCES (CONTINUED)**

Following is a summary of transfers between funds during the year ended June 30, 2013:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	FHWA Fund	\$ 8,316,076	Allocation of indirect costs
	FTA Fund	1,901,502	Allocation of indirect costs
	TDA Fund	601,723	Allocation of indirect costs
	Nonmajor Funds	131,787	Allocation of indirect costs
	General Fund	36,587	To pay for nonmajor fund expenses
		<u>\$ 10,987,675</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, 2013, SCAG is contractually committed to pay for certain future transportation, technical, and other planning consulting services aggregating \$7,132,315.

**(c) Lease Commitments**

At June 30, 2013, minimum lease commitments under noncancelable operating leases with initial terms of one year or more are as follows:

2014	\$ 1,625,068
2015	1,631,005
2016	1,636,418
2017	1,783,887
2018	1,790,745
2019-2020	<u>3,602,227</u>
	<u>\$ 12,069,350</u>

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

**(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.

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.

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

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

(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 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million up to \$50 million are covered through 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 \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

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.

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

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

**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 \$4,153,767. 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.

**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 2012-13.

During the year ended June 30, 2013, the premium for general liability coverage was \$217,965 and for workers' compensation it was \$69,380. A retroactive adjustment totaling to \$115,757 was applied against the FY2012-2013 premium payment. At June 30, 2013, the cumulative retrospective refunds from California JPIA for general liability and workers' compensation were \$290,096 and \$196,262, respectively.

**(f) *Risk Management***

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, 2013, SCAG paid \$1,467,916 of health insurance premiums and \$180,611 of vision and dental insurance premiums, as well as \$628,602 to employees who had no health insurance elections.



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2013**

**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, 2014. 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, 2013 and at June 30, 2012, 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, 2013, SCAG management believes it was in compliance with the financial covenants.

**NOTE 9 LONG-TERM LIABILITIES**

Long-term liabilities activity for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Due within one year
Compensated absences	\$ 1,142,088	\$ 666,615	\$ 697,437	\$ 1,111,266	\$ 591,248
Deferred credits	509,174	-	346,181	162,993	27,146
Net pension obligations	414,053	124,596	62,889	475,760	-
	<u>\$ 2,065,315</u>	<u>\$ 791,211</u>	<u>\$ 1,106,507</u>	<u>\$ 1,750,019</u>	<u>\$ 618,394</u>

Net pension obligations are liquidated from the General Fund.

**NOTE 10 RELATED PARTY TRANSACTIONS**

For the year ended June 30, 2013, SCAG recorded \$1,779,184 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. The employer pays the other half.

**NOTE 11 RETIREMENT PLANS (CONTINUED)**

***Defined Benefit Pension Plan***

**(a) *Plan Description***

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

**(b) *Funding Policy***

The retirement contribution by active employees is 7% of their eligible salary; however SCAG has elected to pay this amount on behalf of the employee. SCAG also contributes an additional amount based on the actuarially-required amounts determined by CalPERS to fund the retirement benefits. The employer contribution rate for the year ended June 30, 2013 was 14.591% of the total annual eligible payroll. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by state statute, and the employer contribution rate is established and may be amended by CalPERS.

**(c) *Annual Pension***

For the fiscal year ended June 30, 2013, SCAG's annual required contribution (ARC) was \$1,799,184. The required contribution for fiscal year 2012/13 was determined as part of the June 30, 2010 annual valuation report. It uses the entry-age-normal-actuarial-cost method and the contributions are determined as a level percent of payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.25% to 14.45% depending on age, service and type of employment, (c) an assumed annual inflation rate of 3.00% and (d) an overall payroll growth rate of 3.25%. The valuation of the plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period, depending on the size of investment gains and/or losses. The plan's unfunded actuarial accrued liability is being amortized over a closed average remaining period of twenty two years as of the valuation date. The amortization method is a level percent of payroll. The amortization payment may not be lower than the payment calculated over a thirty year period.

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  
Notes to Financial Statements  
Year ended June 30, 2013

**NOTE 11 RETIREMENT PLANS (CONTINUED)**

*Defined Benefit Pension Plan (Continued)*

*(d) Three-Year Trend Information*

	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
Fiscal year ended June 30:			
2011	\$ 1,446,833	100%	\$ —
2012	1,559,638	100%	—
2013	1,799,184	100%	—

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

<u>Actuarial valuation date</u>	<u>Actuarial accrued liability</u>	<u>Actuarial value of assets</u>	<u>Unfunded actuarial accrued liability (UAAL)</u>	<u>Funded ratio</u>	<u>Annual covered payroll</u>	<u>UAAL as a percentage of payroll</u>
6/30/10	\$ 81,710,300	\$ 71,663,123	\$ 10,047,177	87.7%	\$ 11,202,368	89.7%
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%

**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.

**NOTE 11 RETIREMENT PLANS (CONTINUED)**

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

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

The PARS' trust administrator is Phase II Systems, which was appointed by the member agencies affiliated with the trust. The 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.

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, 2013, 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, 2013. 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, 2013. The net pension obligation (NPO) at June 30, 2013 was calculated based on the ARC of \$325,593, less the payments of \$62,889 made on the pay-as-you-go method, plus interest at 6% on the prior year NPO (\$24,843). An adjustment to the annual required contribution was recorded during the year amounting to \$225,840. The unfunded amount is reported as a liability of \$475,760 in the *Statement of Net Position* in long-term liabilities.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2013

**NOTE 11 RETIREMENT PLANS (CONTINUED)**

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

**(c) Annual Pension**

For the fiscal year 2012–2013, SCAG’s annual actuarially determined pension cost was \$325,593. 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.

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

Fiscal year ended June 30:	Annual pension cost (APC)	Amount Contributed	Percentage of APC contributed	Net pension obligation
2011	\$ 117,391	\$ 64,626	55%	\$ 350,478
2012	125,231	65,918	53%	414,053
2013	124,596	67,237	54%	475,760

**(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, 2011	\$ 695,216	\$ 17,583	\$ 677,633	2.53%	N/A	N/A
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

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2013

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**NOTE 11 RETIREMENT PLANS (CONTINUED)**

*Supplemental Defined Benefit Pension Plan (continued)*

**(f) Net Pension Obligation**

Actuarially determined contribution	\$	325,593
Interest on NPO		24,843
Adjustment to annual required contribution		<u>(225,840)</u>
	Annual pension cost	124,596
Contributions made		<u>(62,889)</u>
	Increase in NPO	61,707
NPO beginning of year		414,053
	NPO end of year \$	<u><u>475,760</u></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, 2013, plan assets totaling \$14,035,299 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 2012-2013, the actual number of retirees was 114. 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 2012-2013, SCAG has paid to CalPERS the amount of \$859,000, 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 \$488,283. 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, 2013 was \$859,000. It was calculated by using the June 30, 2011 actuarial valuation. There is no net OPEB obligation at the end of the year because 100% of the ARC was paid in 2013. 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  
Notes to Financial Statements  
Year ended June 30, 2013

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**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
6/30/2011	\$ 791,000	100%	\$ —
6/30/2012	755,000	100%	—
6/30/2013	859,000	100%	—

**NOTE 14 SUBSEQUENT EVENTS**

SCAG has evaluated events subsequent to June 30, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 16, 2013, 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, 2013**

	<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	\$ 1,409,926	\$ 1,392,530	\$ 1,393,242	\$ 712
Counties	290,942	290,942	290,942	-
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>1,820,868</u>	<u>1,803,472</u>	<u>1,779,184</u>	<u>(24,288)</u>
Leasehold improvement reimbursement	695,226	695,226	-	(695,226)
General assembly	330,000	330,000	236,247	(93,753)
Interest and other	100,015	100,015	70,467	(29,548)
Total revenues	<u>2,946,109</u>	<u>2,928,713</u>	<u>2,085,898</u>	<u>(842,815)</u>
<b>Expenditures:</b>				
<b>Administration:</b>				
Salaries and wages	150,259	170,259	125,200	45,059
Allocated fringe benefits	102,737	116,412	94,081	22,331
Allocated indirect costs	248,343	281,398	224,457	56,941
Contractual services	336,000	226,061	120,743	105,318
Capital outlay >\$5,000	665,382	686,524	73,145	613,379
Interest and fees	7,500	17,500	18,431	(931)
Professional services and other	-	90,000	215,233	(125,233)
Hardware, software support & equipment <\$5,000	-	1,203	1,021	182
Training	-	500	500	-
Meetings & conferences	234,637	284,688	343,505	(58,817)
General assembly	330,000	296,469	334,058	(37,589)
Memberships	96,330	127,674	142,608	(14,934)
Office supplies	-	-	20,046	(20,046)
Reproduction and printing	6,000	9,000	8,920	80
Project reserves	184,140	-	-	-
Rapid pay fee	975	975	-	975
RC sponsorships	69,650	79,650	95,000	(15,350)
Severance	-	10,602	10,602	-
Travel	60,500	60,142	76,746	(16,604)
Other	22,000	38,000	39,469	(1,469)
Total administration	<u>2,514,453</u>	<u>2,497,057</u>	<u>1,943,765</u>	<u>553,292</u>
<b>Housing:</b>				
Salaries and wages	94,907	97,817	89,141	8,676
Allocated fringe benefits	64,891	64,891	59,739	5,152
Allocated indirect costs	156,858	156,858	145,366	11,492
Professional services and other	115,000	109,691	31,815	77,876
Other Meetings	-	387	387	-
Travel	-	2,012	1,213	799
Total housing	<u>431,656</u>	<u>431,656</u>	<u>327,661</u>	<u>103,995</u>
<b>Transportation:</b>				
Salaries and wages	-	-	1,311	(1,311)
Allocated fringe benefits	-	-	908	(908)
Allocated indirect costs	-	-	2,167	(2,167)
Total transportation	<u>-</u>	<u>-</u>	<u>4,386</u>	<u>(4,386)</u>
Total expenditures	<u>2,946,109</u>	<u>2,928,713</u>	<u>2,275,812</u>	<u>652,901</u>
Excess (deficiency) of revenues over expenditures	-	-	(189,914)	(189,914)
<b>Other financing sources (uses)</b>				
Transfer out	-	-	(36,587)	(36,587)
Change in fund balance	-	-	(226,501)	(226,501)
Fund balance at beginning of year	3,592,535	3,592,535	3,675,577	83,042
Fund balance at end of year	<u>\$ 3,592,535</u>	<u>\$ 3,592,535</u>	<u>\$ 3,449,076</u>	<u>\$ (143,459)</u>

*See notes to required supplementary information.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual on a Budgetary Basis – Federal Transportation Administration**  
**Year ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal grants	\$ 7,809,305	\$ 10,900,520	\$ 8,427,170	\$ (2,473,350)
Expenditures:				
Transportation:				
Salaries and wages	601,475	1,163,574	905,243	258,331
Allocated fringe benefits	411,249	795,575	604,216	191,359
Allocated indirect costs	994,093	1,923,108	1,473,835	449,273
Contractual services	3,948,438	4,843,268	3,488,621	1,354,647
Resources material/subscription	-	-	23,472	(23,472)
Other meetings	1,353	1,784	141	1,643
Temporary help	-	-	31,684	(31,684)
Travel	902	9,177	7,865	1,312
Other	-	-	29	(29)
Total transportation	<u>5,957,510</u>	<u>8,736,486</u>	<u>6,535,106</u>	<u>2,201,380</u>
Sustainability initiatives:				
Salaries and wages	358,900	206,751	201,688	5,063
Allocated fringe benefits	245,392	141,363	139,726	1,637
Allocated indirect costs	593,174	341,709	333,356	8,353
Contractual services	345,267	1,106,625	890,132	216,493
Travel	8,000	8,000	2,688	5,312
Total sustainability initiatives	<u>1,550,733</u>	<u>1,804,448</u>	<u>1,567,590</u>	<u>236,858</u>
Housing:				
Contractual services	<u>154,927</u>	<u>137,222</u>	<u>133,574</u>	<u>3,648</u>
Total housing	<u>154,927</u>	<u>137,222</u>	<u>133,574</u>	<u>3,648</u>
High-speed rail:				
Salaries and wages	43,799	66,646	57,060	9,586
Allocated fringe benefits	29,947	45,568	39,530	6,038
Allocated indirect costs	72,389	110,150	94,310	15,840
Total high-speed rail	<u>146,135</u>	<u>222,364</u>	<u>190,900</u>	<u>31,464</u>
Total expenditures	<u>7,809,305</u>	<u>10,900,520</u>	<u>8,427,170</u>	<u>2,473,350</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 – Federal Highway Administration**  
**Year ended June 30, 2013**

	<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	\$ 20,255,578	\$ 19,375,496	\$ 18,004,208	\$ (1,371,288)
<b>Expenditures:</b>				
<b>Transportation:</b>				
Salaries and wages	4,180,536	4,194,635	4,025,004	169,631
Allocated fringe benefits	2,858,375	2,868,016	2,697,393	170,623
Allocated indirect costs	6,909,408	6,932,710	6,563,748	368,962
Temporary help	-	-	48,316	(48,316)
Equipment repairs & maintenance	-	-	7,500	(7,500)
Hardware, software support & equipment <\$5,000	130,000	80,000	135,652	(55,652)
Public notices	8,000	8,000	18,000	(10,000)
Professional services and other	200,000	218,599	171,784	46,815
Reproduction and printing	7,500	7,500	8,888	(1,388)
Resources materials/subscription	450,000	536,000	171,033	364,967
Travel	64,008	63,423	55,165	8,258
Other meetings	11,362	11,216	3,424	7,792
Other	-	-	95	(95)
Total transportation	<u>14,819,189</u>	<u>14,920,099</u>	<u>13,906,002</u>	<u>1,014,097</u>
<b>Environmental:</b>				
Salaries and wages	190,397	96,975	92,413	4,562
Allocated fringe benefits	130,181	66,305	64,022	2,283
Allocated indirect costs	314,680	160,276	152,743	7,533
Travel	2,250	2,250	1,910	340
Total environmental	<u>637,508</u>	<u>325,806</u>	<u>311,088</u>	<u>14,718</u>
<b>Housing:</b>				
Salaries and wages	410,044	440,613	469,045	(28,432)
Allocated fringe benefits	280,361	301,261	312,635	(11,374)
Allocated indirect costs	677,703	728,225	763,232	(35,007)
Professional services and other	100,000	80,000	15,555	64,445
Reproduction and printing	-	-	5,694	(5,694)
Resources materials/subscription	-	-	595	(595)
Software support	60,000	45,000	27,658	17,342
Travel	15,000	20,000	15,832	4,168
Other meeting expenses	-	-	69	(69)
Total housing	<u>1,543,108</u>	<u>1,615,099</u>	<u>1,610,315</u>	<u>4,784</u>
<b>Sustainability initiatives:</b>				
Salaries and wages	832,202	584,702	531,327	53,375
Allocated fringe benefits	569,005	399,783	368,093	31,690
Allocated indirect costs	1,375,428	966,370	878,193	88,177
Professional services and other	-	-	26,575	(26,575)
Reproduction and printing	11,000	10,000	-	10,000
Resources materials/subscription	-	-	5,983	(5,983)
Travel	20,000	17,584	15,524	2,060
Other meetings	20,000	-	1,421	(1,421)
Other	-	-	1,807	(1,807)
Total sustainability initiatives	<u>2,827,635</u>	<u>1,978,439</u>	<u>1,828,923</u>	<u>149,516</u>
<b>Aviation:</b>				
Salaries and wages	128,320	120,863	103,981	16,882
Allocated fringe benefits	87,737	82,638	72,036	10,602
Allocated indirect costs	212,081	199,757	171,863	27,894
Contractual services	-	132,795	-	132,795
Total aviation	<u>428,138</u>	<u>536,053</u>	<u>347,880</u>	<u>188,173</u>
Total expenditures	<u>20,255,578</u>	<u>19,375,496</u>	<u>18,004,208</u>	<u>1,371,288</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, 2013**

	<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	\$ 4,467,078	\$ 4,467,078	\$ 4,594,677	\$ 127,599
<b>Expenditures:</b>				
<b>Transportation:</b>				
Salaries and wages	479,620	236,289	234,347	1,942
Allocated fringe benefits	327,933	161,559	159,618	1,941
Allocated indirect costs	792,694	390,528	384,668	5,860
Contractual services	1,238,467	1,720,223	945,807	774,416
Other meetings	285	-	208	(208)
Travel	190	-	154	(154)
Other	-	-	43	(43)
Total transportation	<u>2,839,189</u>	<u>2,508,599</u>	<u>1,724,845</u>	<u>783,754</u>
<b>Aviation:</b>				
Contractual services	-	17,205	-	17,205
Total aviation	<u>-</u>	<u>17,205</u>	<u>-</u>	<u>17,205</u>
<b>Housing:</b>				
Contractual services				
Total Housing	<u>20,073</u>	<u>17,778</u>	<u>17,306</u>	<u>472</u>
	<u>20,073</u>	<u>17,778</u>	<u>17,306</u>	<u>472</u>
<b>Sustainability initiatives:</b>				
Salaries and wages	100,742	188,089	131,323	56,766
Allocated fringe benefits	68,880	128,603	90,978	37,625
Allocated indirect costs	166,502	310,866	217,055	93,811
Contractual services	2,044,733	1,663,375	1,552,626	110,749
Total sustainability initiatives	<u>2,380,857</u>	<u>2,290,933</u>	<u>1,991,982</u>	<u>298,951</u>
Total expenditures	<u>5,240,119</u>	<u>4,834,515</u>	<u>3,734,133</u>	<u>1,100,382</u>
Excess of revenues over expenditures	(773,041)	(367,437)	860,544	1,227,981
Fund balance at beginning of year	<u>2,472,893</u>	<u>2,472,893</u>	<u>3,664,989</u>	<u>1,192,096</u>
Fund balance at end of year	<u>\$ 1,699,852</u>	<u>\$ 2,105,456</u>	<u>\$ 4,525,533</u>	<u>\$ 2,420,077</u>

*See notes to required supplementary information.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Required Supplementary Information**  
**Year ended June 30, 2013**

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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	\$ 2,085,898	\$ 2,085,898	\$ -
Total expenditures	(2,275,812)	(13,138,423)	(10,862,611)
Total other financing sources	(36,587)	10,914,501	10,914,501
<b>Net change in fund balance</b>	<b>\$ (226,501)</b>	<b>\$ (138,024)</b>	<b>\$ 51,890</b>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Required Supplementary Information**  
**Year ended June 30, 2013**

**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	\$ 8,427,170	\$ 8,427,170	\$ -
Total expenditures	(8,427,170)	(6,525,668)	1,901,502
Total other financing uses	-	(1,901,502)	(1,901,502)
<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	\$ 18,004,208	\$ 18,004,208	\$ -
Total expenditures	(18,004,208)	(9,688,132)	8,316,076
Total other financing uses	-	(8,316,076)	(8,316,076)
<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	\$ 4,594,677	\$ 4,594,677	\$ -
Total expenditures	(3,734,133)	(3,132,410)	601,723
Total other financing uses	-	(601,723)	(601,723)
<b>Net change in fund balance</b>	<b>\$ 860,544</b>	<b>\$ 860,544</b>	<b>\$ -</b>



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Required Supplementary Information**  
**Year ended June 30, 2013**

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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, 2013**

<b>Assets</b>	<u><b>Federal Funds</b></u>	<u><b>State Funds</b></u>	<u><b>Local Funds</b></u>	<u><b>Total Nonmajor Funds</b></u>
Receivables:				
Federal grants	\$ 675,564	\$ -	\$ -	\$ 675,564
State grants and contracts	-	452,602	-	452,602
Local grants and contracts	-	-	343,334	343,334
Due from other funds	8,858	159	385,797	394,814
<b>Total assets</b>	<u><u>\$ 684,422</u></u>	<u><u>\$ 452,761</u></u>	<u><u>\$ 729,131</u></u>	<u><u>\$ 1,866,314</u></u>
 <b>Liabilities and Fund Balances</b>				
Accounts and contracts payable	\$ 450,586	\$ 118,038	\$ 112,425	\$ 681,049
Advances from grantors	7,623	159	616,706	624,488
Due to other funds	226,213	334,564	-	560,777
<b>Total liabilities</b>	684,422	452,761	729,131	1,866,314
 Fund balances – restricted	-	-	-	-
<b>Total liabilities and     fund balances</b>	<u><u>\$ 684,422</u></u>	<u><u>\$ 452,761</u></u>	<u><u>\$ 729,131</u></u>	<u><u>\$ 1,866,314</u></u>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Funds**  
**Year ended June 30, 2013**

	<b>Federal Funds</b>	<b>State Funds</b>	<b>Local Funds</b>	<b>Total Nonmajor Funds</b>
Grant revenues, net	\$ 1,418,332	\$ 798,043	\$ 268,399	\$ 2,484,774
Expenditures:				
Transportation:				
Salaries and wages	47,979	31,755	-	79,734
Allocated fringe benefits	33,239	21,999	-	55,238
Allocated indirect costs	79,302	52,485	-	131,787
Contractual services	1,257,007	728,391	260,039	2,245,437
Other	805	-	8,360	9,165
Total transportation	<u>1,418,332</u>	<u>834,630</u>	<u>268,399</u>	<u>2,521,361</u>
Total expenditures	<u>1,418,332</u>	<u>834,630</u>	<u>268,399</u>	<u>2,521,361</u>
Excess of revenues over expenditures	-	(36,587)	-	(36,587)
Other financing uses:				
Transfers in	<u>-</u>	<u>36,587</u>	<u>-</u>	<u>36,587</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 30).

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Federal Nonmajor Funds**  
**June 30, 2013**

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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.

**Other Federal Funds:**

These funds are established to account for the revenues from the Federal SafeTea Lu, Scenic Byways South Coast Plug-In electric Vehicle (PEV) Infrastructure Regional Plan and PEV Education Outreach Workshop, Las Vegas LNG Corridor Expansion and Heavy Duty National Gas Drayage Truck programs. 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, 2013**

	FTA Sec. 5304	JARC	New Freedom	Other Federal Funds 20090, 20095, 20096, 20098, 20100, 60004, 60,010	Total Federal Nonmajor Funds
	20070	20080	20085		
<b>Assets</b>					
Receivables – federal grants	\$ 332,945	\$ 13,198	\$ 6,023	\$ 323,398	\$ 675,564
Due from other funds	-	-	-	8,858	8,858
Total assets	<u>\$ 332,945</u>	<u>\$ 13,198</u>	<u>\$ 6,023</u>	<u>\$ 332,256</u>	<u>\$ 684,422</u>
<b>Liabilities and Fund Balances</b>					
Accounts and contracts payable	\$ 214,150	-	-	\$ 236,436	\$ 450,586
Advances from grantors	-	-	-	7,623	7,623
Due to other funds	118,795	13,198	6,023	88,197	226,213
Total liabilities	<u>332,945</u>	<u>13,198</u>	<u>6,023</u>	<u>332,256</u>	<u>684,422</u>
Fund balances - restricted	-	-	-	-	-
Total liabilities and fund balances	<u>\$ 332,945</u>	<u>\$ 13,198</u>	<u>\$ 6,023</u>	<u>\$ 332,256</u>	<u>\$ 684,422</u>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Federal Nonmajor Funds**  
**Year ended June 30, 2013**

	<u>FTA</u> <u>Sec. 5304</u>	<u>JARC</u>	<u>New</u> <u>Freedom</u>	<u>Other</u> <u>Federal</u> <u>Funds</u> <u>20090, 20095.</u> <u>20096, 20098,</u> <u>20100, 60004,</u> <u>60010</u>	<u>Total</u> <u>Federal</u> <u>Nonmajor</u> <u>Funds</u>
	<u>20070</u>	<u>20080</u>	<u>20085</u>		
Federal grants and services	\$ 510,829	\$ 36,204	\$ 16,517	\$ 854,782	\$ 1,418,332
Expenditures:					
Transportation:					
Salaries and wages	-	10,821	4,937	32,221	47,979
Allocated fringe benefits	-	7,497	3,420	22,322	33,239
Allocated indirect costs	-	17,886	8,160	53,256	79,302
Contractual services	510,829	-	-	746,178	1,257,007
Other	-	-	-	805	805
Total transportation	<u>510,829</u>	<u>36,204</u>	<u>16,517</u>	<u>854,782</u>	<u>1,418,332</u>
Total expenditures	<u>510,829</u>	<u>36,204</u>	<u>16,517</u>	<u>854,782</u>	<u>1,418,332</u>
Excess of revenues over expenditures	-	-	-	-	-
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>

SCAG considers the following funds as nonmajor state governmental funds:

**SPF (State Planning Funds):**

These funds are passed through to SCAG from Caltrans for the Arroyo Seco Corridor Planning Project.

**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 mission reduction.

**ARB:**

The California Air Resources Board (ARB) provided funds for various projects that support the greenhouse gas reduction goal of AB 32.

**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.



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Balance Sheet**  
**State Nonmajor Funds**  
**June 30, 2013**

	<u>SPF</u>	<u>Prop 84 Plan</u>	<u>SGC SCS</u>	<u>ARB</u>	<u>CA Energy Commission</u>	<u>Total State Nonmajor Funds</u>
	<u>30081</u>	<u>30200</u>	<u>30201</u>	<u>30202</u>	<u>30203</u>	
<b>Assets</b>						
Receivables – state grants	\$ -	\$ 199,627	\$ 120,942	\$ -	\$ 132,033	\$ 452,602
Due from other funds	159	-	-	-	-	159
Total assets	<u>\$ 159</u>	<u>\$ 199,627</u>	<u>\$ 120,942</u>	<u>\$ -</u>	<u>\$ 132,033</u>	<u>\$ 452,761</u>
<b>Liabilities and Fund Balances</b>						
Accounts and contracts payable	\$ -	\$ 41,197	\$ 14,682	\$ -	\$ 62,159	\$ 118,038
Advances from grantors	159	-	-	-	-	159
Due to other funds	-	158,430	106,260	-	69,874	334,564
Total liabilities	<u>159</u>	<u>199,627</u>	<u>120,942</u>	<u>-</u>	<u>132,033</u>	<u>452,761</u>
Fund balances - restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 159</u>	<u>\$ 199,627</u>	<u>\$ 120,942</u>	<u>\$ -</u>	<u>\$ 132,033</u>	<u>\$ 452,761</u>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**State Nonmajor Funds**  
**Year ended June 30, 2013**

	<u>SPF</u>	<u>Prop 84 Plan</u>	<u>SGC SCS</u>	<u>ARB</u>	<u>CA Energy Commission</u>	<u>Total State Nonmajor Funds</u>
	<u>30081</u>	<u>30200</u>	<u>30201</u>	<u>30202</u>	<u>30203</u>	
State grants and contracts	\$ 15,438	\$ 434,627	\$ 111,993	\$ 103,952	\$ 132,033	\$ 798,043
Expenditures:						
Transportation:						
Salaries and wages	976	-	22,136	-	8,643	31,755
Allocated fringe benefits	676	-	15,336	-	5,987	21,999
Allocated indirect costs	1,614	-	36,586	-	14,285	52,485
Contractual services	12,172	434,627	74,522	103,952	103,118	728,391
Total transportation	<u>15,438</u>	<u>434,627</u>	<u>148,580</u>	<u>103,952</u>	<u>132,033</u>	<u>834,630</u>
Excess of revenues over expenditures	-	-	(36,587)	-	-	(36,587)
Other financing uses:						
Transfers in	-	-	36,587	-	36,587	36,587
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>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Local Nonmajor Funds**  
**June 30, 2013**

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SCAG considers the following funds as nonmajor local governmental funds:

**City of Los Angeles:**

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

**LBB:**

These are funds provided by the City of Long Beach to offset some of the cost of the Long Beach Blvd. Special Planning and Programming Environmental Impact project.

**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 Omnitrans, the Cities of Fullerton, and Malibu, San Bernardino Association of Governments, the Orange County Transportation Authority, 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, 2013**

	City of L.A. Modeling Fund 60001 60002	LBB 60020	LACMTA, Express 60021	Combined Other Funds 60007, 60008 60009, 60015, 60016, 60017, 60019, 60022 60023, 60024	Total Local Nonmajor Funds
<b>Assets</b>					
Receivables – local grants	\$ -	\$ 45,934	\$ 297,400	\$ -	\$ 343,334
Due from other funds	2,270	-	-	383,527	385,797
Total assets	<u>\$ 2,270</u>	<u>\$ 45,934</u>	<u>\$ 297,400</u>	<u>\$ 383,527</u>	<u>\$ 729,131</u>
<b>Liabilities and Fund Balances</b>					
Accounts and contracts payable	\$ 1,645	\$ 45,934	\$ 9,213	\$ 55,633	\$ 112,425
Advances from grantors	625	-	288,187	327,894	616,706
Total liabilities	2,270	45,934	297,400	383,527	729,131
Fund balances - restricted	-	-	-	-	-
Total liabilities and fund balances	<u>\$ 2,270</u>	<u>\$ 45,934</u>	<u>\$ 297,400</u>	<u>\$ 383,527</u>	<u>\$ 729,131</u>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Local Nonmajor Funds**  
**Year ended June 30, 2013**

	City of L.A. Modeling Fund	LBB	LACMTA, Express	Combined Other Funds 60007, 60008 60009, 60015, 60016, 60017, 60019, 60022 60023, 60024	Total Local Nonmajor
	60001 60002	60020	60021		
Local grants and services	\$ 8,360	\$ 45,934	\$ 9,213	\$ 204,892	\$ 268,399
Expenditures:					
Transportation:					
Salaries and wages	-	-	-	-	-
Allocated fringe benefits	-	-	-	-	-
Allocated indirect costs	-	-	-	-	-
Contractual services	-	45,934	9,213	204,892	260,039
Travel	-	-	-	-	-
Other	8,360	-	-	-	8,360
Total transportation	<u>8,360</u>	<u>45,934</u>	<u>9,213</u>	<u>204,892</u>	<u>268,399</u>
Excess of revenues over expenditures	-	-	-	-	-
Fund balances at beginning of year	-	-	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# **SUPPLEMENTAL SCHEDULES**

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Supplemental Schedule of Indirect Costs  
Year ended June 30, 2013

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Indirect costs:	
Salaries and wages	\$ 3,671,354
Temporary help	43,114
Fringe benefits	2,532,816
Professional services	1,140,238
Computer support	575,547
Equipment repairs and maintenance	44,009
Office space leases	1,614,792
Equipment lease	114,855
Insurance, net of claims refund	(114,860)
Office purchases under \$5,000	116,116
Office supplies	79,421
Telephone	179,453
Postage and delivery	17,526
Memberships	836
Professional materials	30,125
Depreciation	181,235
Staff training	147,463
Printing	11,875
Travel	103,343
Other	136,245
Total indirect costs	<u>10,625,503</u>
Indirect costs recovered:	
General Fund	371,990
Federal Transportation Administration	1,901,502
Federal Highway Administration	8,529,781
Transportation Development Act	601,723
Nonmajor Funds	131,787
Total indirect costs recovered	<u>11,536,783</u>
Over-recovered	(911,280)
Under-recovered indirect costs at beginning of year	4,604
Over-recovered indirect costs at end of year	<u>\$ (906,676)</u>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Supplemental Schedule of Fringe Benefits**  
**Year ended June 30, 2013**

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Fringe benefits:	
Employee leave and other salary benefits	\$ 1,684,132
PERS/Other Retirement Plans	2,768,323
Life insurance	92,297
Health insurance	2,277,128
Medicare tax – employer share	168,983
Bus passes	107,096
Carpool parking subsidy	1,855
Worker's compensation/unemployment insurance	(15,379)
Deferred compensation employer match	109,447
Other	97,147
Total fringe benefits	<u>7,291,029</u>
Fringe benefits recovered:	
Allocated to indirect costs	2,532,816
General Fund	154,728
Federal Transportation Administration	783,471
Federal Highway Administration	3,514,180
Transportation Development Act	250,596
Nonmajor Funds	55,238
Total	<u>7,291,029</u>
Under-recovered fringe benefits	-
Under-recovered fringe benefits at beginning of year	-
Under-recovered fringe benefits at end of year	<u>\$ -</u>



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Supplemental Schedule of Distribution of Salaries and Fringe Benefits by Project Area**  
**Year ended June 30, 2013**

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	<u>Salaries and wages</u>	<u>Fringe benefits</u>	<u>Salaries, wages, and fringe benefits</u>
Charges to Direct projects	\$ 6,831,164	\$ 4,603,485	\$ 11,434,649
Charges to General Fund projects	226,254	154,728	380,982
Charges to Indirect projects	<u>3,671,354</u>	<u>2,532,816</u>	<u>6,204,170</u>
Totals	<u>\$ 10,728,772</u>	<u>\$ 7,291,029</u>	<u>\$ 18,019,801</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, 2013, 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 16, 2013.

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

### **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.

*Vergara + Company LLP*

**Los Angeles, California  
December 16, 2013**

# **STATISTICAL SECTION**

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

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

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

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

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

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

**Sources:**

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>										
Net Invested in capital assets \$	741,180	376,907	289,656	412,828	481,769	746,236	1,645,468	1,536,963	1,615,120	1,954,455
Restricted	-	-	-	-	-	-	1,534,921	1,417,565	3,547,633	4,408,177
Unrestricted	<u>999,181</u>	<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>
<b>Total governmental activities</b>										
net position	<u>\$ 1,740,361</u>	<u>1,505,014</u>	<u>1,839,404</u>	<u>3,165,194</u>	<u>3,848,973</u>	<u>4,801,921</u>	<u>5,580,806</u>	<u>6,127,765</u>	<u>8,391,462</u>	<u>9,568,535</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>										
<b>Expenses:</b>										
Transportation	\$ 23,709,616 <sup>1</sup>	19,082,487	20,640,246	25,605,715	29,815,218	26,911,029	33,509,240	27,318,795	30,615,654	24,518,174
High-speed rail	-	19,738	1,773,395	443,831	363,924	91,840	37,979	87,960	135,882	196,200
Aviation	-	871,935	1,019,056	626,352	123,407	17,275	289,498	845,705	472,799	357,539
Energy	-	-	-	96,435	116,947	47,152	-	-	-	-
Environmental	-	-	156,337	-	-	-	-	1,809,901	2,626,070	320,850
Housing	-	-	49,769	-	-	-	-	1,194,623	665,006	1,993,419
Water	-	70,389	-	77,815	-	-	-	-	-	-
Social Services	-	-	-	11,419	-	-	-	-	-	-
Sustainability initiatives	-	-	-	-	-	-	-	-	-	-
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
Interest on line of credit	64,064	12,504	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>23,773,680</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>Program revenues:</b>										
Charges for services - member dues	1,270,190	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
Operating grants and contributions	22,465,587 <sup>2</sup>	20,044,549	23,638,803	27,198,415	30,783,997	27,643,659	33,834,170	30,949,013	36,245,424	33,510,829
<b>Total program revenues</b>	<b>23,735,777</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>Net revenues (expenses)</b>	<b>(37,903)</b>	<b>(258,200)</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>General revenues and other changes in net assets:</b>										
Interest income	107,869	36,863	149,276	146,987	104,946	86,581	49,759	51,647	46,580	28,479
Other income	-	147,085	413,251 <sup>3</sup>	158,736	92,366	61,383	271,027 <sup>2</sup>	579,971 <sup>4</sup>	406,080 <sup>5</sup>	278,235 <sup>6</sup>
<b>Changes in net positions</b>	<b>\$ 69,966</b>	<b>(72,252)</b>	<b>334,380</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>

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

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

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

<sup>4</sup> Other income for the year ended June 30, 2011 includes the refund from the JPIA amounting to \$307,281.

<sup>5</sup> Other income for the year ended June 30, 2012 includes the refund from the JPIA amounting to \$155,750.

<sup>6</sup> Other income for the year ended June 30, 2013 includes the refund from the JPIA amounting to \$147,196.

<sup>7</sup> Certain amounts in 2012 have been reclassified to conform with the 2013 presentation.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011*	2012	2013
<b>General fund:</b>										
Reserved	\$ -	-	-	-	-	-	-	-	-	-
Unreserved	999,181	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
Unassigned	-	-	-	-	-	-	-	4,357,692	4,444,550	4,546,068
Total general fund	<u>\$ 999,181</u>	<u>2,715,661</u>	<u>2,714,955</u>	<u>1,861,607</u>	<u>2,923,649</u>	<u>3,431,480</u>	<u>4,506,578</u>	<u>4,675,493</u>	<u>4,946,750</u>	<u>4,808,726</u>
<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
Total all other governmental funds	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,997,894</u>	<u>1,534,921</u>	<u>1,417,565</u>	<u>3,547,633</u>	<u>4,408,177</u>

\* 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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues:</b>										
Federal grants	\$ 20,139,571	19,096,413	21,694,775	24,368,820	28,397,881	25,556,990	32,429,892	29,131,559	30,204,434	27,849,710
State grants and contracts	740,473	399,002	206,516	1,148,805	1,866,733	986,200	270,940	582,123	1,682,599	798,043
Local grants and contracts	1,551,398	577,353	1,827,834	1,678,332	1,466,849	1,100,469	1,133,338	1,235,331	4,358,391	4,863,076
Membership assessments	1,270,190	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
Interest and other	107,869	183,948	312,216	205,945	197,312	147,964	324,153	324,337	731,702	306,714
Capital outlay recovery	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>23,809,501</b>	<b>21,569,879</b>	<b>25,409,126</b>	<b>28,839,837</b>	<b>33,451,560</b>	<b>29,400,652</b>	<b>35,652,846</b>	<b>32,839,356</b>	<b>38,736,757</b>	<b>35,596,727</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Transportation	23,339,931	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
Aviation	-	884,886	1,019,262	627,253	123,407	17,275	163,086	636,484	277,796	176,017
Water	-	72,159	-	77,956	-	-	-	-	-	-
High-speed rail	-	20,073	2,365,430	443,831	383,924	91,840	-	44,538	68,460	96,590
Housing	-	-	50,179	-	-	-	-	746,686	342,391	1,180,258
Energy	-	-	-	11,471	108,100	47,152	-	-	-	-
Social Services	-	-	-	96,435	-	-	-	-	-	-
Environmental	-	-	-	-	-	-	-	1,090,079	1,598,322	158,345
Sustainability initiatives	-	-	-	-	-	-	-	-	-	3,959,891
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
<b>Debt service:</b>										
Interest	64,064	12,504	-	-	-	-	-	-	-	-
Capital outlay	11,251	107,262	37,822	247,578	257,272	366,192	86,443	471,909	648,416	994,145
<b>Total expenditures</b>	<b>23,415,246</b>	<b>21,778,481</b>	<b>25,409,832</b>	<b>29,356,137</b>	<b>32,010,065</b>	<b>28,475,132</b>	<b>35,040,721</b>	<b>32,787,797</b>	<b>36,335,432</b>	<b>34,874,207</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>394,255</b>	<b>(208,602)</b>	<b>(706)</b>	<b>(516,300)</b>	<b>1,441,495</b>	<b>925,520</b>	<b>612,125</b>	<b>51,559</b>	<b>2,401,325</b>	<b>722,520</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
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)
<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>\$ 394,255</b>	<b>(208,602)</b>	<b>(706)</b>	<b>(516,300)</b>	<b>1,441,495</b>	<b>925,520</b>	<b>612,125</b>	<b>51,559</b>	<b>2,401,325</b>	<b>722,520</b>

**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>
2004	\$ 8,282,746	4,269,627	12,552,373
2005	8,056,802	4,251,082	12,307,884
2006	8,011,914	4,024,285	12,036,199
2007	9,466,613	4,960,781	14,427,394
2008	11,111,798	6,419,718	17,531,516
2009	9,688,278	5,559,745	15,248,023
2010	9,552,824	5,782,910	15,335,734
2011	11,021,062	6,446,777	17,467,839
2012	10,892,283	6,993,925	17,886,208
2013	10,625,503	7,291,029	17,916,532

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>
2004	163	13,915,685	\$ 974,904	6	2,048,850	\$ 245,286	3	\$ 50,000
2005	162	13,898,797	1,019,884	6	1,964,321	243,279	3	50,000
2006	160	13,885,562	1,070,516	6	2,017,321	262,269	3	50,000
2007	167	14,044,986	1,125,866	6	2,070,482	262,269	3	50,000
2008	163	14,301,355	1,176,623	6	2,125,231	269,182	4	75,000
2009	171	14,815,707	1,231,148	6	2,179,564	292,881	4	85,000
2010	175	15,211,463	1,149,862	6	2,101,655	262,161	4	82,500
2011	182	16,097,577	1,209,583	6	2,101,655	261,423	5	95,000
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

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

<u>City/County</u>	<u>2013</u>		<u>2008</u>	
	<u>Annual Dues</u>	<u>Percent of Total Dues Assessment</u>	<u>Annual Dues</u>	<u>Percent of Total Dues Assessment</u>
City of Los Angeles	\$ 333,042	18%	\$ 286,727	19%
County of Los Angeles	120,971	7%	118,764	8%
County of Riverside	62,047	3%	55,210	4%
County of San Bernardino	48,844	3%	38,959	3%
City of Long Beach	40,837	2%	39,076	3%
County of Orange	34,850	2%	32,517	3%
City of Santa Ana	29,735	2%	not a member	
City of Anaheim	29,407	2%	27,668	2%
City of Riverside	25,383	1%	23,186	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	18,394	1%	15,861	1%
County of Ventura	17,675	1%	17,427	1%
City of Glendale	17,590	1%	16,886	1%
	<u>\$ 853,775</u>	<u>46%</u>	<u>712,281</u>	<u>50%</u>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 8 – Population 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>
2004	156,562	10,102,961	3,017,298	1,776,743	1,886,481	802,436	17,742,481
2005	161,800	10,226,506	3,056,865	1,877,000	1,946,202	813,052	18,081,425
2006	166,585	10,245,572	3,072,336	1,953,330	1,991,829	817,346	18,246,998
2007	172,672	10,331,939	3,098,121	2,031,625	2,028,013	825,512	18,487,882
2008	176,158	10,363,850	3,121,251	2,088,322	2,055,766	831,587	18,636,934
2009	179,254	10,393,185	3,139,017	2,107,653	2,060,950	836,080	18,716,139
2010	174,528	9,818,605	3,010,232	2,189,641	2,035,210	823,318	18,051,534
2011	176,258	9,858,989	3,029,859	2,217,778	2,052,397	828,383	18,163,664
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

Source: State of California, Department of Finance.

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

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

Source: State of California, Department of Finance.

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

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

Source: Processed by SCAG Staff; CA EDD - March 2010 Benchmark, 7/20/2012  
2013 data: average between January 2013 and June 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>
2004	59,700	4,764,600	1,575,100	820,900	832,400	413,900	8,466,600
2005	60,800	4,771,400	1,588,800	854,300	853,100	416,800	8,545,200
2006	63,200	4,808,600	1,601,800	883,400	862,100	420,600	8,639,700
2007	66,100	4,874,600	1,609,400	903,800	863,900	423,900	8,741,700
2008	72,400	4,930,900	1,617,200	912,100	862,700	429,200	8,824,500
2009	75,900	4,900,100	1,588,700	916,600	858,300	430,300	8,769,900
2010	77,100	4,879,500	1,580,900	913,800	855,700	430,900	8,737,900
2011	75,733	4,872,667	1,568,350	900,583	845,133	428,283	8,690,749
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

Source: Processed by SCAG Staff; CA EDD - March 2010 Benchmark, 7/20/2012  
2013 data: average between January 2013 and June 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>
2004	10,200	310,400	67,100	49,300	48,100	22,200	507,300
2005	9,800	255,400	59,900	46,100	44,700	19,900	435,800
2006	9,700	229,900	54,400	44,400	41,500	18,100	398,000
2007	11,900	247,600	62,400	54,300	48,200	20,600	445,000
2008	16,200	367,600	84,900	77,400	68,600	26,700	641,400
2009	21,200	563,500	141,000	123,000	111,200	42,500	1,002,400
2010	22,900	617,200	151,200	134,300	121,900	46,600	1,094,100
2011	21,367	595,150	139,833	125,367	115,333	43,717	1,040,767
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

Source: Processed by SCAG Staff; CA EDD - March 2010 Benchmark, 7/20/2012  
2013 data: average between January 2013 and June 2013

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

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	Employees	Type of Business
<b>Imperial</b>		
1 Maui Harvesting	3,000	Harvesting
2 Imperial County	2,000	Government
3 National Beef Packing, LLC	1,700	Meat Packer
4 Calipatria State Prison	1,200	Correctional Institution
5 Centinela State Prison	1,200	Correctional Institution
6 Jjall LLC	800	Labor Contractors
7 El Centro Naval Air Facility	800	Federal Government
8 El Centro Regional Medical Center	800	Hospital
9 Pioneers Memorial Hospital	600	Hospital
10 Paradise Casino	600	Casino
<b>Los Angeles</b>		
1 Los Angeles County	101,100	Government
2 Los Angeles Unified School District	60,200	Education
3 UCLA	35,500	Education
4 City of Los Angeles	32,000	Government
5 Nestle	20,000	Food Products
6 Kaiser Permanente	16,500	Hospital
7 USC	15,500	Education
8 Ralphs	11,600	Grocery
9 Cedars-Sinai Medical Center	10,000	Hospital
10 Target Corp.	8,200	Retail
<b>Orange</b>		
1 Walt Disney Co	25,000	Hospitality and Entertainment
2 University of California, Irvine	21,800	Education
3 St. Joseph Health	11,700	Hospital
4 The Boeing Company	6,900	Aerospace
5 Kaiser Permanente	6,300	Hospital
6 Bank of America Corp	6,000	Finance
7 Memorial Care Health System	5,500	Hospital
8 Target Corp.	5,400	Retail
9 Cedar Fair LP	5,200	Entertainment
10 California State University, Fullerton	5,000	Education

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

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	No. of Employees	Type of Business
<b>Riverside</b>		
1 County of Riverside	17,700	Government
2 March Air Reserve Base	9,000	Government
3 Stater Bros. Markets	6,900	Grocery
4 University of California, Riverside	5,800	Education
5 Wal-Mart	5,400	Retail
6 Corona-Norco Unified School District	4,700	Education
7 Kaiser Permanente Riverside Medical Ctr.	4,000	Hospital
8 Pechanga Resort & Casino	4,000	Casino
9 Riverside Unified School District	3,800	Education
10 Moreno Valley Unified School District	3,500	Education
<b>San Bernardino</b>		
1 Loma Linda University Hospital	9,000	Hospital
2 County of San Bernardino	8,700	Government
3 Kaiser Permanente	5,000	Hospital
4 Walmart	4,500	Retail
5 Burlington Northern Santa Fe	4,000	Railroad
6 San Manuel Indian Bingo Casino	3,000	Casinos
7 Stater Brothers	2,200	Grocery
8 California State University, San Bernardino	2,100	Education
9 San Bernardino Community Hospital	2,100	Hospital
10 San Antonio Community Hospital	2,000	Hospital
<b>Ventura</b>		
1 Federal Government	9,800	Government
2 Amgen Inc	8,000	Biomedical
3 Naval Air Warfare Center	5,000	Government
4 County of Ventura	4,900	Government
5 Harbor Freight Tools	3,000	Tools
6 Baxter Healthcare	1,500	Medical Equipment
7 Los Robles Hospital	1,500	Hospital
8 St. John's Regional Medical Center	1,500	Hospital
9 Target Corp.	1,500	Retail
10 Boskovich Farms	1,200	Agriculture

**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>
2004	46,531	3,323,630	1,003,929	659,795	632,267	264,583	5,930,735
2005	48,495	3,341,548	1,013,842	690,075	645,639	267,363	6,006,962
2006	51,792	3,364,750	1,018,380	722,361	661,668	270,587	6,089,538
2007	54,789	3,382,356	1,024,692	753,797	676,909	274,224	6,166,767
2008	55,599	3,403,480	1,030,289	773,331	685,642	276,320	6,224,661
2009	56,237	3,418,698	1,035,491	780,112	690,234	277,895	6,258,667
2010	56,067	3,445,076	1,048,907	800,707	699,637	281,695	6,332,089
2011	56,123	3,450,092	1,054,626	804,915	700,776	282,209	6,348,741
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

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**

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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>Average</u>
2004	\$ 146,000	414,000	540,000	319,000	246,000	500,000	360,833
2005	157,000	494,000	617,000	388,000	344,000	592,000	432,000
2006	182,000	509,000	626,000	423,000	365,000	584,000	448,167
2007	245,100	530,958	628,000	414,261	367,125	582,687	461,355
2008	191,239	458,556	506,117	271,352	239,834	425,022	348,687
2009	125,000	320,000	415,000	189,000	149,000	356,000	259,000
2010	125,000	333,000	433,000	200,000	155,000	370,000	269,333
2011	119,000	318,000	445,000	210,000	148,000	355,000	265,833
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

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>
2004	4,175	4,060	790	7,208	20,062	1,846	38,141
2005	4,175	4,060	790	7,208	20,062	1,846	38,141
2006	4,175	4,060	790	7,208	20,062	1,846	38,141
2007	4,175	4,060	790	7,208	20,062	1,846	38,141
2008	4,175	4,060	790	7,208	20,062	1,846	38,141
2009	4,175	4,060	790	7,208	20,062	1,846	38,141
2010	4,175	4,060	790	7,208	20,062	1,846	38,141
2011	4,175	4,060	790	7,208	20,062	1,846	38,141
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

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>
2004	\$ 7,111,265,553	709,464,293,809	284,868,806,916	121,044,256,493	102,025,286,469	71,391,458,104	1,295,905,367,344
2005	7,244,127,196	761,355,097,239	308,833,261,022	138,021,800,263	112,879,426,833	77,897,210,734	1,406,230,923,287
2006	7,831,908,679	835,894,825,705	339,760,670,292	165,323,198,637	129,136,246,197	86,088,492,662	1,564,035,342,172
2007	8,564,454,422	925,501,028,378	378,176,307,920	203,416,131,874	152,260,354,563	96,231,323,104	1,764,149,600,261
2008	10,233,444,219	1,010,019,713,739	410,016,640,580	237,388,487,198	176,135,269,285	103,943,537,873	1,947,737,092,894
2009	11,096,494,701	1,080,877,140,886	426,132,974,772	240,799,096,250	185,367,040,358	107,273,535,930	2,051,546,282,897
2010	10,786,878,349	1,075,011,703,995	420,208,433,390	215,292,421,831	174,112,125,571	104,656,698,553	2,000,068,261,689
2011	10,636,065,947	1,055,470,089,586	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	104,402,361,884	1,992,007,034,595

Source: State of California – Controller's Office.

Note: 2013 data are estimated based on the most current trend. 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	Transpor- tation	High Speed Rail	Aviation	Environ- mental	Housing	Water	Admini- stration	Total
2004	54	—	—	—	—	—	43	97
2005	44	1	1	1	6	1	42	96
2006	42	2	1	1	6	—	49	101
2007	71	1	1	3	2	1	67	146
2008	48	1	1	3	3	—	55	111
2009	44	1	1	3	2	—	57	108
2010	43	1	1	3	2	—	59	109
2011	43	1	1	3	2	—	55	105
2012	42	1	1	3	2	—	56	105
2013	55	1	1	2	1	—	67	127

Source: SCAG HR Department.



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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Transportation</b>										
No. of projects undertaken	13	13	15	27	25	24	55	50	48	49
Grants & Contracts Revenue \$	21,320,486	19,082,487	20,640,246	28,806,467	31,699,796	29,929,881	33,664,593	29,354,637	23,819,826	23,880,028
<b>High Speed Rail</b>										
No. of projects undertaken	1	1	3	2	1	1	1	1	1	1
Grants & Contracts Revenue \$	231,821	19,738	1,773,395	443,831	899,136	32,989	42,594	98,354	137,330	21,200
<b>Aviation</b>										
No. of projects undertaken	4	3	4	3	3	1	3	3	1	1
Grants & Contracts Revenue \$	913,280	871,935	1,019,056	626,352	375,864	276,933	266,702	884,816	461,819	347,880
<b>Environmental</b>										
No. of projects undertaken	-	-	2	-	2	2	-	7	9	6
Grants & Contracts Revenue \$	-	-	156,337	-	2,574,424	49,467	-	2,401,731	2,881,315	587,435
<b>Housing</b>										
No. of projects undertaken	-	-	1	-	-	-	-	2	2	2
Grants & Contracts Revenue \$	-	-	49,769	-	-	-	-	1,306,547	1,345,833	2,088,856
<b>Sustainability Initiatives</b>										
No. of projects undertaken	-	-	-	-	-	-	-	-	6	9
Grants & Contracts Revenue \$	-	-	-	-	-	-	-	-	6,200,905	6,089,132
<b>Water</b>										
No. of projects undertaken	-	1	-	1	-	-	-	-	-	-
Grants & Contracts Revenue \$	-	70,389	-	77,615	-	-	-	-	-	-
<b>Social Sciences</b>										
No. of projects undertaken	-	-	-	1	-	-	-	-	-	-
Grants & Contracts Revenue \$	-	-	-	11,419	-	-	-	-	-	-

**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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