

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

Annual Comprehensive FINANCIAL REPORT | 2023



YEAR ENDED
JUNE 30, 2023



Vision

Southern California's Catalyst
for a Brighter Future.

Mission

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

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**Southern California
Association of Governments**
Annual Comprehensive Financial Report
Year Ended June 30, 2023

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Southern California Association of Governments

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Introductory Section



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December 6, 2023

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

Subject: SCAG's Annual Comprehensive Financial Report for Fiscal Year (FY) 2022-2023

Dear President Brown and Members of the Regional Council:

As Executive Director and Chief Financial Officer for the Southern California Association of Governments (SCAG), we hereby submit SCAG's Annual Comprehensive Financial Report (ACFR) for the fiscal year that ended June 30, 2023.

This Letter of Transmittal is the first item in the introductory section of the ACFR. Its purpose is to first provide information about financial statements in the ACFR and give comments assessing SCAG's financial condition. The second purpose is to profile SCAG, including its governance, organization, planning mandates, and requirements. It highlights significant planning programs mandated by federal and state requirements and demonstrates their successful management in FY 2022-2023.

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

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

- Listing of officers and members of the Regional Council
- SCAG's Management Organizational Chart
- SCAG's Finance Division Organizational Chart
- The Certificate of Achievement for Excellence in Financial Reporting awarded to SCAG by the Government Finance Officers Association in recognition of our FY 2021-2022 ACFR.

Certificate of Achievement for Excellence in Financial Reporting

We are pleased to report that the Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to SCAG for its ACFR for the fiscal year that ended June 30, 2022. This was the twentieth consecutive year that SCAG has received this prestigious award. The award is the highest form of recognition in governmental accounting and financial reporting and its attainment represents a significant accomplishment.

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

The Annual Comprehensive Financial Report

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

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

Independent Audit

SCAG's basic financial statements have been externally audited by Eide Bailly, LLP a certified public accounting firm, licensed and qualified to perform audits in the State of California. The goal of the independent audit is to provide reasonable assurance that the financial statements of SCAG for the fiscal year that ended June 30, 2023 are free of material misstatement. The Report of the Independent Auditors is also included in the ACFR.

The Single Audit Report

The independent audit of the financial statements in this ACFR is part of a broader, federally mandated Single Audit Report designed to meet the special needs of federal grantor agencies. The standards applied in the Single Audit Report require consideration of internal controls and compliance with legal and federal requirements in the administration of federal awards. There were no findings reported by Eide Bailly, LLP. The Single Audit Report for the year ended June 30, 2023 is issued separately from the ACFR and is available upon written request to the Chief Financial Officer.

Management Discussion and Analysis (MD&A)

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 MD&A. The 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 2022-2023 are discussed fully in the MD&A.

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

SCAG Management & Financial Goals for FY 2023-2024

Connect SoCal 2024

SCAG's next Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS), Connect SoCal 2024, will build from the strategies and policies established in Connect SoCal 2020, such as the Core Vision and Key Connections. In July 2023, the Regional Council adopted the updated Policy Framework for Connect SoCal 2024. In September 2023, SCAG staff presented a preview of the draft Connect SoCal 2024, the Regional Transportation Plan/Sustainable Communities Strategy, to a joint meeting of the Policy Committees. Over the past two years, staff worked alongside state, regional, and local partners, and stakeholders to develop the Plan's content, outlining the vision for addressing the region's current challenges and achieving regional goals. The draft Plan preview reflected the policy discussions throughout development, including discussions with the SCAG Regional Council, Policy Committees, and special subcommittees. The draft Plan is currently scheduled for release in November 2023 with formal adoption anticipated in April 2024.

Regional Early Action Planning Program (REAP 1.0)

SCAG was awarded \$47 million in Regional Early Action Planning (REAP 1.0) state funding from Assembly Bill (AB) 101 to support local governments and stakeholders with planning activities that accelerate housing production and meet the region's goals for producing 1.3 million new units of housing by 2029, as determined by the 6th Cycle Regional Housing Needs Assessment (RHNA). The REAP 1.0 funding is a one-time planning program that authorizes subregional partnerships and encourages inter-governmental collaboration on projects that have a broader regional impact on housing production. SCAG is administering the REAP funds through a combination of direct technical assistance (including housing element data components and policy assessments), subregional partnerships with councils of government, community-based partnership grants in collaboration with philanthropic organizations, and planning support offered through the Sustainable Communities Program to local jurisdictions or entities serving single or multiple jurisdictions. AB 101 originally required that all REAP 1.0 funds must be expended by December 31, 2023. SB 197, which was enacted on June 30, 2022, and immediately took effect, extended the REAP 1.0 expenditure deadline to December 31, 2024. More than 100 projects are funded under this program, focusing on planning to help jurisdictions meet 6th Cycle RHNA allocation.

Regional Early Action Planning Program (REAP 2.0)

The Regional Early Action Planning Grant Program for 2021 (REAP 2.0) was established as part of the 2021 California Comeback Plan under AB 140 and builds on the success of REAP 1.0 but expands the program focus by integrating housing and climate goals, and allowing for broader planning and implementation investments, including infrastructure investments that support infill development that facilitates housing supply, choice, and affordability. Under the REAP 2.0 program, SCAG is set to receive \$246 million in State funding. SCAG, recognizing the importance of inclusive and collaborative planning, has committed to sub-allocating a significant portion of the REAP 2.0 funds to eligible entities in the SCAG region. Through

multiple calls for applications, SCAG aims to empower local communities, cities, and counties to propose innovative and transformative projects that prioritize affordable housing, sustainable transportation, and resilient infrastructure.

Carbon Reduction Program

In April 2023, the Regional Council approved the advance programming of the FY 2022 Carbon Reduction Program (CRP) funding in response to the limited time available to spend the funds. The CRP is a new program established under the Bipartisan Infrastructure Law and provides funding for transportation projects that reduce carbon dioxide emissions. For the first year of available funding, the SCAG region's share is \$33.6 million. SCAG is responsible for selecting projects in the region to be funded by CRP dollars. SCAG worked closely with county transportation commissions in the region to propose a series of projects that reduce carbon emissions, align with regional transportation goals and objectives, and can be delivered quickly to meet federal timelines.

Digital Action Plan

In April 2023, the Regional Council approved the Digital Action Plan, which outlines SCAG's actions to provide digital accessibility and foster an equitable, prosperous, and resilient region for all residents. The growth of the SCAG region has been significantly impacted by technological advancements that revolutionized the way people access information. Despite the benefits of new technologies, a significant population in the region does not have access to these advancements. These disparities became more apparent during the COVID-19 pandemic when impacted communities faced disadvantages in accessing services, such as healthcare, food, telework, and e-learning. These disparities will widen as our reliance on technology increases. The Digital Action Plan outlines clear goals and actions on this issue and is driven by SCAG's commitment to equity, innovation, and resilience. With faster broadband speeds and enhanced devices becoming more critical post-COVID-19, the plan aims to bridge the digital divide and ensure all residents in the region have access to the digital world.

Profile of SCAG

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

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

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

- 191 cities
- 16 federally recognized tribal governments
- 38,618 square miles
- 18.7 million people
- 16th largest economy in the world
- 47.6% of total state population

Governing Body of SCAG

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

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

SCAG's Mandates

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

(a) Development of the Regional Transportation Plan

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

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

As Connect SoCal sets a framework for the region’s future transportation investments, various studies are undertaken to support its update, development, and implementation. Transportation studies encompassing all modes of mobility (e.g., highway, express lanes, transit, rail, active transportation, goods movement, capacity enhancements, etc.), policy analysis, corridor studies, and land use studies are undertaken in consultation with numerous stakeholders and project sponsors. Land use studies and environmental analyses are also undertaken to comply with various state and federal requirements.

Modeling analysis encompasses a major portion of the Connect SoCal effort, and all its major components are subject to performance criteria that assess and measure performance and define the benefits and impacts of proposed projects and initiatives. Modeling studies and technical analysis form the foundation of this work. A major modeling component is air quality and conformity analysis, which ensures that all required federal and state air quality requirements are met. Connect SoCal is also required to be financially constrained which necessitates those projects proposed for inclusion have realistic funding streams. This ensures the integrity and reasonableness of Connect SoCal. Connect SoCal 2020 was adopted by SCAG’s Regional Council in May 2020. Connect SoCal 2024 is currently being developed with a draft scheduled for release in November 2023 and formal adoption anticipated in April 2024.

(b) Development of the Federal Transportation Improvement Program

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

The FTIP is prepared to implement projects and programs listed in the RTP/SCS and is developed in compliance with state and federal requirements. The six County Transportation Commissions in the SCAG region have the responsibility under State law of proposing their county program, using current RTP/SCS policies, programs, and projects as a guide, from among submittals by cities and local agencies. The locally prioritized lists of projects are forwarded to SCAG for review. From their lists, SCAG develops the FTIP based on consistency with the current RTP/SCS, inter-county connectivity, financial constraint, and conformity determination. The current 2023 FTIP was federally approved in December 2022 and includes approximately 1,800 projects for the region, totaling over \$35.9 billion over six years. SCAG staff has completed the update of the 2025 FTIP Guidelines, including appropriate coordination with the CTCs. The proposed 2025 FTIP Guidelines were presented to the Transportation Committee in October 2023 and the Regional Council in November 2023.

(c) Transportation Conformity Analysis

In developing the RTP/SCS and FTIP, SCAG is responsible for ensuring that transportation plans and programs are consistent with, or conform to, the goals and objectives of applicable state air quality plans to attain federal air quality standards as required by the Federal Clean Air Act. Failure to achieve transportation conformity could result in rejection of the RTP/SCS and FTIP and withholding of federal funding and/or federal approval for Southern California’s critical transportation needs. SCAG received approval of the transportation conformity determination for the 2020 Connect SoCal Amendment#3 and the 2023 FTIP Consistency Amendment #23-03 from the FHWA and FTA in June 2023.

(d) Integrated Growth Forecast

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

Under California state law, SCAG is designated as a Regional Transportation Planning Agency and a Council of Governments, and thus is responsible for:

(a) Development of the Sustainable Communities Strategy

As required by SB 375, SCAG develops the Sustainable Communities Strategy (SCS) as an integral component of the regional transportation plan. SCAG reaches out to local jurisdictions to determine the range of land use and transportation priorities to develop a series of scenarios for regional growth, ultimately arriving at a consensus for Connect SoCal's Growth Vision to help guide the plan's strategies, programs, and projects. Connect SoCal sets forth a forecasted development pattern for the region that integrates the transportation network, transportation measures, and policies which will reduce GHG emissions from automobiles and light trucks and achieve overall GHG reduction targets as set by the California Air Resources Board (ARB).

(b) Development and Submittal of Connect SoCal Technical Methodology

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

(c) Development of the Regional Housing Needs Assessment

The Regional Housing Needs Assessment (RHNA) is a requirement of State housing law and is a process that determines projected and existing housing needs for all jurisdictions (city or unincorporated county) in California. The process to determine a RHNA allocation is conducted by a council of governments, such as SCAG, every eight (8) years. Every jurisdiction must plan for its RHNA allocation in the housing element of its General Plan by ensuring there are enough sites and zoning to accommodate their RHNA allocation. Many jurisdictions use the housing element as an opportunity to complement their economic development, open space, and sustainability goals with their housing goals. Once updated, housing elements are reviewed by the California Department of Housing and Community Development (HCD) and must be adopted by the jurisdiction. In March 2021, SCAG adopted its 6th cycle RHNA allocation plan, which covers the planning period of October 2021 through October 2029. For the 6th cycle, SCAG received a need of 1,341,827 housing units, which was distributed to all 197 SCAG jurisdictions.

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

In accordance with the California Environmental Quality Act (CEQA), SCAG, as Lead Agency, prepares a Program Environmental Impact Report (PEIR) for the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS), which is updated every four years. The program level environmental impact report conducts a regional-wide assessment and discloses the potential impacts of the RTP/SCS on

the environment at a regional level. The PEIR also considers program-wide mitigation measures and broad policy alternatives. The PEIR provides a foundation for subsequent, project-specific environmental reviews that may be conducted by local implementation agencies serving as CEQA lead agencies for later projects with a narrower scope. The PEIR for the adopted Connect SoCal 2020 is SCAG's latest certified PEIR, certified in May 2020 by the Regional Council. Addendum #4 to the Connect SoCal 2020 PEIR was approved by the SCAG Regional Council in June 2023. SCAG is currently preparing the PEIR for the upcoming Connect SoCal 2024, which is expected to be available for public review in Fall 2023.

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

(e) South Coast Air Quality Management Plan

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

Long-Term Financial Planning

SCAG has stable finances and continuously evaluates its financial outlook to address challenges proactively. The FY 2022-2023 financial statements reflect the measures SCAG has taken in prior years to operate using a model that balances revenues and expenditures. Traditionally, the Consolidated Planning Grant (CPG) revenue allocations (FHWA PL and FTA 5303 grants) have been sufficient to cover SCAG's core planning activities, but those costs have grown over time as personnel costs have risen and as SCAG has broadened its activities. Fortunately, SCAG was successful in its bid to increase its Transportation Development Act (TDA) revenues, and, thanks to Assembly Bill 1403, SCAG has had an additional annual revenue stream since FY 2011-2012 to continue its level of operations. In FY 2022-2023, TDA revenues exceeded \$8 million. SCAG is also receiving Sustainable Communities Grant funds of around \$5.3 million starting in 2018 pursuant to the terms of Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017. The SB 1 revenues are estimated to be available for allocation for 10 years after the bill was passed, through FY 2026-2027. In 2019, SCAG was awarded \$47 million in Regional Early Action Planning (REAP 1.0) state funding from Assembly Bill (AB) 101 to support local governments and stakeholders with planning activities that accelerate housing production. The expenditure deadline for REAP 1.0 is December 31, 2024. Additionally, the Regional Early Action Planning Grant Program for 2021 (REAP 2.0) was established through AB 140, which will provide \$246 million to the SCAG region to support transformative and innovative projects that implement the region's Sustainable Communities Strategy. In July 2023, the Department of Housing and Community Development officially approved SCAG's full funding application for REAP 2.0 funds. The funding agreement was executed on October 11, 2023.

Overall Work Program

SCAG's Overall Work Program (OWP) is the foundation for annual financial planning and internal administrative budget control. It consists of all projects and budgets allocated and necessary to perform

the planning work to be accomplished in the following year and identifies the funding source(s) for each project. The budget includes line items for direct labor and non-labor expenses, fringe benefits, and indirect costs. When the OWP is completed, it is submitted to and approved by the SCAG Regional Council and our state and federal funding agencies. In addition, formal amendments to the OWP which involve major budgetary revisions are reviewed and approved by the SCAG Regional Council and applicable funding agencies.

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

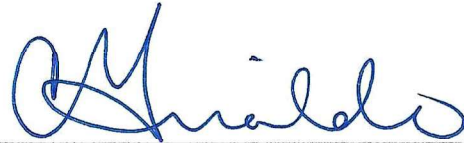
Acknowledgements

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

Sincerely,

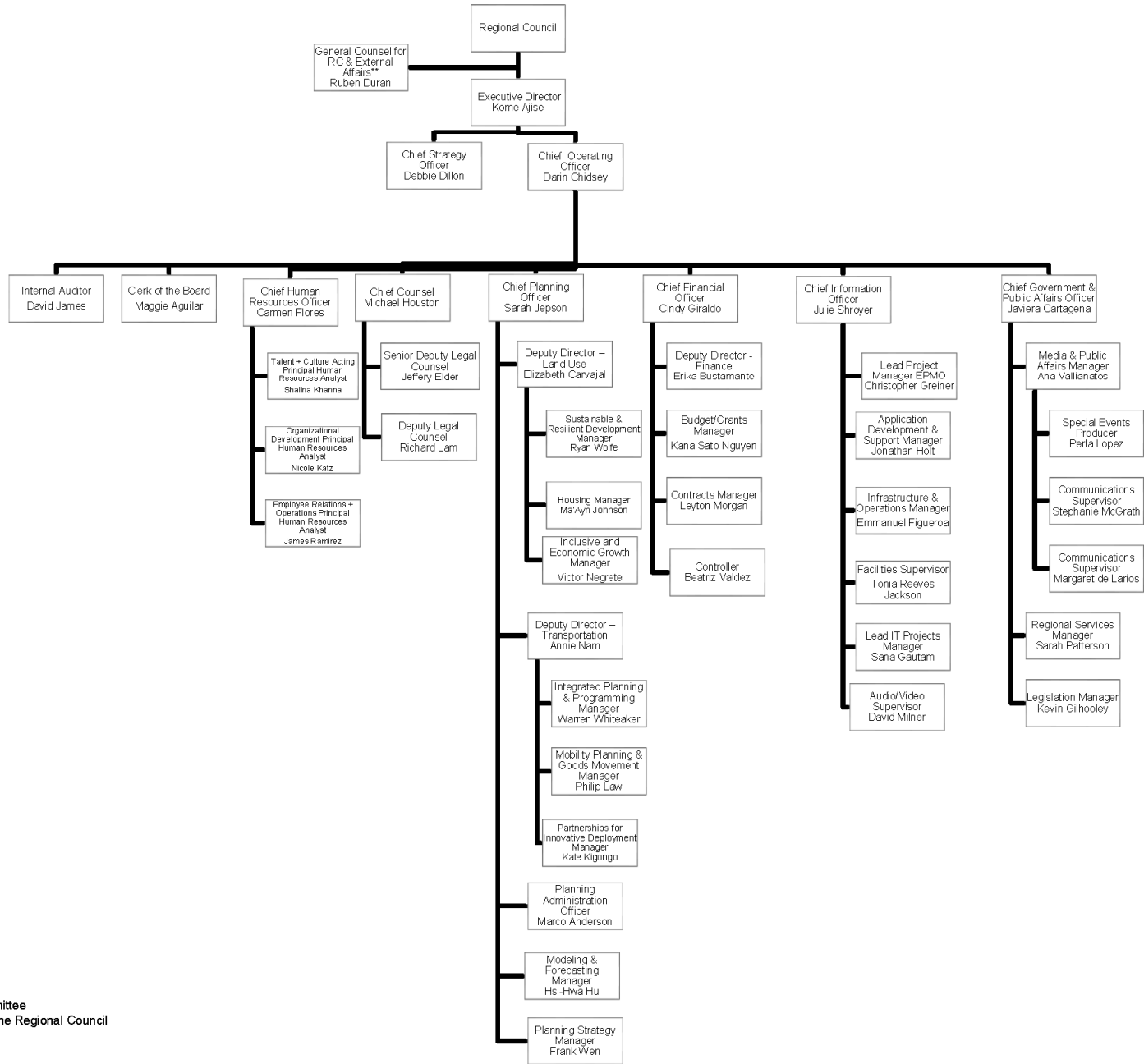


Kome Ajise
Executive Director



Cindy Giraldo
Chief Financial Officer

SCAG Organization Chart – June 2023



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



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For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Financial Section



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern California Association of Governments (SCAG) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise SCAG's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of SCAG, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Notes 1 and 14 to the financial statements, SCAG has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Correction of Errors

As discussed in Note 14 to the financial statements, certain errors resulting in an understatement of fund balance within the general fund, and governmental activities net position, for capital assets not recorded, as well as an overstatement of fund balance within a nonmajor governmental fund pertaining to an over-recognition of revenue as of June 30, 2022, were discovered by management of SCAG during the current year. Accordingly, restatements have been made to the fund balance of the general fund and a nonmajor fund, as well as net position of the governmental activities as of June 30, 2022, to correct the error. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SCAG's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SCAG's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SCAG's basic financial statements. The supplemental combining financial statements and supplemental schedules of indirect costs, fringe benefits, and distribution of salaries and fringe benefits by project type are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental combining financial statements and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, on our consideration of SCAG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SCAG's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCAG's internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 6, 2023

Management's Discussion and Analysis

INTRODUCTION

This management's discussion and analysis (MD&A) of the Southern California Association of Governments' (SCAG) financial performance provides an overview of SCAG's financial activities for the fiscal year ended June 30, 2023. This overview should be read in conjunction with the transmittal letter and the accompanying financial statements to obtain a thorough understanding of SCAG's financial condition.

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

In this MD&A, the Statement of Net Position and the individual accounts, which comprise total assets and deferred outflows of resources and liabilities and deferred inflows of resources, are discussed and analyzed for the reader. Specific information about the functional areas of grant revenues reported in the Statement of Activities is also provided. Revenue and expenditure information about transportation, railroad, aviation, high-speed rail, housing, and other grants is reviewed. Finally, there is summary information about project work undertaken and completed by SCAG in FY 2022-2023.

FINANCIAL HIGHLIGHTS

Revenues increased to \$77.8 million in FY 2022-2023 from \$71.0 million in FY 2021-2022, an increase of \$6.8 million, or 9.69%.

Federal revenues increased by \$2.6 million; state revenues increased by \$2.7 million; local revenues increased by \$1.4 million; and General Fund revenues increased by \$0.1 million.

Net position decreased by \$.9 million from (\$24.9) to (\$25.8) million primarily due to increased net pension liabilities.

Cash decreased by \$5.0 million; receivables increased by \$2.5 million; the over-recovered indirect and fringe benefits costs amount to \$7.4 million; accounts and contracts payable increased by \$0.4 million; and accrued liabilities increased by \$0.2 million.

Cash balances were adequate to support operations. There were no draws on SCAG's line of credit in FY 2022-2023.

As noted above, receivables increased \$2.1 million to \$23.0 million due primarily to higher federal receivables totaling \$7.9 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 increased from \$9.1 million to \$9.5 million.

The unfunded net pension liability of \$51.4 million to CalPERS and PARS increased \$19.2 million from \$32.2 million last year due to weak CalPERS investment returns. SCAG's liability for other post-employment benefits was \$2.2 million, up from last year by \$1.3 million due to weak investment returns.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

The government-wide financial statements distinguish between the activities of SCAG that are principally supported by grants or contracts, and the General Fund activities which are intended to be covered primarily by dues paid by SCAG's members. Changes in net position are a result of the financial activities of the General and Transportation Development Act (TDA) funds, not from the grant funds, which operate on a cost-reimbursement basis. The government-wide financial statements can be found on pages 17 and 18 of this report.

FUND-BASED REPORTING

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

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

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements and the governmental funds financial statements. The notes provide the reader with information about accounting policies, data and information about cash, indirect overhead, commitments and contingencies, retirement pension plans, and other items. The notes to the basic financial statements can be found on pages 23 to 55 of this report.

Statement of Net Position

The Statement of Net Position is prepared using accrual accounting since its measurement focus is total economic resources. Thus, it reports both long-term and short-term assets and deferred outflows of resources, and liabilities and deferred inflows of resources. At the end of FY 2022-2023, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$25.8 million compared to \$24.9 million in FY 2021-2022 resulting in a net position decrease of \$.9 million.

The following is a summary of net positions as of June 30, 2023 and 2022:

	June 30	
	2023	2022
Current and other assets	\$ 33,017,495	\$ 36,814,958
Capital assets, net	33,644,806	29,305,300
Total assets	66,662,301	66,120,258
 Deferred outflows of resources	15,851,582	6,528,353
 Current liabilities	20,566,557	22,231,389
Noncurrent liabilities	87,332,286	63,342,301
Total liabilities	107,898,843	85,573,690
 Deferred inflows of resources	396,217	11,945,501
 Net position		
Invested in capital assets	2,192,254	1,267,140
Restricted	13,721,185	9,391,854
Unrestricted	(41,694,616)	(35,529,574)
Total net position	\$ (25,781,177)	\$ (24,870,580)

Cash and Cash Equivalents

Over the last year, cash and cash equivalents has decreased \$5.0 million to \$8.8 million. On June 30, 2023, cash as a percentage of total assets was 13.14%.

Accounts Receivable (AR)

ARs from federal, state, local and other agencies at the end of FY 2022-2023 were \$23.0 million compared to \$20.9 million the year before. AR balances represented 34.56% of total assets compared to 31.6% in FY 2021-2022.

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 \$7.9 million were \$1.6 million higher than last year. State receivables increased by \$0.5 million to \$14.6 million. Local grants and contracts receivable increased by \$14 thousand. Other receivables also increased to \$0.1 million.

Accounts and Contracts Payable (AP)

The AP balance increased from \$9.1 million to \$9.5 million.

Line of Credit (LOC)

During FY 2022-2023, SCAG did not draw on its LOC.

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

Financing Agreements

During FY 2017-18, SCAG entered into two five-year Equipment Financing Agreements with Bank of the West to finance the acquisition of furniture and audio-visual equipment in SCAG's new headquarters building in Los Angeles. The furniture financing was in the amount of \$1,241,980 at 4.86%, while the equipment financing was in the amount of \$701,505 at 5.44%. SCAG made monthly repayments. The furniture financing ended in January 2023 and the audio-visual equipment financing ended in March 2023. The balance for both agreements as of June 30, 2023 is zero.

Capital Assets

Net capital assets total \$33,644,806. 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, \$75,000 for leases, and \$30,000 for subscriptions) and have a useful life of more than one year. Net investment in capital assets includes computer equipment, leasehold improvements, furniture and fixtures, right to use leased assets and right to use subscriptions as follows:

	June 30	
	2023	2022
Construction in progress	\$ 842,694	\$ -
Subscription in progress	92,915	-
Computer equipment and software, net	1,421,303	1,512,653
Leasehold improvements, net	4,159,552	4,581,905
Furniture and fixtures, net	(2)	31,885
Right to use leased asset building, net	22,285,082	23,178,857
Right to use leased asset equipment, net	162,407	-
Right to use subscription asset, net	4,680,855	-
	\$ 33,644,806	\$ 29,305,300

Statements of Activities

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

	June 30	
	2023	2022
REVENUES		
Charges for services - member dues	\$ 2,342,293	\$ 2,193,246
Operating grants and contributions	75,153,697	68,210,165
General revenues:		
Interest Income	136,375	210,718
Other revenue	393,971	340,575
	78,026,336	70,954,704
EXPENSES		
Transportation	19,358,040	20,848,493
Environmental	4,191,170	4,022,867
Modeling	14,704,741	13,002,647
Public Involvement	5,057,381	3,677,128
Sustainability/Housing	28,940,936	23,223,681
Administration	6,253,182	3,114,015
	78,505,450	67,888,831
Change in net position	(479,114)	3,065,873
Net position - beginning, as restated	(24,870,580)	(28,037,377)
Prior period adjustment (Note 15)	(431,483)	100,924
Net position - ending	\$ (25,781,177)	\$ (24,870,580)

Total revenues in FY 2022-2023 were \$78.0 million compared to \$71.0 million last year. This is an increase of \$7.0 million or 9.97%. This increase is primarily attributable to the Regional Early Action Planning (REAP) grant received by SCAG from the Department of Housing and Community Development in FY 2020-2021.

The decrease in net position of \$0.9 million is primarily due to the increased net pension liabilities.

Major Expenses

In FY 2022-2023, salary expenses were \$25.7 million which included non-worktime (e.g., vacation leave, sick leave, holiday, and other paid time off) compared to \$21.6 million in FY 2021-2022. Salaries, including non-worktime, represent about 32.61% of total expenses.

Consultant expenses are the next largest expense line item. They increased \$2.9 million to \$26.8 million in FY 2022-2023 from \$23.9 million in FY 2021-2022. They represent about 34.11% of total expenses. Detailed information concerning specific consultant activities is analyzed below in the discussion about major revenues and expenses of federal, state, and local grants and the General Fund.

Federal Transportation Grants Major FHWA and FTA Grants

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

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

FHWA PL and FTA 5303 revenues amounted to \$27.3 million and \$11.2 million, respectively, in FY 2022-2023. These two grants were billed \$38.5 million in FY 2022-2023 compared to \$32.6 million in FY 2021-2022. Salaries and fringe benefits accounted for \$14.1 million, consultant expenses were \$3.8 million and the balance consisted of indirect overhead of \$19.8 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 metropolitan planning funding programs under the federal Consolidated Planning Grant (CPG), there are several other federal grant programs awarded to SCAG to fund specific project activities.

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

During FY 2015-2016, in partnership with Riverside Transit Agency, SCAG applied and received a grant award in the amount of approximately \$3.2 million in FTA Section 5339 funds for their Bus Stops and Shelters Acquisition project. In FY 2016-2017, SCAG also received a grant award in the amount of approximately \$0.9 million in FTA Section 5339 and \$9.8 million in FTA Section 5312 funds, for SunLine's Bus Procurement project. In FY 2017-2018, SCAG continued to administer the aforementioned grant projects and received another grant award in the amount of approximately \$5.6 million in FTA Section 5312 funds for Los Angeles County Metropolitan Transportation Authority and Foothill Transit Battery Bus Procurement and Charging Equipment project. In FY 2020-2021, SCAG partnered with Anaheim Transportation Network and received a grant award in the amount of \$2.0 million for 40 electric buses. For all grant programs, SCAG is responsible for passing through the funds and ongoing monitoring and compliance of the grant program. All projects were completed in FY 2022-23.

FTA Section 5304 and FHWA Partnership Planning

The Caltrans Sustainable Transportation Planning Grant Program offers two discretionary grant programs on an annual basis. SCAG has been a successful grant recipient under this program to further the region's Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). Under this grant program, the total FHWA Partnership Planning budget for FY 2022-2023 was approximately \$0.2 million. The total amount expended for the grant program was about \$0.1 million in FY 2022-2023. All projects were completed in FY 2022-23.

FHWA Active Transportation Program

In FY 2017-2018, SCAG was awarded \$1.8 million in FHWA funds from Caltrans Local Assistance Office to build onto the previously funded Active Transportation Safety & Encouragement Campaign Program. The project continued being implemented during FY 2021-2022. Caltrans is the Direct Recipient of the funds from FHWA and SCAG is responsible for managing the program. This project was completed in FY 2022-23.

Office of Traffic Safety Active Transportation Safety

In FY 2021-2022, SCAG received a grant award in the amount of \$1.3 million from Office of Traffic Safety (OTS) for the Pedestrian and Bicycle Safety Program and completed the grant activities during FY 2022-2023. The funds were used to conduct a regional active transportation safety and encouragement campaign to reduce bicycle and pedestrian collisions. In FY 2022-2023, SCAG secured another grant award from OTS in the amount of \$1.2 million to continue the effort to promote and educate bicycle and pedestrian safety. OTS is the Direct Recipient of the National Highway Traffic Safety Administration funds and SCAG is responsible for managing the program. The unused grant balance not expiring at the end of fiscal year is carried over to FY 2023-2024.

Department of Energy, Energy Efficiency & Renewable Energy

SCAG received a cooperative agreement award in the amount of \$90,000 in FY 2020-2021, and \$107,500 in FY 2021-2022, and \$110,000 in FY 2022-2023. The funds are used for Clean Cities Outreach, Education and Performance Tracking project.

In FY 2021-2022, SCAG received a grant award in the total amount of \$30,000 for Artificial Intelligence-Based Mobility Monitoring System and Analytics Demonstration Pilot project. The University of California, Irvine is the Direct Recipient of the Department of Energy funds and SCAG is responsible for managing the project. Also in FY 2021-2022, SCAG received a grant award in the total amount of \$238,977 for Testing and Evaluation of Curb Management and Integrated Strategies to Catalyze Market Adoption of Electric Vehicles project. The Los Angeles Cleantech Incubator is the Direct Recipient of the Department of Energy funds and SCAG is responsible for managing the project. The award funding for both projects is being prorated, and the prorated amount is authorized for disbursement on an annual basis.

State Grants

The Sustainable Communities Competitive Grants reside under the Caltrans Sustainable Transportation Planning Grant Program and include the traditional State Highway Account (SHA) funds and Senate Bill (SB) 1 funds that are deposited into the Road Maintenance and Rehabilitation Account (RMRA). SB1, the Road Repair and Accountability Act of 2017, is a transportation funding bill that supports and implements the RTP/SCS and helps achieve the State's greenhouse gas (GHG) reduction targets. SB1 expanded the existing Caltrans' Sustainable Transportation Planning Grant Program by offering a formula grant program to the MPOs. Under this formula grant program, SCAG, as an MPO, received a grant award in the amount of \$5.6 million in FY 2017-2018, \$5.3 million in FY 2018-2019, \$5.3 million in FY 2019-2020, \$5.3 million in FY 2020-2021, \$5.3 million in FY 2021-2022, and an additional \$5.3 million in FY 2022-23. The SB1 grant funds support various programs for the development and implementation of the SCS. The unused balance for formula grants not expiring at the end of fiscal year are carried forward to FY 2023-2024 and future years, if needed, subject to authorization from Caltrans.

In FY 2018-2019, SCAQMD also awarded SCAG \$2.0 million for implementation of Future Communities Pilot Program to research new and innovative concepts for reducing VMT and carry out a few pilot programs, and SCAG continued the grant activities in FY 2022-2023. Additionally, SCAG received a grant award in the amount of \$16.8 million from SCAQMD for the Last Mile Freight Program to support the commercial deployment of zero emission or near-zero emission heavy and/or medium duty on-road trucks and supporting infrastructure. The unused grant balance not expiring at the end of fiscal year for the Future Communities Pilot Program and the Last Mile Freight Program is carried over to FY 2023-2024.

In FY 2017-2018, SCAG received a grant from the Caltrans Local Assistance Active Transportation Program in the amount of \$1.29 million to implement active transportation, safe routes to school, and complete streets plans for seven cities in the SCAG region. The former project was completed in FY 2022-2023. In addition, in FY 2019-2020, SCAG received several more grants from the Caltrans Local Assistance Office and continued the activities. These projects include \$0.22 million in active transportation and safety education program for students and parents in underserved communities in the county of Imperial, and \$2.6 million in temporary demonstration of active transportation infrastructure as well as public engagement activities. The former project was completed in FY 2022-2023 and the latter project continued being implemented in FY 2022-2023. In FY 2021-22, SCAG was awarded \$4.67 million from the Caltrans Local Assistance Office to support implementation of the Sustainable Communities Program projects. The unused grant balance for the Caltrans Local Assistance Programs not expiring at the end of fiscal year is carried over to FY 2023-2024.

In FY 2020-2021, SCAG received from the Department of Housing and Community Development \$47 million in Regional Early Action Planning (REAP AB 101) funding to support local governments and stakeholders with housing planning activities that accelerate housing production and meet the region's goals of housing productions as determined by the sixth Cycle Regional Housing Needs Assessment (RHNA). Further in FY 2021-2022, the Department of Housing and Community Development (HCD) allocated \$246 million to SCAG in Regional Early Action Planning Grant (REAP 2021) funding to support transformative planning and implementation activities that meet housing and equity goals, reduce VMT per capita and advance implementation of the region's SCS or alternative planning strategy. The grant agreement for the REAP 2021 is planned for full execution in FY 2023-2024. The unused grant balance for REAP AB101 funding not expiring at the end of fiscal year is carried over to FY 2023-2024.

In FY 2021-2022, SCAG also received a grant award in the amount of \$0.60 million for the California Energy Commission's (CEC) Research Hub for Electric Technologies in Truck Applications (RHETTA) grant. SCAG is a subrecipient to the Electric Power Research Institute (EPRI) and the project is to study supporting infrastructure for medium and heavy-duty zero-emission trucks. The project continued being implemented in FY 2022-2023. The unused grant balance not expiring at the end of fiscal year is carried over to FY 2023-2024.

Lastly in FY 2021-2022, SCAG received a grant award in the amount of \$3.5 million from the California Workforce Development Board in the Inclusive Economic Recovery Strategy (IERS) Grant funds to support implementation of recommendations of the IERS. The project continued being implemented in FY 2022-23. The unused grant balance not expiring at the end of fiscal year is carried over to FY 2023-2024.

Local Revenues

Local revenues were \$8.7 million compared to \$7.3 million in FY 2021-2022 and consisted primarily of Transportation Development Act (TDA) funding. The TDA Fund, a major fund, had revenues of \$8.4 million. TDA funds are used primarily to meet the local match requirement for federal and state grants. SCAG receives these funds under the terms of the State of California Public Utilities Code Section 99233.2, which authorizes the Transportation Commissions in Los Angeles, Orange, Riverside and San Bernardino counties to allocate up to $\frac{3}{4}$ of 1 percent of their local transportation funds to SCAG as the multi-county planning agency for the region.

General Fund

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

The comparative summary statement of revenues, expenditures, and changes in fund balances of the GF shown below is reported on a modified accrual basis. In FY 2022-2023, total annual revenues and other financing sources exceed total expenditures resulting in a increase in fund balance.

	June 30	
	2023	2022
Revenues:		
Membership assessments	\$ 2,342,293	\$ 2,193,246
General assembly	393,971	340,575
Interest and other	136,375	210,718
Total revenues	<u>2,872,639</u>	<u>2,744,539</u>
Expenditures:		
Transportation	-	82,532
Environmental	-	180,551
Public Involvement	-	65,853
Sustainability/Housing	-	369,310
Administration	416,639	977,869
Debt Service	1,832,788	1,303,171
Capital outlay	968,635	1,026,796
Indirect cost	42,128,339	35,987,809
Indirect cost recovery	(49,337,371)	(39,696,515)
Over-recovery of indirect costs	7,209,032	3,708,706
Total expenditures	<u>3,218,062</u>	<u>4,006,082</u>
Deficiency of revenues over expenditures	(345,423)	(1,261,543)
Other financing sources (uses):		
Transfers in	860,266	-
Transfers out	-	(913,052)
Leases	440,665	-
Subscriptions	304,866	-
Total other financing sources (uses)	<u>1,605,797</u>	<u>(913,052)</u>
Change in fund balance	1,260,374	(2,174,595)
Fund balance, beginning of year	5,191,715	7,023,495
Prior period adjustment (Note 15)	(210,481)	342,815
Fund balance, beginning of year, as restated	<u>4,981,234</u>	<u>7,366,310</u>
Fund balance, end of year	<u>\$ 6,241,608</u>	<u>\$ 5,191,715</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. The collection of membership dues increased in FY 2022-2023 to \$2.3 million from \$2.2 million, in FY 2021-2022, an increase of 6.80%.

Other GF Revenues and Interest Income

Total other revenues and interest income decreased in FY 2022-2023 by \$21 thousand, to \$0.53 million from \$0.55 million in FY 2021-2022 due to a decrease in interest income.

Cash that was not needed as working capital to support daily operations was invested in the Local Agency Investment Fund. The SCAG Investment Policy provides standards and guidelines for the prudent investment of funds by SCAG in conducting its investment and cash management responsibilities. The reader is referred to Note 2 – Cash and Cash Equivalents for additional information.

GF Budget vs. Actual Expenditures

GF expenditures overall were \$3.6 million compared to the budget of \$3.4 million, a difference of \$0.2 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.

Next Year's Budgets

SCAG's Comprehensive Budget for FY 2023-2024 is \$350.3 million compared to \$124.7 million in FY 2022-2023, a net increase of \$225.6 million or 181% mainly due to an increase in various state grants, primarily REAP 2021, that SCAG will continue to implement in FY 2023-2024.

Requests for Information

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

Basic Financial Statements

Southern California Association of Governments

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Cash and cash investments	\$ 8,758,625
Receivables	
Federal grants	7,850,355
State grants and contracts	14,634,337
Local grants and contracts	443,126
Other	108,098
Prepays	1,216,180
Other assets	6,774
Capital assets, net	33,644,806
Total assets	66,662,301
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	14,484,083
Deferred outflows of resources related to OPEB	1,367,499
Total deferred outflows of resources	15,851,582
Liabilities	
Accounts and contracts payable	9,505,429
Accrued liabilities	1,021,847
Accrued interest payable	134,208
Advances from grantors	2,696,041
Over-recovery of indirect costs	7,209,032
Noncurrent liabilities	
Due within one year	3,436,391
Due in more than one year	30,232,107
Net pension liabilities	51,437,449
Net other post-employment benefits liability	2,226,339
Total liabilities	107,898,843
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	23,657
Deferred inflows of resources related to OPEB	372,560
Total deferred inflows of resources	396,217
Net Position	
Net investment in capital assets	2,192,254
Restricted for	
Transportation projects	13,721,185
Unrestricted	(41,694,616)
Total net position	\$ (25,781,177)

Southern California Association of Governments

Statement of Activities
Year Ended June 30, 2023

Functions/programs	Expenses	Program Revenues		Net (Expenses) Revenues and Change in Net Position
		Charges for Services - Member Dues	Operating Grants and Contributions	
Governmental Activities				
Transportation	\$ 19,358,040	\$ -	\$ 19,901,158	\$ 543,118
Environmental	4,191,170	-	4,266,995	75,825
Modeling	14,704,741	-	14,970,774	266,033
Public Involvement	5,057,381	-	5,148,877	91,496
Sustainability initiatives	28,940,936	-	29,464,525	523,589
Administration	6,253,182	2,342,293	1,401,368	(2,509,521)
Total governmental activities	<u>\$ 78,505,450</u>	<u>\$ 2,342,293</u>	<u>\$ 75,153,697</u>	<u>(1,009,460)</u>
General revenues				
Interest income				136,375
Other revenue				<u>393,971</u>
Total general revenues				<u>530,346</u>
Change in Net Position				(479,114)
Net Deficit, Beginning of Year				(24,870,580)
Prior Period Adjustment (Notes 1 and 14)				<u>(431,483)</u>
Net Deficit, Beginning of Year, as Restated				(25,302,063)
Net Deficit, End of Year				<u>\$ (25,781,177)</u>

Southern California Association of Governments
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	FTA 5303 Fund	FHWA PL Fund	TDA Fund	REAP AB 101 Fund	REAP 2021 Fund	Nonmajor Funds	Total
Assets								
Cash and cash equivalents	\$ 8,758,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,758,625
Receivables								
Federal grants	-	2,569,281	4,972,948	-	-	-	308,126	7,850,355
State grants and contracts	-	-	-	-	11,514,042	-	3,120,295	14,634,337
Local grants and contracts	-	-	-	416,616	-	-	26,510	443,126
Other	108,098	-	-	-	-	-	-	108,098
Due from other funds	5,244,138	-	-	13,434,962	-	-	2,816,988	21,496,088
Prepays	1,216,180	-	-	-	-	-	-	1,216,180
Other assets	6,774	-	-	-	-	-	-	6,774
Total assets	\$ 15,333,815	\$ 2,569,281	\$ 4,972,948	\$ 13,851,578	\$ 11,514,042	\$ -	\$ 6,271,919	\$ 54,513,583
Liabilities								
Accounts and contracts payable	\$ 860,867	\$ 661,749	\$ 575,567	\$ 130,393	\$ 5,150,949	\$ 500,677	\$ 1,625,227	\$ 9,505,429
Accrued liabilities	1,021,847	-	-	-	-	-	-	1,021,847
Due to other funds	-	1,907,532	4,397,381	-	6,363,093	6,539,903	2,288,179	21,496,088
Advances from grantors	461	-	-	-	-	-	2,695,580	2,696,041
Over-recovery of indirect costs	7,209,032	-	-	-	-	-	-	7,209,032
Total liabilities	9,092,207	2,569,281	4,972,948	130,393	11,514,042	7,040,580	6,608,986	41,928,437
Deferred Inflows of Resources								
Deferred inflows relating to grants	-	-	-	-	-	-	192,899	192,899
Fund Balances								
Nonspendable for								
Prepays and other assets	1,222,954	-	-	-	-	-	-	1,222,954
Restricted								
Transportation	-	-	-	13,721,185	-	-	-	13,721,185
Unassigned	5,018,654	-	-	-	-	(7,040,580)	(529,966)	(2,551,892)
Total fund balances	6,241,608	-	-	13,721,185	-	(7,040,580)	(529,966)	12,392,247
Total liabilities and fund balance	\$ 15,333,815	\$ 2,569,281	\$ 4,972,948	\$ 13,851,578	\$ 11,514,042	\$ -	\$ 6,271,919	\$ 54,513,583

Southern California Association of Governments
 Reconciliation of Total Governmental Fund Balances to the Statement of Net Position
 June 30, 2023

Total governmental fund balances	\$	12,392,247
Amounts reported for governmental activities in the accompanying statement of net position are different because:		
Capital assets, net of accumulated depreciation and amortization of used in governmental activities are not financial resources; they are therefore, not reported in the governmental funds financial statements		33,644,806
Accrued interest payable applicable to governmental activities is not due and payable in the current period and, therefore, is not reported in the funds.		(134,208)
Long-term liabilities are not due and payable at year end; they are therefore, not reported in the governmental funds financial statements		
Compensated absences liabilities		(2,415,779)
Net pension liabilities		(51,437,449)
Net OPEB liability		(2,226,339)
Lease liability		(27,893,204)
SBITA Liability		(3,359,515)
Deferred outflows of resources are not considered financial resources and are not reported in the governmental funds		
Pensions		14,484,083
OPEB		1,367,499
Deferred inflows of resources are not available to pay for current period expenses and are not reported in the governmental funds		
Pensions		(23,657)
OPEB		(372,560)
		(372,560)
Net Position	\$	(25,781,177)

Southern California Association of Governments
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	General Fund	FTA 5303 Fund	FHWA PL Fund	TDA Fund	REAP AB 101 Fund	REAP 2021 Fund	Nonmajor Funds	Total
Revenues								
Federal grants, net	\$ -	\$ 11,195,696	\$ 27,269,188	\$ -	\$ -	\$ -	\$ 2,488,646	\$ 40,953,530
State grants and contracts	-	-	-	-	16,322,070	-	8,946,012	25,268,082
Local grants and contracts	-	-	-	8,428,907	-	-	310,279	8,739,186
Membership assessments								
Cities	1,896,896	-	-	-	-	-	-	1,896,896
Counties	336,897	-	-	-	-	-	-	336,897
Commission	88,500	-	-	-	-	-	-	88,500
Transportation corridor agency	10,000	-	-	-	-	-	-	10,000
Air districts	10,000	-	-	-	-	-	-	10,000
General assembly	393,971	-	-	-	-	-	-	393,971
Interest and other	136,375	-	-	-	-	-	-	136,375
Total revenues	2,872,639	11,195,696	27,269,188	8,428,907	16,322,070	-	11,744,937	77,833,437
Expenditures								
Current:								
Transportation	-	3,695,736	7,418,779	1,230,572	-	2,056,055	4,956,898	19,358,040
Environmental	-	619,660	2,337,170	258,448	-	328,773	647,119	4,191,170
Modeling	-	2,807,424	10,946,856	465,989	-	-	484,472	14,704,741
Public involvement	-	2,288,512	1,976,831	208,993	-	-	583,045	5,057,381
Sustainability initiatives	-	943,605	3,337,813	963,697	16,322,070	2,734,885	4,638,866	28,940,936
Administration	416,639	132,961	393,127	679,228	-	45,355	120,043	1,787,353
Indirect/fringe benefit cost	42,128,339	-	-	-	-	-	-	42,128,339
Indirect/fringe benefit cost recovery	(49,337,371)	-	-	-	-	-	-	(49,337,371)
Over-recovery	7,209,032	-	-	-	-	-	-	7,209,032
Debt service								
Principal	700,127	274,282	500,000	277,446	-	1,022,255	-	2,774,110
Interest	1,132,661	3,262	-	2,489	-	-	-	1,138,412
Capital outlay	968,635	430,254	1,812,057	12,014	-	3,256,911	-	6,479,871
Total expenditures	3,218,062	11,195,696	28,722,633	4,098,876	16,322,070	9,444,234	11,430,443	84,432,014
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	(345,423)	-	(1,453,445)	4,330,031	-	(9,444,234)	314,494	(6,598,577)
Other Financing Sources (Uses)								
Transfers in	860,266	-	-	-	-	-	700	860,966
Transfers out	-	-	-	(700)	-	(820,686)	(39,580)	(860,966)
Proceeds from financing - leases	440,665	-	-	-	-	-	-	440,665
Proceeds from financing - subscriptions	304,866	-	1,453,445	-	-	3,224,340	-	4,982,651
Total other financing sources (uses)	1,605,797	-	1,453,445	(700)	-	2,403,654	(38,880)	5,423,316
Change in Fund Balance	1,260,374	-	-	4,329,331	-	(7,040,580)	275,614	(1,175,261)
Fund Balances, Beginning of Year	5,191,715	-	-	9,391,854	-	-	-	14,583,569
Prior Period Adjustment (Note 14)	(210,481)	-	-	-	-	-	(805,580)	(1,016,061)
Fund Balances, Beginning of Year, As Restated	4,981,234	-	-	9,391,854	-	-	(805,580)	13,567,508
Fund Balances at End of Year	\$ 6,241,608	\$ -	\$ -	\$ 13,721,185	\$ -	\$ (7,040,580)	\$ (529,966)	\$ 12,392,247

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, 2023

Change in Fund Balances - Total Governmental Funds \$ (1,175,261)

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

Capital outlays are reported as expenditures in governmental funds.

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

Capital outlay	\$ 6,479,871	
Depreciation and amortization expense	<u>(3,290,296)</u>	3,189,575

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

Compensated absences liabilities	(216,379)
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Accrued interest payable applicable to governmental activities is not due and payable in the current period and, therefore, is not reported in the funds	(134,208)
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position.

Proceeds of debt issuance - leases	(440,665)
Financing agreement principal payments	277,446
Lease principal payments	308,175
Proceeds of debt issuance - subscriptions	(4,982,651)
Subscription IT principal payments	2,188,489

Revenues reported in the statement of activities which do not require the use of current financial resources are reported as revenues in governmental funds.	192,899
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Governmental funds report pension/OPEB contributions as expenditures. Such amounts are reported as deferred outflows of resources on the full accrual basis. The impact of pension and OPEB accounting is as follows:

Change in net pension liability	(19,220,198)
Change in net OPEB liability	(1,338,849)
Change in pension deferred inflows/outflows	19,149,668
Change in OPEB deferred inflows/outflows	<u>1,722,845</u>

Change in Net Position of Governmental Activities	<u>\$ (479,114)</u>
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Note 1 - Summary of Significant Accounting Policies**A. General Background**

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

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

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

B. Government-wide and Fund Financial Statements

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

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

Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about SCAG as a whole. All of SCAG's operations represent governmental activities and SCAG has no business type activities. Interfund balances have been eliminated in the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation. Government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Amounts paid to acquire capital assets are capitalized as assets in the government wide financial statements, rather than reported as expenditures.

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

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

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

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

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

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

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

C. Major Funds

SCAG considers the following funds as major governmental funds:

Governmental Funds

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

The special revenue funds are described below:

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

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

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

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

Regional Early Action Planning (REAP) 2021 Fund – This fund is established to account for revenues from REAP AB 140. These funds are available and restricted to support expenditures for specifically identified purposes to support transformative planning and implementation activities that meet housing and equity goals, reduce VMT per capita and advance implementation of the region’s SCS or alternative planning strategy.

D. Grant Revenues

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

E. Unearned Revenue and Advances from Grantors

Cash received from grantors in advance of actual grant expenditures being incurred is recorded as advances from grantors in the accompanying basic financial statements. These amounts are reported as unearned revenues in the basic financial statements.

F. Long-Term Liabilities

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

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

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

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

G. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposit accounts and amounts held by the Local Agency Investment Fund. Cash not needed for immediate working capital use is invested in interest bearing accounts.

H. Capital Assets

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

Right to use lease assets are recognized at the lease commencement date and represent SCAG’s right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. SCAG maintains a threshold level of \$75,000 or more for capitalizing right to use lease assets. Right to use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period for the leased assets range from 3-22 years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent SCAG’s right to use an underlying IT asset for the subscription term. Right to use IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor before commencement of the subscription term, plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. SCAG maintains a threshold level of \$30,000 or more for capitalizing right to use subscription IT asset. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period for the subscriptions range between 15 months and 3 years.

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

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

I. Compensated Absences

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

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

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements prior to June 30, 2023, that have effective dates that may impact future financial statement presentation. The effect of these statements is currently under review by SCAG:

- GASB Statement No. 99, *Omnibus 2022*
- GASB Statement No. 100, *Accounting Changes and Error Corrections*
- GASB Statement No. 101, *Compensated Absences*

K. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the California Public Employees' Retirement System (CalPERS) and Public Agency Retirement System (PARS), and additions to/deductions from CalPERS' and PARS' fiduciary net positions have been determined on the same basis as they are reported by CalPERS and PARS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Other Post-Employment Benefits (OPEB)

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

M. Deferred Outflows and Inflows of Resources

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

SCAG reports deferred outflows and inflows of resources related to pension and OPEB on the government-wide statement of net position, under the full accrual basis of accounting. Refer to Note 11 and Note 13 for items identified as deferred inflows and outflows related to pension and OPEB, respectively.

N. Use of Estimates

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

O. Fund Balance Reporting

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

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

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

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

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

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

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

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

The Regional Council, as SCAG's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken. Committed amounts cannot be used for any other purpose unless the Regional Council removes or changes the specific use through the same type of formal action taken to establish the commitment. SCAG does not have any fund balance that meets this classification as of June 30, 2023.

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

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

P. Implementation of GASB Statement No. 96

As of July 1, 2022, SCAG adopted GASB Statement No. 96, *Subscription Based Information Technology (IT) Agreements*. The implementation of this standard establishes a single model for subscriptions accounting based on the foundational principle that subscriptions are financings of the right to use an underlying IT asset. The standard requires recognition of certain right to use leased IT assets and liabilities for subscriptions that previously were classified as outflows of resources. As a result of implementing this standard, SCAG recognized right of use IT asset and subscription liability of \$573,410 and \$565,353 as of July 1, 2022, respectively. The right of use IT asset balance at July 1, 2022 was offset by incentives \$20,616 and prepayments before commencement of \$28,673 with a net effect of \$8,057 on beginning governmental activities net position. The additional disclosures required by this standard are included in Notes 5 and 9.

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	\$ 2,737,184
Cash and cash equivalents in Local Agency Investment Fund	6,020,956
Petty cash	485
	<u>\$ 8,758,625</u>

A. Deposits

At June 30, 2023, SCAG's cash and cash equivalents consisted of deposits with the Local Agency Investment Fund (LAIF), deposits with an independent financial institution, and petty cash on hand, all of which are presented in the accompanying basic financial statements at fair value.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and SCAG's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2023, SCAG's deposits with financial institutions were covered by FDIC up to \$250,000, and the remaining amounts of \$2,707,366 were collateralized by the financial institution's agent as described above.

B. Investments Authorized by SCAG's Investment Policy

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

C. Local Agency Investment Fund's Pool

As of June 30, 2023, SCAG is a voluntary participant in the California LAIF that is regulated by California Government Code Section 16429.1 et seq. under the oversight of the Treasurer of the State of California and is not registered with the Securities and Exchange Commission. The Fair value of SCAG's investments in this pool is reported in the accompanying financial statements at amounts based upon SCAG's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawals is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Fair Value Measurements

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

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

Deposits and withdrawals are made on the basis of \$1 and not fair value. Accordingly, SCAG's cash and cash equivalents in LAIF at June 30, 2023, is uncategorized and not defined as a Level 1, Level 2, or Level 3 input.

Note 3 - Indirect Cost Rate Proposal and Fringe Benefits Recovery Rate

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

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

	<u>Indirect Costs and Fringe Benefits</u>
Indirect costs and fringe benefits	\$ 42,128,339
Indirect costs and fringe benefits recovered	<u>45,418,184</u>
(Over) under-recovered indirect costs and fringe benefits	3,289,845
(Over) under-recovered indirect costs and fringe benefits, beginning of year	3,708,706
Prior period adjustment (Note 14)	<u>210,481</u>
(Over) under-recovered indirect costs and fringe benefits, end of year	<u><u>\$ 7,209,032</u></u>

The balance of over-recovered indirect costs at June 30, 2023 amounting to \$7,209,032 will be carried forward as an adjustment to the calculation of the indirect cost carryforward for FY 2023-2024.

Note 4 - Deferred Inflows and Advances from Grantors

If cash is advanced from a grantor, it is transferred and held in the general fund until expended. As such, fund balance totaling \$2,695,580 is classified as restricted within the general fund as of June 30, 2023.

Advances from grantors and deferred inflows of resources consisted of the following:

A. California Workforce Development Board (CWDB) Grant (Advances)

SCAG was awarded California Workforce Development Board funding from Senate Bill (SB) 129 to fund SCAG's Inclusive Economic Recovery (IERS) Implementation and Workforce Development for Displaced Workers Pilot. \$2,383,920 is reported as advances from grantors as of June 30, 2023.

B. California Emerging Technology Fund (Advances)

SCAG was advanced funds of \$250,000 and \$50,000 during the years ended June 30, 2022 and 2023, respectively, from the California Emerging Technology Fund. \$186,457 is reported as advances from grantors as of June 30, 2023.

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Notes to Financial Statements

June 30, 2023

Note 5 - Capital Assets

SCAG's capital asset activity for the year ended June 30, 2023 was as follows:

	(Restated) Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated				
Development in progress	\$ 366,040	\$ 476,654	\$ -	\$ 842,694
Subscription in progress	-	92,915	-	92,915
Total capital assets not being depreciated	<u>366,040</u>	<u>569,569</u>	<u>-</u>	<u>935,609</u>
Capital assets being depreciated and amortized:				
Computer equipment and software	8,193,006	158,281	(1,289,093)	7,062,194
Leasehold improvements	6,368,907	-	-	6,368,907
Furniture and fixtures	855,649	-	(127,888)	727,761
Total capital assets being depreciated	<u>15,417,562</u>	<u>158,281</u>	<u>(1,416,981)</u>	<u>14,158,862</u>
Lease assets being amortized:				
Right to use lease building	24,273,921	257,448	-	24,531,369
Right to use lease equipment	-	183,217	-	183,217
Total right to use lease assets being amortized	<u>24,273,921</u>	<u>440,665</u>	<u>-</u>	<u>24,714,586</u>
Subscription-based information technology agreements being amortized:				
Right to use subscription IT assets	573,410	5,311,356	-	5,884,766
Less accumulated depreciation and amortization for:				
Computer equipment and software	(6,469,872)	(460,112)	1,289,093	(5,640,891)
Leasehold improvements	(1,787,002)	(422,353)	-	(2,209,355)
Furniture and fixtures	(823,764)	(31,887)	127,888	(727,763)
Total accumulated depreciation	<u>(9,080,638)</u>	<u>(914,352)</u>	<u>1,416,981</u>	<u>(8,578,009)</u>
Less lease assets accumulated amortization for:				
Right to use lease building	(1,095,064)	(1,151,223)	-	(2,246,287)
Right to use lease equipment	-	(20,810)	-	(20,810)
Total accumulated amortization for lease assets	<u>(1,095,064)</u>	<u>(1,172,033)</u>	<u>-</u>	<u>(2,267,097)</u>
Less accumulated amortization for:				
Right to use subscription IT assets	-	(1,203,911)	-	(1,203,911)
Total capital assets, depreciable/amortizable, net	<u>30,089,191</u>	<u>2,620,006</u>	<u>-</u>	<u>32,709,197</u>
Total capital assets, net	<u>\$ 30,455,231</u>	<u>\$ 3,189,575</u>	<u>\$ -</u>	<u>\$ 33,644,806</u>

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Notes to Financial Statements

June 30, 2023

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

Transportation	\$ 1,307,132
Environmental	171,220
Sustainability/Housing	1,056,047
Modeling	360,826
Public Involvement	189,606
GIS	205,465
	<u>\$ 3,290,296</u>

SCAG’s development in progress for the year ended June 30, 2023, was as follows:

Scenario Planning Model	\$ 146,691
Comment Submission Form	38,840
Travel Demand Model Improvement	398,468
Heavy Duty Truck Model Improvement	258,695
	<u>\$ 842,694</u>

SCAG’s subscription in progress for the year ended June 30, 2023, was as follows:

Finance Workflow Automation	\$ 64,822
Analytic Platform	28,093
	<u>\$ 92,915</u>

Note 6 - Interfund Balances and Transfers

The interfund due to/from amounts at June 30, 2023, were as follows:

	Due From Other Funds	Due to Other Funds
Major Governmental Funds		
General fund	\$ 5,244,138	\$ -
FTA 5303 fund	-	1,907,532
FHWA PL fund	-	4,397,381
TDA fund	13,434,962	-
REAP AB101	-	6,363,093
REAP 2021	-	6,539,903
Total	18,679,100	19,207,909
Non-Major Governmental Funds	2,816,988	2,288,179
	<u>\$ 21,496,088</u>	<u>\$ 21,496,088</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. However, interfund services provided and used are not eliminated in the process of consolidation.

The interfund transfers in/out during the year ended June 30, 2023, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds		
General fund	\$ 860,266	\$ -
REAP 2021	-	820,686
TDA fund	-	700
Total	<u>860,266</u>	<u>821,386</u>
Non-Major Governmental Funds	<u>700</u>	<u>39,580</u>
Total	<u><u>\$ 860,966</u></u>	<u><u>\$ 860,966</u></u>

REAP 2021 transfer consists of prior year program expenditures that will be funded from the California Department of Housing in fiscal year 2023-2024. Non-major governmental transfers consist of \$700 of prior year expenditures not eligible for state funding to be funded by the general fund and \$39,580 of prior year labor charged to the Volcker Fund as per the approved agreement.

Note 7 - Commitments and Contingencies

A. Grants

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

B. Contract Commitments

At June 30, 2023, SCAG is contractually committed to pay for certain future transportation, technical and other planning consulting services amounting to \$41,330,161.

C. Contingent Liabilities

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

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

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

Self-Insurance Programs of the Authority

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

Primary Liability Program

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

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

Workers' Compensation Program

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

For 2022-23, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Purchased Insurance

Property Insurance

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

Crime Insurance

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

Cyber Liability Program

The cyber liability program provides coverage for both first- and third-party claims. This program offers coverage for up to a \$1 million aggregate limit per member that is subject to a \$5 million shared aggregate limit for the entire risk pool during the policy period of July 1, 2022, through June 30, 2023. Houston Casualty Company provides an additional \$5 million shared aggregate limit for the entire risk pool excess of Great American's \$5 million shared aggregate limit, which is also subject to the \$1 million aggregate limit per member. Self-insured retention is \$250,000.

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 2022-23.

E. Other Employee Benefits

SCAG also provides health insurance, vision, and dental benefits to employees under fully insured plans. The benefits are funded on a pay-as-you-go basis in which SCAG pays premiums up to a maximum amount to cover the employees who participate in the program or payments are made directly to employees who have elected not to participate in the program. During the year ended June 30, 2023, SCAG paid \$1,239,499 of health insurance premiums and \$311,177 of vision and dental insurance premiums, as well as \$637,743 to employees who had no health insurance elections.

Note 8 - Line of Credit

SCAG has a \$6.5 million line of credit arrangement with an independent financial institution, which expires on April 1, 2024. 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, 2023 and no liability was outstanding.

The line of credit agreement contains certain covenants regarding timely repayment, maintenance of certain levels of financial position, and other criteria. At June 30, 2023, SCAG management believes SCAG was in compliance with the financial covenants.

Note 9 - Long-Term Liabilities

The following is a summary of changes in SCAG's long-term liabilities for the year ended June 30, 2023:

	Balance July 01, 2022 (As restated)	Additions	Deletions	Balance June 30, 2023	Due within One year
Compensated absences	\$ 2,199,400	\$ 1,581,572	\$ 1,365,193	\$ 2,415,779	\$ 1,433,453
Financing agreements	277,446	-	277,446	-	-
Right of use building lease liabilities	27,760,714	257,448	291,044	27,727,118	379,399
Right of use equipment lease liability	-	183,217	17,131	166,086	44,372
Right of use subscription liability	565,353	4,982,651	2,188,489	3,359,515	1,579,167
Total Governmental Activities	<u>\$ 30,802,913</u>	<u>\$ 7,004,888</u>	<u>\$ 4,139,303</u>	<u>\$ 33,668,498</u>	<u>\$ 3,436,391</u>

Compensated absences are liquidated from the General Fund.

A. Furniture and Equipment Financing Agreements

During fiscal year 2018, SCAG entered into two five-year financing agreements with Bank of the West to finance the acquisition of furniture and audio-visual equipment in SCAG's new headquarters building in Los Angeles. The furniture financing was in the amount of \$1,241,980 at 4.86% while the equipment financing was in the amount of \$701,505 at 5.44%. Both financing agreements were paid off during fiscal year 2022-2023.

B. Lease Liabilities

SCAG has entered into three lease agreements for the use of building space and equipment rental. As of June 30, 2023, the value of the lease liabilities were \$27,893,204. SCAG is required to make monthly principal and interest payments through September 2043 ranging from \$4,346 to \$109,531. The lease liability was valued using discount rates between 2.86% and 4.06% which were SCAG's incremental borrowing rate at the inception of the leases. The total amount of right to use lease assets, and the related accumulated amortization on right to use leased assets was \$24,714,586 and \$2,267,097, as of June 30, 2023, respectively.

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Notes to Financial Statements

June 30, 2023

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

Fiscal Year Ending June 30,	Building & Equipment Leases		
	Principal	Interest	Total
2024	\$ 423,771	\$ 1,121,954	\$ 1,545,725
2025	500,106	1,104,496	1,604,602
2026	509,547	1,084,705	1,594,252
2027	548,889	1,064,004	1,612,893
2028	605,874	1,041,035	1,646,909
2029-2033	4,547,054	4,729,455	9,276,509
2034-2038	7,784,389	3,501,058	11,285,447
2039-2043	12,230,010	1,500,462	13,730,472
2044	743,564	5,037	748,601
Total	\$ 27,893,204	\$ 15,152,206	\$ 43,045,410

C. Subscription IT Liability

SCAG has entered into eight IT agreements for the use of IT software, platforms, and infrastructure. As of June 30, 2023, the value of the IT liabilities were \$3,359,515. SCAG is required to make principal and interest payments through March 2026 with annual payments ranging from \$33,000 to \$1,022,255, as well as monthly payments ranging from \$4,123 to \$22,690. The lease liability was valued using discount rates between 1.71% and 3.238% which were SCAG's incremental borrowing rate at the inception of the leases. The total amount of right to use IT assets, and the related accumulated amortization on right to use IT assets was \$5,884,766 and \$1,203,911, as of June 30, 2023, respectively.

Remaining principal and interest on the subscription liability are as follows:

Fiscal Year Ending June 30,	Subscription IT Liability		
	Principal	Interest	Total
2024	\$ 1,579,167	\$ 92,619	\$ 1,671,786
2025	1,531,396	49,722	1,581,118
2026	248,952	6,612	255,564
Total	\$ 3,359,515	\$ 148,953	\$ 3,508,468

Note 10 - Related Party Transactions

For the year ended June 30, 2023, SCAG recorded \$2,342,293 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.

In addition, on October 1, 2022, SCAG entered into a three-year lease agreement with one of its Transportation Commission members. The annual lease payment is \$87,273 with a three percent annual increase. As of June 30, 2023, SCAG recorded \$65,635 of expenses related to the lease.

Note 11 - Retirement Plans

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

A summary of pension amounts for SCAG's plans at June 30, 2023, is presented below:

	<u>CalPERS</u>	<u>PARS</u>	<u>Total</u>
Deferred outflows - pensions	\$ 14,478,138	\$ 5,945	\$ 14,484,083
Deferred inflows - pensions	23,657	-	23,657
Net pension liability	51,066,783	370,666	51,437,449

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

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

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Benefits Provided

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

The Plan’s provisions and benefits in effect at June 30, 2023, are summarized as follows:

Hire Date	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Earliest Retirement age	50	52
Monthly benefits, as a % of eligible annual compensation	1.1% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	9.260%	9.260%

Employees Covered

At June 30, 2023, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	240
Inactive employees entitled to but not yet receiving benefits	207
Active employees	169
Total	616

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for each of the Tiers within the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. SCAG’s contributions to the Plan for the year ended June 30, 2023 were \$6,211,998.

B. Net Pension Liability

SCAG's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022. A summary of principal assumptions and methods used to determine the net pension liability is shown on the next page.

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Changes in Actuarial Assumptions

For the measurement period ended June 30, 2022, the discount rate was reduced from 7.15 percent to 6.90 percent, the inflation rate was reduced from 2.50 percent to 2.30 percent, and the investment rate of return was reduced from 7.15 percent to 6.90 percent.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation (a)	Real Return (1)(2)
Global equity - Cap-weighted	30.0%	4.54%
Global equity - Non-cap-weighted	12.0%	3.84%
Private equity	13.0%	7.28%
Treasury	5.0%	27.00%
Mortgage-backed securities	5.0%	50.00%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100.0%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study

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C. Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021	\$ 143,938,359	\$ 112,210,823	\$ 31,727,536
Changes in the year			
Service Cost	3,292,805	-	3,292,805
Interest on the total pension liability	10,086,584	-	10,086,584
Differences between expected and actual experience	855,087	-	855,087
Changes in assumptions	3,805,341	-	3,805,341
Contributions from the employer	-	5,665,143	(5,665,143)
Contributions from the employee	-	1,500,165	(1,500,165)
Net investment income	-	(8,394,837)	8,394,837
Benefit payments, including refunds of employee contributions	(8,125,658)	(8,125,658)	-
Administrative expenses	-	(69,901)	69,901
Net changes during measurement period	9,914,159	(9,425,088)	19,339,247
Balance at June 30, 2022	\$ 153,852,518	\$ 102,785,735	\$ 51,066,783

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

The following presents the net pension liability of SCAG for the Plan, calculated using the discount rate for the Plan, as well as what SCAG's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous		
	1% Decrease (5.90%)	Current Discount rate (6.90%)	1% Increase (7.90%)
Net Pension Liability	\$ 69,907,577	\$ 51,066,783	\$ 35,404,111

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2023, SCAG recognized pension expense of \$6,404,709. At June 30, 2023, SCAG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 2,616,172	\$ -
Differences between expected and actual experiences	587,872	23,657
Net differences between projected and actual earnings on plan investments	5,062,096	-
Contributions subsequent to measurement date	6,211,998	-
Total	<u>\$ 14,478,138</u>	<u>\$ 23,657</u>

\$6,211,998 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30,</u>	<u>Deferred Outflows/ (Inflows)</u>
2024	\$ 2,233,002
2025	2,169,592
2026	624,256
2027	3,215,633
Total	<u>\$ 8,242,483</u>

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

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

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

Benefits Provided

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

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

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

Employees Covered

At June 30, 2023, all employees covered by the benefit terms for each Plan were inactive employees or beneficiaries currently receiving benefits. There were 8 participants.

Contributions

Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by the actuarial firm of Milliman. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits paid to retirees during the year on a pay-as-you-go basis. SCAG is not prefunding these benefits. SCAG's contributions to the Plan for the year ended June 30, 2023 were \$81,961.

SCAG's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of that date. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

B. Net Pension Liability

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

	PARS Miscellaneous
Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.65%
Payroll Growth	None (1)
Projected Salary Increases	None (1)
Investment Rate of Return	6.0% (2)
Mortality	Males: RP-2000 Males rate projected to 2030 using scale BB (as prescribed by PARS) Females: RP-2000 Females rate projected to 2030 using scale BB (as prescribed by PARS)

(1) Plan has no active members.

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

Discount Rate

The primary assumption in determining the sufficiency of a plan's fiduciary net position relates to expected employer contributions. As of June 30, 2023, the Plan is not being prefunded. Thus, the employer contributions are sufficient to cover only current benefit payments. Since there is a date of depletion, the discount rate is much lower than the current 6% investment return assumption. Projected benefit payments are discounted using the municipal bond index after the date that assets are expected to be depleted. SCAG chose the Bond Buyer GO 20-Bond Municipal Bond Index. The bond index increased from 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023. The Fiduciary Plan Net Position is \$97,935, leaving an unfunded liability, known as the Net Pension Liability of \$370,666. The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current covered participants. Therefore, the discount rate for calculating the total pension liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient.

C. Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2022	\$ 568,179	\$ 78,464	\$ 489,715
Service Cost			
Interest on the total pension liability	19,052	-	19,052
Effect of economic/demographic gains or losses	(55,087)	-	(55,087)
Effect of assumption changes or inputs	(2,999)	-	(2,999)
Benefit payments	(60,544)	(60,544)	-
Contributions from the employer	-	81,961	(81,961)
Net investment income	-	2,660	(2,660)
Administrative expenses	-	(4,606)	4,606
Net changes	(99,578)	19,471	(119,049)
Balance at June 30, 2023	\$ 468,601	\$ 97,935	\$ 370,666

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

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

The following presents the net pension liability of SCAG for the Plan, calculated using the discount rate for the Plan, as well as what SCAG's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (2.65%)	Current Discount rate (3.65%)	1% Increase (4.65%)
Net Pension Liability	\$ 399,259	\$ 370,666	\$ 344,894

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

For the year ended June 30, 2023, SCAG recognized a pension credit of \$37,115. At June 30, 2023, SCAG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Deferred Inflows of Resources</u>
Net differences between projected and actual earnings	\$ 5,945	\$ -

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

<u>Year ended June 30,</u>	<u>Deferred Outflows/ (Inflows)</u>
2024	\$ 2,216
2025	1,884
2026	1,336
2027	509
Total	<u>\$ 5,945</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, 2023, plan assets totaling \$32,551,505 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 - Post Employment Healthcare Plan**A. Plan Description**

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

B. Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2022, the most recent valuation date, the following current and former employees were covered by the benefit terms of the plan:

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

Contributions

The annual contribution is based on the actuarially determined contribution. Employees are not required to contribute to the plan. Contributions recognized by the Plan from the employer for the year ended June 30, 2023 were \$698,772.

C. Net OPEB Liability

SCAG's net OPEB liability was measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability was measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2022. A summary of principal assumptions and methods used to determine the net OPEB liability is shown on the next page. The net OPEB liability is liquidated from the General Fund.

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Actuarial Assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

(1) 2017 CalPERS Mortality for Miscellaneous and Schools Employees

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that SCAG’s contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized as follows:

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

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June 30, 2023

D. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 9,548,426	\$ 8,660,936	\$ 887,490
Changes in the year:			
Service cost	293,436	-	293,436
Interest on the total OPEB liability	633,237	-	633,237
Differences between expected and actual experience	6,180	-	6,180
Contributions - employer	-	772,866	(772,866)
Contributions - employee	-	-	-
Net investment income	-	(1,176,652)	1,176,652
Benefit payments	(633,885)	(633,885)	-
Administrative expenses	-	(2,210)	2,210
Net changes	298,968	(1,039,881)	1,338,849
Balance at June 30, 2023	\$ 9,847,394	\$ 7,621,055	\$ 2,226,339

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

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 3,146,106	\$ 2,226,339	\$ 1,438,305

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

	1% Decrease (3.00%)	Healthcare Cost Trend Rates (4.00%)	1% Increase (5.00%)
Net OPEB Liability	\$ 1,814,623	\$ 2,226,339	\$ 2,677,023

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

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

For the year ended June 30, 2023, SCAG recognized OPEB expense of \$389,851. At June 30, 2023, SCAG reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 698,772	\$ -
Changes in assumptions	-	108,080
Differences between actual and expected experience	5,435	264,480
Net difference between projected and actual earnings on plan investments	663,292	-
Total	\$ 1,367,499	\$ 372,560

\$698,772 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	<u>Deferred Outflows/ (Inflows)</u>
2024	\$ 61,143
2025	56,827
2026	15,506
2027	294,292
2028	(58,881)
Thereafter	(72,720)
Total	\$ 296,167

Note 14 - Adoption of New Standard and Correction of an Error

Capital assets, net of accumulated amortization were incorrectly recorded as expenditures in the general fund, resulting in understatement of fund balance in the governmental balance sheet and governmental activities net position totaling \$210,481 at June 30, 2022. Additionally, capital assets were not recorded in the statement of net position, resulting in an understatement of net position totaling \$366,040 at June 30, 2022. Furthermore, revenue totaling \$805,580 was incorrectly recognized in prior years in nonmajor funds, resulting in an overstatement of fund balance in the governmental balance sheet at June 30, 2022.

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The effect of this restatement, as well as the implementation of GASB 96 (Note 1) are summarized below:

	Governmental Activities	General Fund	Nonmajor Fund (MSRC)	Total Nonmajor Funds
Net Position/Fund Balance at July 1, 2022, as previously presented	\$ (24,870,580)	\$ 5,191,715	\$ -	\$ -
Restatement for correction of an error - capital assets	366,040	(210,481)	-	-
Restatement for correction of an error - overrecognized revenue	(805,580)	-	(805,580)	(805,580)
GASB 96 Implementation:				
Add: right of use subscription assets	573,410	-	-	-
Less: right of use subscription liabilities	(565,353)	-	-	-
Net Position/Fund Balance at July 1, 2022, as restated	<u>\$ (25,302,063)</u>	<u>\$ 4,981,234</u>	<u>\$ (805,580)</u>	<u>\$ (805,580)</u>

Note 15 - Accumulated Fund Deficits

The following individual funds reported deficit fund balances as of June 30, 2023:

Special Revenue Fund:	
REAP 2021	\$ 7,040,580
Nonmajor Fund:	
MSAPR, MSRC	337,067
OTS, Round 7	192,899

The deficit for REAP 2021 is attributed to the lack of an executed agreement, the deficit for MSAPR is due to not meeting eligibility requirements, and the deficit for OTS is due to not receiving the revenue within the availability period. Amounts are not recognized as revenue, receivable or deferred inflows when an expenditure-driven grant that does not have an executed agreement with the granting authority or has met the eligibility requirements by June 30, 2023, that results in a negative fund balance. The fund balance deficits will be offset with future collections of revenue.

Required Supplementary Information

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Membership assessments				
Cities	\$ 1,876,843	\$ 1,876,843	\$ 1,896,896	\$ 20,053
Counties	336,895	336,895	336,897	2
Commissions	88,500	88,500	88,500	-
Transportation corridor agency	10,000	10,000	10,000	-
Air districts	10,000	10,000	10,000	-
	<u>2,322,238</u>	<u>2,322,238</u>	<u>2,342,293</u>	<u>20,055</u>
General assembly	340,000	340,000	393,971	53,971
Recovery of previously disallowed costs	596,114	596,114	-	(596,114)
Interest and other	131,800	131,800	136,375	4,575
Total revenues	<u>3,390,152</u>	<u>3,390,152</u>	<u>2,872,639</u>	<u>(517,513)</u>
Expenditures				
Administration				
Salaries and wages	201,316	254,650	68,988	185,662
Allocated fringe benefits	153,486	182,099	52,597	129,502
Allocated indirect costs	498,335	594,007	170,778	423,229
Contractual and professional services	484,415	441,415	208,113	233,302
Legal services	340,000	347,500	359,354	(11,854)
Bank fees	15,000	15,000	18,387	(3,387)
Resources materials/subscription	2,000	2,000	70	1,930
Materials and equipment <\$5,000	-	-	9,887	(9,887)
Meetings and conferences	86,500	87,000	96,412	(9,412)
Scholarship	44,000	44,000	88,000	(44,000)
RC/Committee meetings	15,000	15,000	-	15,000
RC retreat	40,000	40,000	33,936	6,064
General assembly	611,500	477,376	724,640	(247,264)
Software Support	-	-	153,425	(153,425)
SCAG memberships	127,600	152,600	173,178	(20,578)
Professional memberships	11,500	11,500	8,000	3,500
Office supplies	-	-	25	(25)
Engagement committee	20,000	20,000	19,986	14
Employee recognition	15,000	11,550	4,583	6,967
Department allowances	15,000	10,950	8,548	2,402
Reproduction and printing	10,000	10,000	-	10,000
Stipend-RC Mtg	245,000	245,000	227,690	17,310
RC sponsorships	165,000	140,000	125,228	14,772
Economic and labor summit	85,000	85,000	150,317	(65,317)
Demographic workshop	28,000	28,000	-	28,000
Travel	154,500	154,500	95,891	58,609
Other	22,000	11,005	36,190	(25,185)
Total administration	<u>3,390,152</u>	<u>3,380,152</u>	<u>2,834,223</u>	<u>545,929</u>
Capital Outlay	\$ -	\$ 10,000	\$ 968,635	\$ (958,635)
Total expenditures	<u>3,390,152</u>	<u>3,390,152</u>	<u>3,802,858</u>	<u>(412,706)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(930,219)	(930,219)
Other financing sources (uses)				
Transfers in	-	-	860,266	860,266
Proceeds from financing - leases	-	-	440,665	440,665
Proceeds from financing - subscriptions	-	-	304,866	304,866
	<u>-</u>	<u>-</u>	<u>1,605,797</u>	<u>1,605,797</u>
Net change in fund balance	-	-	675,578	675,578
Fund balances, Beginning of Year	5,191,715	5,191,715	5,191,715	-
Prior Period Adjustment	-	-	(210,481)	(210,481)
Fund Balance, Beginning of Year, as Restated	<u>5,191,715</u>	<u>5,191,715</u>	<u>4,981,234</u>	<u>(210,481)</u>
Fund Balances, End of Year	<u>\$ 5,191,715</u>	<u>\$ 5,191,715</u>	<u>\$ 5,656,812</u>	<u>\$ 465,097</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Transportation Administration 5303 – Major Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Federal grants	\$ 12,660,680	\$ 18,500,939	\$ 11,195,696	\$ (7,305,243)
Expenditures				
Transportation				
Salaries and wages	516,516	725,364	723,806	1,558
Allocated fringe benefits	361,955	470,767	527,445	(56,678)
Allocated indirect costs	1,233,862	1,628,034	1,757,507	(129,473)
Contractual and professional services	2,328,927	2,510,550	681,677	1,828,873
Meetings and conferences	1,300	800	-	800
Public notices and advertisement	9,189	9,189	4,919	4,270
Travel	800	800	-	800
Temporary help	23,876	-	-	-
Other	-	1,252,841	382	1,252,459
Total transportation	4,476,425	6,598,345	3,695,736	2,902,609
Environmental				
Salaries and wages	127,433	150,160	134,338	15,822
Allocated fringe benefits	87,791	98,296	94,212	4,084
Allocated indirect costs	302,293	337,387	321,021	16,366
Contractual and professional services	113,260	139,041	65,170	73,871
Meetings and conferences	1,050	800	-	800
Public notices and advertisement	9,189	9,189	4,919	4,270
Travel	800	800	-	800
Other	-	131,170	-	131,170
Total environmental	641,816	866,843	619,660	247,183
Modeling				
Salaries and wages	516,015	559,217	619,899	(60,682)
Allocated fringe benefits	366,254	372,361	451,550	(79,189)
Allocated indirect costs	1,239,197	1,260,075	1,504,957	(244,882)
Contractual and professional services	1,424,020	1,605,138	222,352	1,382,786
Meetings and conferences	500	-	152	(152)
Public notices and advertisement	9,189	9,189	4,919	4,270
Travel	3,500	13,000	3,585	9,415
Other	-	1,788,654	10	1,788,644
Total modeling	3,558,675	5,607,634	2,807,424	2,800,210

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Transportation Administration 5303 – Major Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Public Involvement				
Salaries and wages	\$ 474,925	\$ 508,446	\$ 472,774	\$ 35,672
Allocated fringe benefits	352,720	358,221	343,773	14,448
Allocated indirect costs	1,162,474	1,186,195	1,146,922	39,273
Contractual and professional services	422,770	586,415	297,988	288,427
Meetings and conferences	4,600	1,600	-	1,600
Public notices and advertisement	50,538	50,538	27,055	23,483
Travel	1,600	1,600	-	1,600
Other	-	292,300	-	292,300
Total public involvement	<u>2,469,627</u>	<u>2,985,315</u>	<u>2,288,512</u>	<u>696,803</u>
Sustainability initiatives				
Salaries and wages	176,203	250,581	200,298	50,283
Allocated fringe benefits	119,355	166,744	139,397	27,347
Allocated indirect costs	415,128	570,569	477,136	93,433
Contractual and professional services	237,322	301,775	115,779	185,996
Non-profits	13,069	28,667	-	28,667
Meetings and conferences	1,150	400	228	172
Resources materials/subscription	-	-	16	(16)
Public notices and advertisement	13,783	13,783	7,379	6,404
Travel	400	24,300	3,372	20,928
Other	-	462,689	-	462,689
Total sustainability initiatives	<u>976,410</u>	<u>1,819,508</u>	<u>943,605</u>	<u>875,903</u>
Administration				
Salaries and wages	23,862	32,335	27,992	4,343
Allocated fringe benefits	17,256	21,945	20,676	1,269
Allocated indirect costs	57,753	72,977	68,360	4,617
Contractual and professional services	438,056	444,850	293,477	151,373
Meetings and conferences	400	400	-	400
Travel	400	50,787	-	50,787
Total administration	<u>537,727</u>	<u>623,294</u>	<u>410,505</u>	<u>212,789</u>
Capital outlay	-	-	430,254	(430,254)
Total expenditures	<u>12,660,680</u>	<u>18,500,939</u>	<u>11,195,696</u>	<u>7,735,497</u>
Excess (deficiency) of revenues over/(under) expenditures	-	-	-	-
Fund balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Highway Administration PL – Major Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Federal grants	\$ 28,992,734	\$ 32,045,990	\$ 27,269,188	\$ (4,776,802)
Expenditures				
Transportation				
Salaries and wages	1,600,081	1,793,851	1,647,013	146,838
Allocated fringe benefits	1,219,909	1,218,217	1,243,986	(25,769)
Allocated indirect costs	3,960,812	4,034,973	4,060,697	(25,724)
Contractual and professional services	772,500	790,674	451,865	338,809
Temp help	68,174	-	-	-
Public notices and advertisement	2,311	2,311	3,335	(1,024)
Resources material/subscription	40,000	40,000	2,332	37,668
Meetings and conferences	2,100	2,100	345	1,755
Reproduction and printing	5,400	3,600	8	3,592
Travel	21,000	32,300	9,198	23,102
Other	-	398,462	-	398,462
Total transportation	7,692,287	8,316,488	7,418,779	897,709
Environmental				
Salaries and wages	482,898	525,494	466,828	58,666
Allocated fringe benefits	368,162	362,557	355,910	6,647
Allocated indirect costs	1,195,361	1,177,160	1,155,617	21,543
Contractual and professional services	657,500	659,628	351,617	308,011
Public notices and advertisement	9,811	9,811	3,649	6,162
Meetings and conferences	2,100	2,100	345	1,755
Travel	6,000	9,700	3,184	6,516
Reproduction and printing	2,400	2,800	20	2,780
Other	-	48,462	-	48,462
Total environmental	2,724,232	2,797,712	2,337,170	460,542
Modeling				
Salaries and wages	2,409,956	2,556,846	2,537,458	19,388
Allocated fringe benefits	1,837,358	1,877,908	1,934,558	(56,650)
Allocated indirect costs	5,965,585	6,097,242	6,281,395	(184,153)
Contractual and professional services	687,500	721,839	299,341	422,498
Public notices and advertisement	811	811	3,272	(2,461)
Resource materials/subscriptions	230,000	230,000	254,939	(24,939)
Meetings and conferences	20,000	20,000	570	19,430
Reproduction and printing	-	600	20	580
Software support	650,000	650,000	120,306	529,694
Travel	12,500	29,050	14,997	14,053
Other	-	1,700,000	-	1,700,000
Total modeling	11,813,710	13,884,296	11,446,856	2,437,440

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Highway Administration PL – Major Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Public Involvement				
Salaries and wages	\$ 475,762	\$ 501,532	\$ 426,569	\$ 74,963
Allocated fringe benefits	362,722	356,280	325,217	31,063
Allocated indirect costs	1,177,698	1,156,780	1,055,959	100,821
Contractual and professional services	327,500	322,128	145,958	176,170
Meetings and conferences	5,600	5,600	919	4,681
Public notices and advertisement	6,712	6,712	18,092	(11,380)
Travel	8,750	11,300	4,105	7,195
Reproduction and printing	600	900	12	888
Other	-	129,231	-	129,231
Total public involvement	<u>2,365,344</u>	<u>2,490,463</u>	<u>1,976,831</u>	<u>513,632</u>
Sustainability initiatives				
Salaries and wages	782,888	832,958	710,041	122,917
Allocated fringe benefits	596,877	594,047	541,335	52,712
Allocated indirect costs	1,937,950	1,928,764	1,757,684	171,080
Contractual and professional services	517,500	537,869	314,616	223,253
Public notices and advertisement	2,717	2,717	4,971	(2,254)
Meetings and conferences	4,200	4,200	1,539	2,661
Travel	13,500	19,900	7,612	12,288
Reproduction and printing	400	800	15	785
Other	-	96,923	-	96,923
Total sustainability initiatives	<u>3,856,032</u>	<u>4,018,178</u>	<u>3,337,813</u>	<u>680,365</u>
Administration				
Salaries and wages	102,041	104,080	78,847	25,233
Allocated fringe benefits	77,797	75,977	60,113	15,864
Allocated indirect costs	252,591	246,682	195,184	51,498
Contractual and professional services	107,500	109,814	58,657	51,157
Public notices and advertisement	750	750	31	719
Reproduction and printing	200	300	4	296
Travel	250	1,250	291	959
Total administration	<u>541,129</u>	<u>538,853</u>	<u>393,127</u>	<u>145,726</u>
Capital outlay	-	-	1,812,057	(1,812,057)
Total expenditures	<u>28,992,734</u>	<u>32,045,990</u>	<u>28,722,633</u>	<u>3,323,357</u>
Excess (deficiency) of revenues over/ (under) expenditures	-	-	(1,453,445)	1,453,445
Other financing sources (uses)				
Proceeds from financing - subscriptions	-	-	1,453,445	(1,453,445)
Net change in fund balance	-	-	-	-
Fund balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Transportation Development Act – Major Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Local grants and contracts	\$ 7,021,834	\$ 7,021,834	8,428,907	\$ 1,407,073
Expenditures				
Transportation				
Salaries and wages	321,985	233,107	238,663	(5,556)
Allocated fringe benefits	245,482	114,085	181,681	(67,596)
Allocated indirect costs	802,644	405,115	620,532	(215,417)
Contractual and professional services	492,764	573,024	184,937	388,087
Software support	-	-	301	(301)
Resources material/subscription	-	-	246	(246)
Meetings and conferences	-	-	1,900	(1,900)
Temporary help	10,211	-	-	-
Travel	5,000	7,500	2,300	5,200
Other	17,765	7,470	12	7,458
Total transportation	<u>1,895,851</u>	<u>1,340,301</u>	<u>1,230,572</u>	<u>109,729</u>
Environmental				
Salaries and wages	64,882	33,427	42,195	(8,768)
Allocated fringe benefits	49,466	24,149	32,168	(8,019)
Allocated indirect costs	169,965	136,259	154,646	(18,387)
Contractual and professional services	58,256	70,405	27,265	43,140
Resources material/subscription	-	-	492	(492)
Meetings and conferences	-	-	950	(950)
Travel	-	1,000	712	288
Other	-	1,350	20	1,330
Total environmental	<u>342,569</u>	<u>266,590</u>	<u>258,448</u>	<u>8,142</u>
Modeling				
Salaries and wages	47,123	24,311	92,318	(68,007)
Allocated fringe benefits	35,929	13,435	70,383	(56,948)
Allocated indirect costs	116,650	43,621	228,531	(184,910)
Contractual and professional services	69,370	144,651	63,904	80,747
Resources material/subscription	-	-	615	(615)
Meetings and conferences	-	-	8,684	(8,684)
Software support	-	-	482	(482)
Travel	-	1,250	1,072	178
Other	-	4,675	-	4,675
Total modeling	<u>269,072</u>	<u>231,943</u>	<u>465,989</u>	<u>(234,046)</u>
Public Involvement				
Salaries and wages	57,195	29,135	29,828	(693)
Allocated fringe benefits	43,606	21,081	22,741	(1,660)
Allocated indirect costs	152,810	137,869	134,076	3,793
Contractual and professional services	24,979	64,869	20,471	44,398
Resources material/subscription	-	-	369	(369)
Meeting and conferences	-	-	950	(950)
Travel	-	750	534	216
Other	-	1,250	24	1,226
Total public involvement	<u>278,590</u>	<u>254,954</u>	<u>208,993</u>	<u>45,961</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Transportation Development Act – Major Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Sustainability initiatives				
Salaries and wages	\$ 172,546	\$ 307,884	\$ 199,125	\$ 108,759
Allocated fringe benefits	131,550	132,139	151,813	(19,674)
Allocated indirect costs	436,475	486,883	543,126	(56,243)
Contractual and professional services	139,459	193,902	60,758	133,144
Non-profits	14,094	19,072	3,758	15,314
Legal services	20,000	44,520	320	44,200
Software support	5,735	5,735	422	5,313
Resources material/subscription	-	-	615	(615)
Meetings and conferences	-	-	2,850	(2,850)
Travel	-	1,250	890	360
Office supplies	5,000	5,000	-	5,000
Other	2,870	8,420	20	8,400
Total sustainability initiatives	<u>927,729</u>	<u>1,204,805</u>	<u>963,697</u>	<u>241,108</u>
Administration				
Salaries and wages	57,911	38,991	126,968	(87,977)
Allocated fringe benefits	44,153	26,865	96,801	(69,936)
Allocated indirect costs	145,224	98,791	324,346	(225,555)
Contractual and professional services	8,350	12,677	4,546	8,131
Resources material/subscription	-	-	123	(123)
RC General Assembly	-	167,124	117,575	49,549
Travel	-	250	8,390	(8,140)
Other	1,435	2,010	479	1,531
Total administration	<u>257,073</u>	<u>346,708</u>	<u>679,228</u>	<u>(332,520)</u>
Debt service				
Principal	277,447	277,447	277,446	1
Interest	2,489	2,489	2,489	-
Total debt service	<u>279,936</u>	<u>279,936</u>	<u>279,935</u>	<u>1</u>
Capital outlay	-	-	12,014	-
Total expenditures	<u>4,250,820</u>	<u>3,925,237</u>	<u>4,098,876</u>	<u>(161,625)</u>
Excess (deficiency) of revenues over/(under) expenditures	2,771,014	3,096,597	4,330,031	1,233,434
Other financing uses				
Transfer out	-	-	(700)	(700)
Net change in fund balance	2,771,014	3,096,597	4,329,331	1,232,734
Fund balances, Beginning of Year	<u>9,391,854</u>	<u>9,391,854</u>	<u>9,391,854</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 12,162,868</u>	<u>\$ 12,488,451</u>	<u>\$ 13,721,185</u>	<u>\$ 1,232,734</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – REAP AB 101 – Major Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Federal grants	\$ 27,873,842	\$ 28,543,540	16,322,070	\$ (12,221,470)
Expenditures				
Sustainability initiatives				
Salaries and wages	\$ 1,852,805	\$ 1,666,643	\$ 611,690	\$ 1,054,953
Allocated fringe benefits	630,141	340,322	466,352	(126,030)
Allocated indirect costs	2,045,954	1,104,958	1,514,218	(409,260)
Contractual and professional services	22,994,298	24,970,390	13,692,309	11,278,081
Legal services	350,644	180,845	36,656	-
Travel	-	-	845	(845)
Other	-	280,382	-	280,382
Total expenditures	<u>27,873,842</u>	<u>28,543,540</u>	<u>16,322,070</u>	<u>12,221,470</u>
Excess (deficiency) of revenues over/(under) expenditures	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – REAP 2021 – Major Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Federal grants	\$ -	\$ 8,612,136	\$ -	\$ (8,612,136)
Expenditures				
Transportation				
Salaries and wages	-	512,713	394,576	118,137
Allocated fringe benefits	-	390,894	298,258	92,636
Allocated indirect costs	-	1,269,165	973,154	296,011
Contractual and professional services	-	962,500	882,019	80,481
Outreach and advertisement	-	-	1,118	(1,118)
Travel	-	-	1,772	(1,772)
Other	-	342,842	-	342,842
Total transportation	-	3,478,114	2,550,897	927,217
Environmental:				
Salaries and wages	-	115,649	51,374	64,275
Allocated fringe benefits	-	88,171	39,168	49,003
Allocated indirect costs	-	286,277	127,176	159,101
Contractual and professional services	-	500,000	216,538	283,462
Total Environmental	-	990,097	434,256	555,841
Sustainability initiatives:				
Salaries and wages	-	617,614	573,801	43,813
Allocated fringe benefits	-	470,870	437,466	33,404
Allocated indirect costs	-	1,528,837	1,420,427	108,410
Contractual and professional services	-	1,060,000	723,942	336,058
Outreach/advertisement	-	-	1,117	(1,117)
Travel	-	-	62	(62)
Other	-	342,842	-	342,842
Total Sustainability Initiatives	-	4,020,163	3,156,815	863,348
Administration				
Salaries and wages	-	14,456	6,422	8,034
Allocated fringe benefits	-	11,021	4,896	6,125
Allocated indirect costs	-	35,785	15,897	19,888
Contractual and professional services	-	62,500	18,140	44,360
Total administration	-	123,762	45,355	78,407
Capital Outlay	-	-	3,256,911	(3,256,911)
Total expenditures	-	8,612,136	9,444,234	(832,098)
Excess (deficiency) of revenues over/(under) expenditures	-	-	(9,444,234)	(9,444,234)
Other financing sources (uses)				
Transfers out	-	-	(820,686)	(820,686)
Proceeds from financing - subscriptions	-	-	3,224,340	3,224,340
Total other financing sources (uses)	-	-	2,403,654	2,403,654
Net change in fund balance	-	-	(7,040,580)	(7,040,580)
Fund balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ (7,040,580)	\$ (7,040,580)

Southern California Association of Governments
California Public Employees' Retirement System (CalPERS)
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Years*
Year Ended June 30, 2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability									
Service cost	\$ 1,926,065	\$ 1,848,012	\$ 2,111,871	\$ 2,343,160	\$ 2,290,471	\$ 2,364,540	\$ 2,412,334	\$ 2,662,398	\$ 3,292,805
Interest on total pension liability	7,284,415	7,705,889	8,138,979	8,507,621	8,757,694	9,116,962	9,463,839	9,773,229	10,086,584
Differences between expected and actual experiences	-	1,664,721	1,778,383	1,846,790	(61,325)	831,035	704,626	(82,799)	855,087
Changes in assumptions **	-	(1,702,023)	-	6,497,980	(853,150)	-	-	-	3,805,341
Benefit payments, including refunds of employee contributions	(5,397,736)	(5,660,486)	(5,945,299)	(6,285,626)	(6,539,230)	(7,243,780)	(7,473,419)	(7,709,152)	(8,125,658)
Net changes in total pension liability	3,812,744	3,856,113	6,083,934	12,909,925	3,594,460	5,068,757	5,107,380	4,643,676	9,914,159
Total pension liability - beginning	98,861,370	102,674,114	106,530,227	112,614,161	125,524,086	129,118,546	134,187,303	139,294,683	143,938,359
Total pension liability - ending (a)	\$ 102,674,114	\$ 106,530,227	\$ 112,614,161	\$ 125,524,086	\$ 129,118,546	\$ 134,187,303	\$ 139,294,683	\$ 143,938,359	\$ 153,852,518
Plan Fiduciary Net Position									
Contributions - employer	\$ 1,911,321	\$ 2,257,575	\$ 2,688,004	\$ 2,934,589	\$ 2,938,828	\$ 3,439,687	\$ 4,147,506	\$ 4,826,633	\$ 5,665,143
Contributions - employee	962,936	973,611	1,100,545	1,165,262	1,207,117	1,033,035	1,135,142	1,275,178	1,500,165
Net investment income	11,968,522	1,777,972	391,145	8,568,953	7,087,763	5,712,467	4,475,170	20,969,620	(8,394,834)
Plan to plan resource movement	-	(1,489)	(465)	-	(204)	-	-	-	-
Administrative expense	-	(89,199)	(48,228)	(114,158)	(130,255)	(62,732)	(127,985)	(92,843)	(69,901)
Benefit payments	(5,397,736)	(5,660,486)	(5,945,299)	(6,285,626)	(6,539,230)	(7,243,780)	(7,473,419)	(7,709,152)	(8,125,658)
Other miscellaneous income/(expense)	-	-	-	-	(247,357)	204	-	-	-
Net change in plan fiduciary net position	9,445,043	(742,016)	(1,814,298)	6,269,020	4,316,662	2,878,881	2,156,414	19,269,436	(9,425,085)
Plan fiduciary net position - beginning	70,431,681	79,876,724	79,134,708	77,320,410	83,589,430	87,906,092	90,784,973	92,941,387	112,210,823
Plan fiduciary net position - ending (b)	\$ 79,876,724	\$ 79,134,708	\$ 77,320,410	\$ 83,589,430	\$ 87,906,092	\$ 90,784,973	\$ 92,941,387	\$ 112,210,823	\$ 102,785,738
Net pension liability - ending (a)-(b)	22,797,390	27,395,519	35,293,751	41,934,656	41,212,454	43,402,330	46,353,296	31,727,536	51,066,780
Plan fiduciary net position as a percentage of total pension liability	77.80%	74.28%	68.66%	66.59%	68.08%	67.66%	66.72%	77.96%	66.81%
Covered payroll	\$ 12,208,828	\$ 12,363,763	\$ 14,479,749	\$ 13,449,458	\$ 13,659,971	\$ 14,171,140	\$ 15,963,250	\$ 18,366,719	\$ 20,912,316
Net pension liability as a percentage of covered payroll	186.73%	221.58%	243.75%	311.79%	301.70%	306.27%	290.38%	172.74%	244.19%

* Fiscal year 2015 was the first year of implementation.

** For the measurement period ended June 30, 2022, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions November 17, 2021. For the measurement period ended June 30, 2023, the discount rate remained at 6.80%, this reflects a change in the price inflation assumption to 2.30%.

Southern California Association of Governments
California Public Employees' Retirement System (CalPERS)
Schedule of Plan Contributions
Last Ten Years*
As of June 30, 2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 2,257,575	\$ 2,688,004	\$ 2,934,588	\$ 2,938,424	\$ 3,439,787	\$ 4,147,545	\$ 4,826,472	\$ 5,662,040	\$ 6,211,998
Contribution made	(2,257,575)	(2,688,004)	(2,934,588)	(2,938,424)	(3,439,787)	(4,147,545)	(4,826,472)	(5,662,040)	(6,211,998)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 12,363,763	\$ 14,479,749	\$ 13,449,458	\$ 13,659,971	\$ 14,171,140	\$ 15,963,250	\$ 18,366,719	\$ 20,912,316	\$ 24,493,576
Contributions as a percentage of covered payroll	18.26%	18.56%	21.82%	21.51%	24.27%	25.98%	26.28%	27.08%	25.36%

Notes to Schedule

Valuation date: 6/30/2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	Market Value of Assets
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 99% of Scale MP-2016 published by the Society of Actuaries.

* Fiscal year 2015 was the first year of implementation.

Southern California Association of Governments
Public Agency Retirement System (PARS) Supplementary Retirement Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Years*
Year Ended June 30, 2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability									
Interest on total pension liability	\$ 29,637	\$ 23,361	\$ 23,351	\$ 24,138	\$ 24,762	\$ 22,278	\$ 14,966	\$ 12,377	\$ 19,052
Effect of economic/demographic gains or losses	18,819	24,562	(63,489)	17,893	18,965	21,057	(56,668)	24,027	(55,087)
Effect of assumptions changes or inputs	25,827	139,540	(40,318)	(13,995)	16,695	59,559	2,842	(16,461)	(2,999)
Benefit payments	(65,430)	(66,738)	(67,444)	(61,853)	(63,090)	(64,352)	(59,911)	(59,946)	(60,544)
Net change in total pension liability	8,853	120,725	(147,900)	(33,817)	(2,668)	38,542	(98,771)	(40,003)	(99,578)
Total pension liability - beginning	723,218	732,071	852,796	704,896	671,079	668,411	706,953	608,182	568,179
Total pension liability - ending (a)	\$ 732,071	\$ 852,796	\$ 704,896	\$ 671,079	\$ 668,411	\$ 706,953	\$ 608,182	\$ 568,179	\$ 468,601
Plan Fiduciary Net Position									
Benefit payments	\$ (65,430)	\$ (66,738)	\$ (67,444)	\$ (61,853)	\$ (63,090)	\$ (64,352)	\$ (59,911)	\$ (59,946)	\$ (60,544)
Administrative expense	(3,933)	(4,011)	(3,088)	(5,185)	(4,255)	(3,266)	(5,501)	(4,515)	(4,606)
Contributions - employer	69,953	71,352	72,779	74,235	75,719	57,702	98,310	80,354	81,961
Expected investment income (net of investment expenses)	1,175	-	-	-	-	-	-	-	-
Investment gains or losses	(1,175)	6	41	200	557	390	6	86	2,660
Net change in plan fiduciary net position	590	609	2,288	7,397	8,931	(9,526)	32,904	15,979	19,471
Plan fiduciary net position - beginning	19,292	19,882	20,491	22,779	30,176	39,107	29,581	62,485	78,464
Plan fiduciary net position - ending (b)	\$ 19,882	\$ 20,491	\$ 22,779	\$ 30,176	\$ 39,107	\$ 29,581	\$ 62,485	\$ 78,464	\$ 97,935
Net pension liability - ending (a)-(b)	\$ 712,189	\$ 832,305	\$ 682,117	\$ 640,903	\$ 629,304	\$ 677,372	\$ 545,697	\$ 489,715	\$ 370,666
Plan fiduciary net position as a percentage of total pension liability	2.72%	2.40%	3.23%	4.50%	5.85%	4.18%	10.27%	13.81%	20.90%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

* Fiscal year 2015 was the first year of implementation.

Southern California Association of Governments
Public Agency Retirement System (PARS) Supplementary Retirement Plan
Schedule of Plan Contributions
Last Ten Years*
Year Ended June 30, 2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 69,953	\$ 71,352	\$ 72,779	\$ 74,235	\$ 75,719	\$ 57,702	\$ 98,310	\$ 80,354	\$ 81,961
Contribution made	(69,953)	(71,352)	(72,779)	(74,235)	(75,719)	(57,702)	(98,310)	(80,354)	(81,961)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: 6/30/2023

Methods and assumptions used to determine contribution rates:

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

* Fiscal year 2015 was the first year of implementation.

Southern California Association of Governments
Schedule of Changes in the OPEB Liability and Related Ratios
Last Ten Years*
Year Ended June 30, 2023

	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service cost	\$ 234,601	\$ 250,437	\$ 257,950	\$ 247,159	\$ 253,956	\$ 293,436
Interest on the total OPEB liability	628,051	646,120	664,742	644,240	643,752	633,237
Differences between actual and expected experience	-	-	(359,001)	(92,055)	(267,594)	6,180
Changes in assumptions **	-	-	(212,468)	-	(142,392)	-
Benefit payments, including refunds of member contributions	(601,224)	(620,372)	(636,009)	(663,171)	(698,772)	(633,885)
Net change in total OPEB liability	261,428	276,185	(284,786)	136,173	(211,050)	298,968
Total OPEB liability - beginning	9,370,476	9,631,904	9,908,089	9,623,303	9,759,476	9,548,426
Total OPEB liability - ending (a)	<u>\$ 9,631,904</u>	<u>\$ 9,908,089</u>	<u>\$ 9,623,303</u>	<u>\$ 9,759,476</u>	<u>\$ 9,548,426</u>	<u>\$ 9,847,394</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 1,033,199	\$ 938,099	\$ 956,076	\$ 782,082	\$ 840,296	\$ 772,866
Net investment income	452,722	398,485	370,167	224,666	1,849,065	(1,176,652)
Benefit payments	(601,224)	(620,372)	(636,009)	(663,171)	(698,772)	(633,885)
Administrative expenses	(2,287)	(2,713)	(2,858)	(3,136)	(2,549)	(2,210)
Other expense	-	(6,533)	-	-	-	-
Net change in plan fiduciary net position	882,410	706,966	687,376	340,441	1,988,040	(1,039,881)
Plan fiduciary net position - beginning	4,055,703	4,938,113	5,645,079	6,332,455	6,672,896	8,660,936
Plan fiduciary net position - ending (b)	4,938,113	5,645,079	6,332,455	6,672,896	8,660,936	7,621,055
Net OPEB liability - ending (a)-(b)	<u>\$ 4,693,791</u>	<u>\$ 4,263,010</u>	<u>\$ 3,290,848</u>	<u>\$ 3,086,580</u>	<u>\$ 887,490</u>	<u>\$ 2,226,339</u>
Plan fiduciary net position as a percentage of the total OPEB liability	51.27%	56.97%	65.80%	68.37%	90.71%	77.39%
Covered-employee payroll	\$ 13,449,458	\$ 14,314,496	\$ 15,094,517	\$ 16,860,092	\$ 18,993,604	\$ 21,990,288
Net OPEB liability as a percentage of covered-employee payroll	34.90%	29.78%	21.80%	18.31%	4.67%	10.12%

Notes to Schedule:

* Fiscal year 2018 was the first year of implementation.

Southern California Association of Governments
 Schedule of OPEB Contributions
 Last Ten Years*
 Year Ended June 30, 2023

	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 853,217	\$ 878,814	\$ 782,082	\$ 698,772	\$ 697,791	\$ 698,772
Contributions in relation to the actuarially determined contributions	<u>(853,217)</u>	<u>(878,814)</u>	<u>(782,082)</u>	<u>(698,772)</u>	<u>(697,791)</u>	<u>(698,772)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 14,314,496	\$ 15,094,517	\$ 16,860,092	\$ 18,993,604	\$ 21,990,288	\$ 26,220,611
Contributions as a percentage of covered-employee payroll	5.96%	5.82%	4.64%	3.68%	3.17%	2.66%

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of June 30 one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Inflation	2.50%
Healthcare cost trend rates	4.00%
Payroll growth	2.75%
Investment rate of return	6.75%
Retirement age	Based on CalPERS Experience Study
Mortality	2017 CalPERS Mortality for Miscellaneous and School Employees

* Fiscal year 2018 was the first year of implementation.

Budgetary Basis of Accounting

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

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

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

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

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

General Fund	Actual/budget as presented in the budget	Actual/GAAP as presented in the financial statements	Differences
Total revenues	\$ 2,872,639	\$ 2,872,639	\$ -
Total expenditures	(3,802,858)	(3,218,062)	(584,796)
Other financing sources	1,605,797	1,605,797	-
Deficiency of revenues under expenditures	<u>\$ 675,578</u>	<u>\$ 1,260,374</u>	<u>\$ (584,796)</u>

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

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.

Southern California Association of Governments
 Notes to Required Supplementary Information
 Year Ended June 30, 2023

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

<u>Fund</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Major Fund			
TDA Fund			
Modeling	\$ 231,943	\$ 465,989	\$ 234,046
Administration	346,708	679,228	332,520

Supplemental Combining Financial Statements

Southern California Association of Governments

Combining Balance Sheet – Nonmajor Funds

June 30, 2023

	Federal Funds	State Funds	Local Funds	Total Nonmajor Funds
Assets				
Receivables				
Federal grants	\$ 308,126	\$ -	\$ -	\$ 308,126
State grants and contracts	-	3,120,295	-	3,120,295
Local grants and contracts	-	-	26,510	26,510
Due from other funds	2	2,479,992	336,994	2,816,988
Total assets	\$ 308,128	\$ 5,600,287	\$ 363,504	\$ 6,271,919
Liabilities				
Accounts and contracts payable	\$ 117,669	\$ 1,469,237	\$ 38,321	\$ 1,625,227
Due to other funds	190,459	2,084,197	13,523	2,288,179
Advances from grantors	-	2,383,920	311,660	2,695,580
Total liabilities	308,128	5,937,354	363,504	6,608,986
Deferred inflows of resources				
Deferred inflows relating to grants	192,899	-	-	192,899
Fund Balances - Unassigned	(192,899)	(337,067)	-	(529,966)
Total liabilities, deferred inflows of resources and fund balance	\$ 308,128	\$ 5,600,287	\$ 363,504	\$ 6,271,919

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Funds
Year Ended June 30, 2023

	Federal Funds	State Funds	Local Funds	Total Nonmajor Funds
Grant revenue, net	\$ 2,488,646	\$ 8,946,012	\$ 310,279	\$ 11,744,937
Expenditures				
Transportation				
Salaries and wages	49,749	179,913	1,969	231,631
Allocated fringe benefits	37,931	137,165	1,502	176,598
Allocated indirect costs	93,039	445,369	4,878	543,286
Contractual services	209,858	2,428,423	137,707	2,775,988
Pass-through payments	1,218,653	-	-	1,218,653
Other	10,742	-	-	10,742
Total transportation	<u>1,619,972</u>	<u>3,190,870</u>	<u>146,056</u>	<u>4,956,898</u>
Public Involvement				
Salaries and wages	26,709	-	-	26,709
Allocated fringe benefits	20,362	-	-	20,362
Allocated indirect costs	5,879	-	-	5,879
Contractual services	303,465	217,149	-	520,614
Other	9,481	-	-	9,481
Total public involvement	<u>365,896</u>	<u>217,149</u>	<u>-</u>	<u>583,045</u>
Environmental				
Salaries and wages	20,278	-	-	20,278
Allocated fringe benefits	15,460	-	-	15,460
Contractual services	274,897	323,081	5,502	603,480
Other	7,901	-	-	7,901
Total environmental	<u>318,536</u>	<u>323,081</u>	<u>5,502</u>	<u>647,119</u>
Sustainability				
Salaries and wages	20,278	847,942	-	868,220
Allocated fringe benefits	15,460	640,087	-	655,547
Allocated indirect costs	-	2,090,085	-	2,090,085
Contractual services	274,897	620,530	118,926	1,014,353
Other	7,900	2,761	-	10,661
Total environmental	<u>318,535</u>	<u>4,201,405</u>	<u>118,926</u>	<u>4,638,866</u>
Adminstration				
Salaries and wages	4,056	-	51	4,107
Allocated fringe benefits	3,092	-	39	3,131
Allocated indirect costs	-	-	125	125
Contractual services	50,578	60,522	-	111,100
Other	1,580	-	-	1,580
Total administration:	<u>59,306</u>	<u>60,522</u>	<u>215</u>	<u>120,043</u>

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Funds
Year Ended June 30, 2023

	Federal Funds	State Funds	Local Funds	Total Nonmajor Funds
Modeling				
Salaries and wages	\$ -	\$ 2,759	\$ -	\$ 2,759
Allocated fringe benefits	-	2,103	-	2,103
Allocated indirect costs	-	6,831	-	6,831
Contractual services	-	472,779	-	472,779
Total sustainability	-	484,472	-	484,472
Total expenditures	<u>2,682,245</u>	<u>8,477,499</u>	<u>270,699</u>	<u>11,430,443</u>
Excess (deficiency) of revenues over (under) expenditures	(193,599)	468,513	39,580	314,494
Other financing sources (uses)				
Transfers in	700	-	-	700
Transfers out	-	-	(39,580)	(39,580)
Total other financing sources (uses)	<u>700</u>	<u>-</u>	<u>(39,580)</u>	<u>(38,880)</u>
Net Change in Fund Balance	(192,899)	468,513	-	275,614
Fund Balance, Beginning of Year	-	-	-	-
Prior Period Adjustment (Note 15)	-	(805,580)	-	(805,580)
Fund Balances, Beginning of Year, As Restated	<u>-</u>	<u>(805,580)</u>	<u>-</u>	<u>(805,580)</u>
Fund Balances, End of Year	<u>\$ (192,899)</u>	<u>\$ (337,067)</u>	<u>\$ -</u>	<u>\$ (529,966)</u>

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

FTA Sec. 5339 – Bus and Bus Facilities:

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

FTA Sec. 5312

This fund is established to account for revenues from FTA. These funds are available and restricted to support expenditures for specifically identified purposes and projects relating to public transportation.

FHWA ATP II

This fund is established to account for revenues from the FHWA Active Transportation Program.

OTS Round 6

This fund is established to account for revenues from the National Highway Traffic Safety Administration for FY 2022.

OTS Round 7

This fund is established to account for revenues from the National Highway Traffic Safety Administration for FY 2023.

Other Federal Funds

These funds are established to account for the revenues from the Department of Energy for the Clean Cities programs; from the National Highway Traffic Safety Active Transportation Safety grant received in fiscal year 2019, from the National Highway Traffic Safety Active Transportation Safety grant received in fiscal year 2020, the FHWA for the Partnership Planning program, from the Department of Energy for the Artificial Intelligence-Based Mobility Monitoring system and Analytics Demonstration Pilot Project, and from the Department of Energy for Testing and Evaluation of Curb Management and Integrated Strategies to Catalyze Market Adoption of Electric Vehicles Project.

Southern California Association of Governments
Combining Balance Sheet – Federal Nonmajor Funds
June 30, 2023

	FTA		NHTSA			Other Federal Funds	Total Federal Nonmajor Funds
	Sec. 5339	Sec. 5312	FHWA ATP II	OTS, Round 6	OTS, Round 7		
	20040	20041	20042	20047	20048	20038, 20044, 20045, 20098, 20110, 20111	
Assets							
Receivables - federal grants	\$ (2)	\$ 2,993	\$ -	\$ -	\$ 263,267	\$ 41,868	\$ 308,126
Due from other funds	2	-	-	-	-	-	2
Total assets	\$ -	\$ 2,993	\$ -	\$ -	\$ 263,267	\$ 41,868	\$ 308,128
Liabilities and Fund Balances							
Liabilities							
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ 117,669	-	\$ 117,669
Due to other funds	-	2,993	-	-	145,598	41,868	190,459
Total liabilities	-	2,993	-	-	263,267	41,868	308,128
Deferred Inflows of Resources							
Deferred inflows relating to grants	-	-	-	-	192,899	-	192,899
Fund Balances - Unassigned	-	-	-	-	(192,899)	-	(192,899)
Total liabilities, deferred inflow of resources and fund balance	\$ -	\$ 2,993	\$ -	\$ -	\$ 263,267	\$ 41,868	\$ 308,128

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Federal Nonmajor Funds
Year Ended June 30, 2023

	FTA		NHTSA			Other Federal Funds	Total Federal
	Sec. 5339	Sec. 5312	FHWA ATP II	OTS, Round 6	OTS, Round 7		
	20040	20041	20042	20047	20048	20038, 20044, 20045, 20046, 20098, 20100 20111	Nonmajor Funds
Federal Grants and Services	\$ 788,012	\$ 442,256	\$ 10,466	\$ 835,033	\$ 147,707	\$ 265,172	\$ 2,488,646
Expenditures							
Transportation							
Salaries and wages	-	2,740	-	1,505	10,660	34,844	49,749
Allocated fringe benefits	-	2,090	-	1,149	8,127	26,565	37,931
Allocated indirect costs	-	6,785	-	-	-	86,254	93,039
Contractual services	-	-	1,570	122,256	27,907	58,125	209,858
Pass-through payments	788,012	430,641	-	-	-	-	1,218,653
Other	-	-	-	345	4,397	6,000	10,742
Total transportation	788,012	442,256	1,570	125,255	51,091	211,788	1,619,972
Public Involvement							
Salaries and wages	-	-	-	3,010	21,324	2,375	26,709
Allocated fringe benefits	-	-	-	2,295	16,257	1,810	20,362
Allocated indirect costs	-	-	-	-	-	5,879	5,879
Contractual services	-	-	3,140	244,514	55,811	-	303,465
Other	-	-	-	691	8,790	-	9,481
Total public involvement	-	-	3,140	250,510	102,182	10,064	365,896
Environmental							
Salaries and wages	-	-	-	2,508	17,770	-	20,278
Allocated fringe benefits	-	-	-	1,912	13,548	-	15,460
Contractual services	-	-	2,616	203,762	46,509	22,010	274,897
Other	-	-	-	576	7,325	-	7,901
Total environmental	-	-	2,616	208,758	85,152	22,010	318,536
Sustainability							
Salaries and wages	-	-	-	2,508	17,770	-	20,278
Allocated fringe benefits	-	-	-	1,912	13,548	-	15,460
Contractual services	-	-	2,616	203,762	46,509	22,010	274,897
Other	-	-	-	575	7,325	-	7,900
Total housing	-	-	2,616	208,757	85,152	22,010	318,535
Administration							
Salaries and wages	-	-	-	502	3,554	-	4,056
Allocated fringe benefits	-	-	-	382	2,710	-	3,092
Contractual services	-	-	524	40,754	9,300	-	50,578
Other	-	-	-	115	1,465	-	1,580
Total sustainability	-	-	524	41,753	17,029	-	59,306
Total expenditures	788,012	442,256	10,466	835,033	340,606	265,872	2,682,245
Other financing sources (uses)							
Transfers in						700	700
Net Change in Fund Balance	-	-	-	-	(192,899)	-	(192,899)
Fund Balances, Beginning of Year	-	-	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ (192,899)	\$ -	\$ (192,899)

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

FY21 SB1

This is the fiscal year 2021 Senate Bill (SB) 1 funds from Sustainable Communities Competitive Grants.

FY22 SB1

This is the fiscal year 2022 Senate Bill (SB) 1 funds from Sustainable Communities Competitive Grants.

FY21 MSRC R4

This is the fiscal year 2021 AB 2766 Discretionary Funds for the Regional goods Movement Program FY23.

SB1 SCF

This is the fiscal year 2023 Senate Bill (SB) 1 funds from Sustainable Communities Competitive Grants.

MSAPR, MSRC

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

ATP LPI

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

ATP C4

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

FY20 ATP IMCP RWL

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

ATP Cycle 5/ ATP C5 PMA/ ATP C5 SM

These are the grants from Caltrans Local Assistance Office to support the implementation of the Sustainable Communities Program projects.

CWBD-IERS

These are the California Workforce Development Board in the Inclusive Economic Recovery Strategy (IERS) Grant funds to support implementation of recommendations of the IERS.

CEC

This is from the California Energy Commission for studying supporting infrastructure for medium heavy duty zero-emission trucks.

SA

This is for funds to support the Go Human campaign to purchase advertising media to accompany the affordable housing project.

Southern California Association of Governments
Combining Balance Sheet – State Nonmajor Funds
June 30, 2023

	FY21 SB1	FY22 SB1	FY21 MSRC	FY23 SB1	MSAPR, MSRC	ATP LPI	ATP C4	FY20 ATP IMCP RWL	ATP Cycle 5
	30218	30219	30220	30221	30300	30402	30403	30405	30406
Assets									
Receivables - state grants	\$ -	\$ 876,507	\$ 53,505	\$ 871,203	\$ 196,968	\$ 87,757	\$ 364,045	\$ 24,226	\$ 291,338
Due from other funds	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 876,507</u>	<u>\$ 53,505</u>	<u>\$ 871,203</u>	<u>\$ 196,968</u>	<u>\$ 87,757</u>	<u>\$ 364,045</u>	<u>\$ 24,226</u>	<u>\$ 291,338</u>
Liabilities									
Accounts and contracts payable	\$ -	\$ 550,672	\$ 53,505	\$ 125,815	\$ 21,108	\$ -	\$ 165,946	\$ 9,252	\$ 123,827
Due to other funds	-	325,835	-	745,388	512,927	87,757	198,099	14,974	167,511
Advances from grantors	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>876,507</u>	<u>53,505</u>	<u>871,203</u>	<u>534,035</u>	<u>87,757</u>	<u>364,045</u>	<u>24,226</u>	<u>291,338</u>
Fund Balances - Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(337,067)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 876,507</u>	<u>\$ 53,505</u>	<u>\$ 871,203</u>	<u>\$ 196,968</u>	<u>\$ 87,757</u>	<u>\$ 364,045</u>	<u>\$ 24,226</u>	<u>\$ 291,338</u>

Southern California Association of Governments
Combining Balance Sheet – State Nonmajor Funds
June 30, 2023

	ATP C5 PMA	ATP C5 SM	CWBD-IERS	CEC, EPRI	SA, GHC	Total State Nonmajor Funds
	30407	30408	30600	30650	30651	
Assets						
Receivables - state grants	\$ 84,126	\$ 71,642	\$ -	\$ 198,978	\$ -	\$ 3,120,295
Due from other funds	-	-	2,479,992	-	-	2,479,992
Total assets	\$ 84,126	\$ 71,642	\$ 2,479,992	\$ 198,978	\$ -	\$ 5,600,287
Liabilities						
Accounts and contracts payable	\$ 64,891	\$ 59,171	\$ 96,072	\$ 198,978	\$ -	\$ 1,469,237
Due to other funds	19,235	12,471	-	-	-	2,084,197
Advances from grantors	-	-	2,383,920	-	-	2,383,920
Total liabilities	84,126	71,642	2,479,992	198,978	-	5,937,354
Fund Balances - Unassigned	-	-	-	-	-	(337,067)
Total liabilities and fund balance	\$ 84,126	\$ 71,642	\$ 2,479,992	\$ 198,978	\$ -	\$ 5,600,287

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – State Nonmajor Funds
Year Ended June 30, 2023

	FY21 SB1	FY22 SB1	FY21 MSRC	FY23 SB1	MSRC	ATP LPI	ATP C4	IMCP RWL	ATP Cycle 5
	30218	30219	30220	30221	30300	30402	30403	30405	30406
State Grants and Contracts	\$ 907,520	\$ 1,920,145	\$ 53,505	\$ 2,829,723	612,772	\$ 161,834	\$ 430,952	\$ 79,793	\$ 586,747
Expenditures									
Transportation									
Salaries and wages	-	48,760	-	131,153	-	-	-	-	-
Allocated fringe benefits	-	37,174	-	99,991	-	-	-	-	-
Allocated indirect costs	-	120,703	-	324,666	-	-	-	-	-
Contractual services	14,680	936,888	53,505	95,855	144,259	161,834	64,642	11,969	586,747
Total transportation	14,680	1,143,525	53,505	651,665	144,259	161,834	64,642	11,969	586,747
Environmental									
Contractual services	36,698	153,201	-	-	-	-	107,738	19,948	-
Total environmental	36,698	153,201	-	-	-	-	107,738	19,948	-
Modeling									
Salaries and wages	2,759	-	-	-	-	-	-	-	-
Allocated fringe benefits	2,103	-	-	-	-	-	-	-	-
Allocated indirect costs	6,831	-	-	-	-	-	-	-	-
Contractual services	417,220	31,324	-	24,235	-	-	-	-	-
Total modeling	428,913	31,324	-	24,235	-	-	-	-	-
Public Involvement									
Contractual services	29,358	27,971	-	-	-	-	129,286	23,938	-
Total public involvement	29,358	27,971	-	-	-	-	129,286	23,938	-
Sustainability									
Salaries and wages	71,454	96,881	-	473,572	-	-	-	-	-
Allocated fringe benefits	54,477	73,862	-	361,052	-	-	-	-	-
Allocated indirect costs	176,882	239,825	-	1,172,313	-	-	-	-	-
Contractual services	80,379	134,350	-	146,886	-	-	107,738	19,948	-
Other	-	-	-	-	-	-	-	-	-
Total sustainability	383,192	544,918	-	2,153,823	-	-	107,738	19,948	-
Administration									
Contractual services	14,679	19,206	-	-	-	-	21,548	3,990	-
Total sustainability	14,679	19,206	-	-	-	-	21,548	3,990	-
Total expenditures	907,520	1,920,145	53,505	2,829,723	144,259	161,834	430,952	79,793	586,747
Excess of revenues over expenditures	-	-	-	-	468,513	-	-	-	-
Net Change in Fund Balance	-	-	-	-	468,513	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-	-	-	-	-
Prior Period Adjustment (Note 14)	-	-	-	-	(805,580)	-	-	-	-
Fund Balances, Beginning of Year, As Restated	-	-	-	-	(805,580)	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ (337,067)	\$ -	\$ -	\$ -	\$ -

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – State Nonmajor Funds
Year Ended June 30, 2023

	ATP C5 PMA	ATP C5 SM	CWBD-IERS	CEC, EPRI	SA, GHC	Total State Nonmajor Funds
	30407	30408	30600	30650	30651	
State Grants and Contracts	\$ 84,126	\$ 71,642	\$ 986,289	\$ 198,978	\$ 21,986	\$ 8,946,012
Expenditures						
Transportation						
Salaries and wages	-	-	-	-	-	179,913
Allocated fringe benefits	-	-	-	-	-	137,165
Allocated indirect costs	-	-	-	-	-	445,369
Contractual services	84,126	71,642	-	198,978	3,298	2,428,423
Total transportation	84,126	71,642	-	198,978	3,298	3,190,870
Environmental						
Contractual services	-	-	-	-	5,496	323,081
Total environmental	-	-	-	-	5,496	323,081
Modeling						
Salaries and wages	-	-	-	-	-	2,759
Allocated fringe benefits	-	-	-	-	-	2,103
Allocated indirect costs	-	-	-	-	-	6,831
Contractual services	-	-	-	-	-	472,779
Total modeling	-	-	-	-	-	484,472
Public Involvement						
Contractual services	-	-	-	-	6,596	217,149
Total public involvement	-	-	-	-	6,596	217,149
Sustainability						
Salaries and wages	-	-	206,035	-	-	847,942
Allocated fringe benefits	-	-	150,696	-	-	640,087
Allocated indirect costs	-	-	501,065	-	-	2,090,085
Contractual services	-	-	125,732	-	5,497	620,530
Other	-	-	2,761	-	-	2,761
Total sustainability	-	-	986,289	-	5,497	4,201,405
Administration						
Contractual services	-	-	-	-	1,099	60,522
Total sustainability	-	-	-	-	1,099	60,522
Total expenditures	84,126	71,642	986,289	198,978	21,986	8,477,499
Excess of revenues over expenditures	-	-	-	-	-	468,513
Net Change in Fund Balance	-	-	-	-	-	468,513
Fund Balances, Beginning of Year						-
Prior Period Adjustment (Note 14)	-	-	-	-	-	(805,580)
Fund Balances, Beginning of Year, As Restated	-	-	-	-	-	(805,580)
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (337,067)

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

VCTC and Riverside:

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

Combined Other Accounts:

These funds are established to account for revenues from the City of Los Angeles, County of Los Angeles, Cal State LA, Anaheim Transportation Network, City of Burbank and California Emerging Technology Fund. These funds account for the cash match from participating agencies for various SCAG projects.

Southern California Association of Governments
Combining Balance Sheet – Local Nonmajor Funds
June 30, 2023

	Local Funds	Other Local Funds	
	60057, 60062, 60064, 60067	60073, 60074, 60075, 60076 60081, 60082	Total Local Nonmajor Funds
Assets			
Receivables - local grants	\$ 16,827	9,683	\$ 26,510
Due from other funds	109,197	227,797	336,994
	\$ 126,024	\$ 237,480	\$ 363,504
Liabilities and Fund Balances			
Accounts and contracts payable	\$ 11,868	\$ 26,453	\$ 38,321
Advances from grantors	109,197	202,463	311,660
Due to other funds	4,959	8,564	13,523
	126,024	237,480	363,504
Fund Balances - Restricted	-	-	-
	\$ 126,024	\$ 237,480	\$ 363,504

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Local Nonmajor Funds
Year Ended June 30, 2023

	Local Funds	Other Local Funds	
	60057, 60062, 60064, 60067	60073, 60074, 60075, 60076 60081, 60082	Total Local Nonmajor Funds
Local Grants and Services	\$ 56,407	\$ 253,872	\$ 310,279
Expenditures			
Transportation			
Salaries and wages	-	1,969	1,969
Allocated fringe benefits	-	1,502	1,502
Allocated indirect costs	-	4,878	4,878
Contractual services	16,827	120,880	137,707
Total transportation	16,827	129,229	146,056
Environmental			
Contractual services	-	5,502	5,502
Total environmental	-	5,502	5,502
Sustainability			
Contractual services	-	118,926	118,926
Total sustainability	-	118,926	118,926
Administration			
Salaries and wages	-	51	51
Allocated fringe benefits	-	39	39
Allocated indirect costs	-	125	125
Total administration	-	215	215
Total expenditures	16,827	253,872	270,699
Excess of revenues over expenditures	39,580	-	39,580
Other financing uses:			
Transfers out	(39,580)	-	(39,580)
Net Change in Fund Balance	-	-	-
Fund Balances, Beginning of Year	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -

Supplemental Schedules

Southern California Association of Governments

Supplemental Schedule of Indirect Costs

Year Ended June 30, 2023

Indirect costs	
Salaries and wages	\$ 10,527,914
Temporary help	90,763
Fringe benefits	7,996,939
Consultants	1,299,717
Legal services	60,503
Computer/software support	3,092,214
Equipment repairs and maintenance	37,788
Office space leases	2,596,732
Equipment lease	53,265
Security services	86,138
Insurance	386,453
Interest	2,790
Taxes	1,195
Bank fees	26,949
Office purchases under \$5,000	1,235
Office and graphic supplies	27,241
Telephone	636
Postage and delivery	21,722
Memberships and dues	68,617
Covid Facility expense	6,898
Depreciation and amortization	584,795
Recruitment costs	56,560
Staff training	104,964
Resource materials and subscriptions	76,511
Printing	2,235
Travel	61,357
Other	5,665
	<u>27,277,796</u>
Total indirect costs	<u>27,277,796</u>
Indirect costs recovered	
General Fund	170,778
Federal Transportation Administration	5,275,903
Federal Highway Administration	14,506,535
Transportation Development Act	2,005,256
REAP AB 101	1,514,218
REAP 2021	2,536,653
Nonmajor Funds	2,646,205
	<u>28,655,548</u>
Total indirect costs recovered	<u>28,655,548</u>
Over (under) recovered	1,377,752
Over (Under) Recovered Indirect Costs, Beginning of Year	2,578,112
Prior Period Adjustment (Note 14)	210,481
	<u>2,788,593</u>
Over (Under) Recovered Indirect Costs, End of Year	<u>\$ 4,166,345</u>

Southern California Association of Governments

Supplemental Schedule of Fringe Benefits

Year Ended June 30, 2023

Fringe benefits	
Employee leave and other salary benefits	\$ 3,573,686
PERS/Other Retirement Plans	7,130,226
Life insurance	134,418
Health insurance	2,889,110
Medicare and social security taxes - employer share	395,162
Tuition reimbursement	24,298
Transit passes	26,361
Worker's compensation/unemployment insurance	165,048
Deferred compensaton employer match	185,033
Other	<u>327,201</u>
Total fringe benefits	<u>14,850,543</u>
Fringe benefits recovered	
Allocated to indirect costs	7,996,939
General fund	52,596
Federal Transportation Administration	1,577,053
Federal Highway Administration	4,461,119
Transportation Development Act	555,587
REAP 1.0 AB 101	466,352
REAP 2.0 2021	779,788
Nonmajor Funds	<u>873,202</u>
Total fringe benefits recovered	<u>16,762,636</u>
Over (under) recovered	1,912,093
Over (Under) Recovered Indirect Costs, Beginning of Year	<u>1,130,594</u>
Over (Under) Recovered Indirect Costs, End of Year	<u><u>\$ 3,042,687</u></u>

Southern California Association of Governments
 Supplemental Schedule of Distribution of Salaries and Fringe Benefits by Project Type
 Year Ended June 30, 2023

	Salaries and Wages	Fringe Benefits	Salaries, Wages and Fringe
Charges to Direct projects	\$ 11,566,527	\$ 8,713,101	\$ 20,279,628
Charges to General Fund projects	68,988	52,596	121,584
Charges to Indirect projects	10,527,914	7,996,939	18,524,853
Totals	\$ 22,163,429	\$ 16,762,636	\$ 38,926,065

Statistical Section

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

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

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

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

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

Sources:

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

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Invested in capital assets	\$ 2,766,741	2,251,523	1,626,539	1,231,475	4,859,839	128,748	287,694	1,639,425	1,267,140	2,192,254
Restricted	8,195,221	9,857,806	8,834,336	9,306,432	9,327,440	10,829,017	11,084,386	8,609,460	9,391,854	13,721,185
Unrestricted	<u>2,856,658</u>	<u>(22,772,623)</u>	<u>(21,432,913)</u>	<u>(22,519,075)</u>	<u>(35,184,659)</u>	<u>(39,056,497)</u>	<u>(37,917,543)</u>	<u>(38,286,262)</u>	<u>(35,529,574)</u>	<u>(41,694,616)</u>
Total governmental activities										
Net position	\$ <u>13,818,620</u>	<u>(10,663,294)</u>	<u>(10,972,038)</u>	<u>(11,981,168)</u>	<u>(20,997,380)</u>	<u>(28,098,732)</u>	<u>(26,545,463)</u>	<u>(28,037,377)</u>	<u>(24,870,580)</u>	<u>(25,781,177)</u>

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Expenses:										
Transportation	\$ 23,153,109	31,710,847	30,851,350	20,838,392	14,792,393	16,150,392	19,039,509	19,694,557	20,848,493	19,358,040
Modeling	-	-	-	-	10,582,018	10,768,740	12,191,498	10,690,326	13,002,647	14,704,741
High speed rail	305,054	281,500	290,497	339,370	-	-	-	-	-	-
Aviation	303,773	585,322	575,716	267,597	-	-	-	-	-	-
Environmental	1,403,147	1,450,795	1,459,853	7,054,453	5,164,861	3,179,830	4,377,155	4,188,153	4,022,867	4,191,170
Housing	1,505,232	1,128,200	981,416	3,222,728	-	-	-	-	-	-
Public Involvement	-	-	-	-	2,180,608	2,219,085	2,826,301	3,261,091	3,677,128	5,057,381
Sustainability Initiatives	2,173,803	5,463,860	7,506,301	7,521,696	8,642,100	5,820,909	6,266,299	16,301,434	23,223,681	28,940,936
Administration	2,005,412	1,864,232	2,138,873	3,871,454	8,147,226	12,243,851	5,899,158	5,293,557	3,114,015	6,253,182
Total expenses	<u>30,849,530</u>	<u>42,484,756</u>	<u>43,804,006</u>	<u>43,115,690</u>	<u>49,509,206</u>	<u>50,382,807</u>	<u>50,599,920</u>	<u>59,429,118</u>	<u>67,888,831</u>	<u>78,505,450</u>
Program revenues:										
Charges for services - member dues	1,834,522	1,871,720	1,900,950	1,939,700	1,986,186	2,053,962	2,112,970	1,861,517	2,193,246	2,342,293
Operating grants and contributions	<u>32,833,285</u>	<u>42,318,755</u>	<u>40,616,883</u>	<u>39,672,312</u>	<u>42,253,899</u>	<u>40,576,290</u>	<u>49,907,967</u>	<u>55,993,555</u>	<u>68,210,165</u>	<u>75,153,697</u>
Total program revenues	<u>34,667,807</u>	<u>44,190,475</u>	<u>42,517,833</u>	<u>41,612,012</u>	<u>44,240,085</u>	<u>42,630,252</u>	<u>52,020,937</u>	<u>57,855,072</u>	<u>70,403,411</u>	<u>77,495,990</u>
Net revenues (expenses)	3,818,277	1,705,719	(1,286,173)	(1,503,678)	(5,269,121)	(7,752,555)	1,421,017	(1,574,046)	2,514,580	(1,009,460)
General revenues and other changes in net assets:										
Interest income	53,149	75,652	92,093	114,318	142,388	271,058	122,252	74,632	210,718	136,375
Other income	<u>378,659</u>	<u>407,156</u>	<u>885,336</u>	<u>380,230</u>	<u>392,095</u>	<u>380,145</u>	<u>10,000</u>	<u>7,500</u>	<u>340,575</u>	<u>393,971</u>
	<u>431,808</u>	<u>482,808</u>	<u>977,429</u>	<u>494,548</u>	<u>534,483</u>	<u>651,203</u>	<u>132,252</u>	<u>82,132</u>	<u>551,293</u>	<u>530,346</u>
Changes in net position	\$ <u>4,250,085</u>	<u>2,188,527</u>	<u>(308,744)</u>	<u>(1,009,130)</u>	<u>(4,734,638)</u>	<u>(7,101,352)</u>	<u>1,553,269</u>	<u>(1,491,914)</u>	<u>3,065,873</u>	<u>(479,114)</u>

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

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund:										
Reserved	\$ -	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	652,453	580,163	763,655	927,324	779,552	867,144	876,033	2,652,163	2,160,611	1,222,954
Unassigned	<u>4,126,906</u>	<u>4,716,559</u>	<u>5,649,117</u>	<u>5,725,487</u>	<u>7,073,814</u>	<u>1,889,233</u>	<u>6,062,262</u>	<u>4,371,332</u>	<u>3,031,104</u>	<u>5,018,654</u>
Total general fund	<u>\$ 4,779,359</u>	<u>5,296,722</u>	<u>6,412,772</u>	<u>6,652,811</u>	<u>7,853,366</u>	<u>2,756,377</u>	<u>6,938,295</u>	<u>7,023,495</u>	<u>5,191,715</u>	<u>6,241,608</u>
All other governmental funds:										
Reserved	\$ -	-	-	-	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds										
Restricted	4,408,177	9,857,806	8,834,336	9,306,432	9,327,440	10,829,017	11,084,386	8,609,460	9,391,854	13,721,185
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,570,546)</u>
Total all other governmental funds	<u>\$ 4,408,177</u>	<u>9,857,806</u>	<u>8,834,336</u>	<u>9,306,432</u>	<u>9,327,440</u>	<u>10,829,017</u>	<u>11,084,386</u>	<u>8,609,460</u>	<u>9,391,854</u>	<u>6,150,639</u>

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Federal grants	\$ 26,845,417	35,850,884	33,900,754	32,703,938	34,829,246	30,602,350	33,411,528	35,400,836	38,364,596	40,953,530
State grants and contracts	489,803	639,123	932,566	994,427	1,476,542	3,878,174	6,026,789	14,759,009	22,529,765	25,268,082
Local grants and contracts	5,498,065	5,828,748	5,783,563	5,973,947	5,948,111	6,095,766	6,407,071	5,833,710	7,315,804	8,739,186
Membership assessments	1,834,522	1,871,720	1,900,950	1,939,700	1,986,186	2,053,962	2,112,970	1,861,517	2,193,246	2,342,293
Recovery of disallowed grant costs	-	-	-	-	-	-	4,062,579	-	-	-
General Assembly	-	-	-	-	-	-	10,000	7,500	340,575	393,971
Interest and other	431,808	482,808	977,429	494,548	534,483	651,203	122,252	74,632	210,718	136,375
Total revenues	35,099,615	44,673,283	43,495,262	42,106,560	44,774,568	43,281,455	52,153,189	57,937,204	70,954,704	77,833,437
Expenditures:										
Current:										
Transportation	24,726,670	33,556,910	30,739,916	20,838,392	15,323,497	16,150,392	19,039,509	19,694,557	20,848,493	19,358,040
Environmental	887,807	969,338	1,448,295	7,054,453	5,164,861	3,179,830	4,377,155	4,188,153	4,022,867	4,191,170
Modeling	-	-	-	-	10,047,322	10,768,740	12,191,498	10,690,326	13,002,647	14,704,741
Public Involvement	-	-	-	-	2,184,200	2,219,085	2,826,301	3,261,091	3,677,128	5,057,381
Aviation	174,845	451,493	573,374	267,597	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-
High speed rail	140,800	161,423	290,595	339,370	-	-	-	-	-	-
Housing	922,718	706,129	980,086	3,222,728	-	-	-	-	-	-
Social Services	-	-	-	-	-	-	-	-	-	-
Sustainability Initiatives	1,325,204	4,524,338	7,403,783	7,521,696	8,642,100	5,820,909	6,266,299	16,301,434	23,223,681	28,940,936
Administration	1,685,534	1,841,987	1,543,263	2,138,062	2,322,029	3,325,282	2,581,252	4,418,946	4,815,657	1,787,353
Disallowed Grant Costs	-	-	-	-	-	4,832,192	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	130,768	355,208	373,630	393,012	680,014	2,774,110
Interest	-	-	-	-	25,490	83,796	34,026	23,804	1,049,622	1,138,412
Capital outlay	1,478,360	281,717	423,370	12,127	1,656,202	141,433	26,232	1,355,607	1,026,796	6,479,871
Total expenditures	31,341,938	42,493,335	43,402,682	41,394,425	45,496,469	46,876,867	47,715,902	60,326,930	72,346,905	84,432,014
Excess (deficiency) of revenues over (under) expenditures	3,757,677	2,179,948	92,580	712,135	(721,901)	(3,595,412)	4,437,287	(2,389,726)	(1,392,201)	(6,598,577)
Other financing sources (uses)										
Transfers in	10,093,426	10,085,526	-	7,198	-	78,995	77,059	717,045	913,052	860,966
Transfers out	(10,093,426)	(10,085,526)	-	(7,198)	-	(78,995)	(77,059)	(717,045)	(913,052)	(860,966)
Proceeds from financing	-	-	-	-	1,943,484	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-	440,665
Subscription	-	-	-	-	-	-	-	-	-	4,982,651
Total other financing sources (uses)	-	-	-	-	1,943,484	-	-	-	-	5,423,316
Net change in fund balances	\$ 3,757,677	2,179,948	92,580	712,135	1,221,583	(3,595,412)	4,437,287	(2,389,726)	(1,392,201)	(1,175,261)
Total Debt Service Expenditures	\$ -	-	-	-	156,258	439,004	407,656	416,816	1,729,636	3,912,522
Total Non-Capital Expenditures	\$ 29,863,578	42,211,618	42,979,312	41,382,298	43,840,267	46,735,434	47,689,670	58,971,323	71,320,109	77,952,143
Ratio of Debt Service to Non-Capital noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.36%	0.94%	0.85%	0.71%	2.43%	5.02%

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

Southern California Association of Governments

Table 5 – Indirect and Fringe Benefit Costs

Last Ten Fiscal Years

Fiscal Year	Indirect cost	Fringe benefits	Totals
2014	9,870,796	7,406,943	17,277,739
2015	10,858,012	8,082,809	18,940,821
2016	11,613,300	8,891,915	20,505,215
2017	12,586,074	9,311,132	21,897,206
2018	15,165,346	9,009,745	24,175,091
2019	12,365,958	9,574,971	21,940,929
2020	15,618,533	10,168,470	25,787,003
2021	18,992,533	11,629,265	30,621,798
2022	22,752,642	13,235,167	35,987,809
2023	27,277,796	14,850,543	42,128,339

Source: SCAG Finance Department.

Southern California Association of Governments

Table 6 – Member Dues

Last Ten Fiscal Years

	Cities & Indian Tribes			Counties			Commissions	
	No. of Members	Population	Annual Dues	No. of Members	Population	Annual Dues	No. of Members	Annual Dues
2014	191	15,764,229	1,444,701	6	1,967,621	293,146	5	95,000
2015	189	16,304,097	1,484,363	6	1,950,310	292,357	5	95,000
2016	189	16,368,268	1,511,946	6	1,963,578	294,004	5	95,000
2017	189	16,476,665	1,543,468	6	1,973,786	297,899	5	95,000
2018	189	16,686,338	1,577,575	6	1,989,806	300,111	6	98,500
2019	189	16,836,783	1,634,861	6	1,999,994	307,523	6	98,500
2020	189	16,904,173	1,690,277	6	2,021,924	315,132	6	108,500
2021	185	16,911,782	1,483,344	6	2,017,250	280,673	7	97,500
2022	186	16,294,244	1,762,255	6	1,987,578	322,491	7	108,500
2023	191	16,741,660	1,896,896	6	1,975,937	336,897	7	108,500

Southern California Association of Governments

Table 7 – Principal Members
Current Year and Five Years Ago

City/County	2023		2018	
	Annual Dues	Percent of Total Dues Assessment	Annual Dues	Percent of Total Dues Assessment
City of Los Angeles	\$ 424,959	18%	\$ 359,024	18%
County of Los Angeles	145,611	6%	128,372	6%
County of Riverside	67,109	3%	57,344	3%
County of San Bernardino	57,822	2%	52,494	3%
City of Long Beach	51,263	2%	43,794	2%
County of Orange	38,801	2%	36,132	2%
City of Anaheim	38,923	2%	32,537	2%
City of Santa Ana	36,537	2%	31,188	2%
City of Riverside	35,774	2%	29,569	1%
SBCTA (SANBAG)	25,000	1%	25,000	1%
RCTC	25,000	1%	25,000	1%
OCTA	25,000	1%	25,000	1%
City of Irvine	30,078	1%	23,684	1%
County of Ventura	19,962	1%	18,727	1%
City of Glendale	22,736	1%	18,650	1%
City of San Bernardino	24,109	1%	19,876	1%
City of Santa Clarita	24,679	1%	20,242	1%
	<u>\$ 1,093,363</u>	<u>47%</u>	<u>946,633</u>	<u>47%</u>

Southern California Association of Governments

Table 8 – Population by County in the SCAG Region

Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2014	181,699	10,078,942	3,122,962	2,290,907	2,094,951	845,279	18,614,740
2015	183,856	10,124,800	3,144,663	2,315,547	2,112,187	848,459	18,729,512
2016	184,843	10,150,386	3,160,401	2,342,612	2,122,579	849,335	18,810,156
2017	186,664	10,181,162	3,180,125	2,374,555	2,139,520	848,232	18,910,258
2018	188,042	10,192,593	3,186,254	2,397,662	2,150,017	848,112	18,962,680
2019	188,552	10,163,139	3,185,378	2,419,057	2,165,876	844,259	18,966,261
2020	188,422	10,135,614	3,180,491	2,440,719	2,175,424	841,219	18,961,889
2021	179,588	9,942,011	3,167,783	2,418,727	2,179,007	839,628	18,726,744
2022	178,845	9,834,503	3,151,946	2,430,976	2,180,777	831,533	18,608,580
2023	179,476	9,761,210	3,137,164	2,439,234	2,182,056	825,653	18,524,793

Source: 2014-2020: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2020, with 2010 Census Benchmark. Sacramento, California, May 2021.

2021-2023: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2021-2023, with 2020 Census Benchmark. Sacramento, California, May 2023.

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

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2014	49,460	3,262,582	1,005,568	705,811	622,609	269,338	5,915,368
2015	49,644	3,274,742	1,011,689	711,185	625,567	270,413	5,943,240
2016	49,802	3,287,528	1,017,539	717,126	629,119	271,708	5,972,822
2017	49,940	3,305,784	1,025,324	723,337	633,599	272,567	6,010,551
2018	50,109	3,321,379	1,034,724	730,218	638,633	272,979	6,048,042
2019	50,298	3,340,821	1,044,236	737,020	642,806	274,135	6,089,316
2020	50,550	3,360,402	1,051,153	744,644	645,798	275,693	6,128,240
2021	52,455	3,426,797	1,078,032	768,136	670,410	280,150	6,275,980
2022	53,181	3,444,744	1,084,236	776,794	675,944	281,120	6,316,019
2023	53,764	3,471,993	1,091,406	784,965	681,556	283,008	6,366,692

Source: 2014-2020: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, January 2011-2020, with 2010 Benchmark (Released: May, 2020)
2021-2023: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, January 2021-2023, with 2020 Benchmark (Released: May, 2023)

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

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2014	64,000	4,198,700	1,501,100	628,100	675,600	319,800	7,387,300
2015	64,800	4,291,900	1,548,700	657,900	710,100	322,300	7,595,700
2016	63,500	4,401,400	1,588,700	688,400	727,100	325,200	7,794,300
2017	64,900	4,455,000	1,621,300	718,400	750,900	328,700	7,939,200
2018	65,000	4,520,900	1,653,800	748,500	772,700	332,800	8,093,700
2019	65,500	4,566,200	1,675,300	766,500	801,000	336,800	8,211,300
2020	61,700	4,171,700	1,532,700	734,000	775,400	315,300	7,590,800
2021	63,700	4,308,900	1,587,900	780,600	808,200	322,600	7,871,900
2022	66,200	4,543,400	1,671,500	820,000	854,200	336,700	8,292,000
2023	65,800	4,615,100	1,702,700	825,200	856,900	343,200	8,343,100

Source: Processed by SCAG Staff; CA EDD - March 2022 Benchmark

Employment by Industry Data

Historical Annual Average Data: 2014 - 2022 (Total, All Industries=Wage and Salary Employment)

2023 figures are estimated by calculating the average from January 2023 to August 2023

[Employment by Industry Data \(ca.gov\)](#)

Southern California Association of Governments

Table 11 – Labor Force by County in the SCAG Region

Last Ten Calendar Years

Calendar year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2014	78,300	4,982,400	1,565,400	1,009,200	903,600	429,200	8,968,100
2015	76,800	4,973,800	1,584,300	1,033,500	919,300	427,200	9,014,900
2016	75,200	5,018,900	1,597,400	1,051,600	930,200	425,300	9,098,600
2017	72,000	5,109,800	1,605,800	1,070,900	942,000	423,700	9,224,200
2018	71,100	5,119,800	1,616,100	1,090,100	955,100	423,100	9,275,300
2019	73,600	5,151,500	1,616,800	1,108,100	967,100	422,300	9,339,400
2020	71,700	4,960,300	1,566,900	1,121,100	974,700	410,900	9,105,600
2021	69,000	4,993,500	1,560,700	1,133,000	992,200	407,500	9,155,900
2022	70,000	4,984,800	1,590,900	1,152,100	1,008,500	413,600	9,219,900
2023	71,000	5,006,200	1,597,400	1,147,000	1,003,600	416,000	9,170,200

Source: Processed by SCAG Staff; CA EDD - March 2022 Benchmark

Employment by Industry Data

Historical Annual Average Data: 2014 - 2022 (Civilian Labor Force=Labor Force)

2023 figures are estimated by calculating the average from January 2023 to August 2023.

Southern California Association of Governments

Table 12 – Unemployment by County in the SCAG Region

Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2014	19,000	410,200	87,000	83,700	73,200	28,900	686,200
2015	18,900	332,700	71,200	69,600	59,600	24,300	569,800
2016	18,200	267,700	64,700	64,400	53,900	22,300	483,300
2017	14,200	245,700	56,800	56,600	46,800	19,200	430,400
2018	13,400	237,500	47,900	48,400	39,200	16,200	400,200
2019	15,200	230,700	45,500	46,600	37,400	15,400	485,200
2020	16,200	609,800	139,900	113,000	93,800	35,900	962,100
2021	12,100	445,900	93,400	83,000	73,600	25,200	690,100
2022	10,300	244,900	50,300	48,000	41,300	15,200	359,700
2023	11,500	251,400	54,200	52,800	45,300	16,700	420,400

Source: Processed by SCAG Staff; CA EDD - March 2022 Benchmark

Employment by Industry Data

Historical Annual Average Data: 2014 - 2022 (Civilian Unemployment=Unemployment)

2023 figures are estimated by calculating the average from January 2023 to August 2023.

Southern California Association of Governments

Table 13 – Largest Employer County in the SCAG Region

Current Year

Imperial			Riverside		
	Employees	Type of Business		Employees	Type of Business
Imperial			Riverside		
1 Imperial County Board of Supervisors	2,300	Government	1 County of Riverside	24,290	Government Offices
2 Walmart Supercenter	1,497	Retail	2 March Air Force Reserve	9,600	Military
3 Imperial Irrigation District	1,421	Government	3 University of California, Riverside	8,593	Education
4 Centinela State Prison	1,200	Correctional Institution	4 Riverside University Health Systems	8,000	Healthcare
5 Calipatria State Prison	1,143	Correctional Institution	5 Kaiser Permanente	4,300	Healthcare
6 El Centro Regional Medical Ctr	999	Hospital	6 Riverside Unified School District	5,003	Education
7 Academic Services	999	Education	7 Riverside Community Hospital	2,200	Healthcare
8 El Centro Naval Air Facility	999	Military	8 City of Riverside	2,336	Government Offices
9 Imperial County Office-Educ	999	Education	9 Riverside Community College District	2,100	Education
10 Pioneers Memorial Hosp-Doctors	750	Hospital	10 Alvord Unified School District	1,898	Education
Los Angeles			San Bernardino		
1 County of Los Angeles	106,200	Government	1 County Of San Bernardino	21,340	Government
2 Los Angeles Unified School District	73,800	Education	2 Stater Bros. Markets	18,000	Retail
3 City of Los Angeles	61,600	Education	3 Loma Linda University	17,135	Education
4 University of California, Los Angeles	50,200	Education	4 Kaiser Medical Center	9,000	Hospital
5 Federal Government - All Agencies Except Defense & State	44,700	Government	5 San Bernardino City Unified School District	8,343	Education
6 Kaiser Permanente	40,800	Hospital	6 Loma Linda University Medical Center	7,500	Hospital
7 State of California (non-education)	32,300	Government	7 Ontario International Airport	4,000	Airport
8 University of Southern California	22,400	Education	8 Fontana Unified School District	3,584	Education
9 Target Corp.	20,000	Retail	9 San Manuel Band Of Mission Indians	3,000	Government
10 Northrop Grumman Corp.	18,000	Aerospace	10 Arrowhead Regional Medical Center	2,500	Hospital
Orange			Ventura		
1 Walt Disney Co	28,000	Hospitality and Entertainment	1 Naval Base Ventura County	19,000	Government
2 University of California, Irvine	25,512	Education	2 County of Ventura	9,837	Government
3 County of Orange	17,769	Government	3 Amgen Inc	5,400	Biomedical
4 Providence Southern California	12,866	Hospital	4 Bank of America	2,910	Bank
5 Albertsons	8,159	Retail	5 Blue Cross of CA (previously Wellpoint, Inc.)	2,500	Hospital
6 Kaiser Permanente	8,050	Hospital	6 Simi Valley Unified School District	2,500	Education
7 Hoag Memorial Hospital Presbyterian	6,710	Hospital	7 Conejo Valley Unified School District	21,000	Education
8 Walmart	6,400	Retail	8 Community Memorial Hospital	2,000	Hospital
9 Target Corp.	6,000	Retail	9 Ventura County Community College District	1,777	Education
10 Yum Brands Inc.	5,600	Retail	10 California Lutheran University	1,550	Hospital

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

Southern California Association of Governments

Table 14 – Housing Units by County in the SCAG Region

Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2014	56,731	3,474,246	1,063,093	817,008	706,314	284,489	6,401,881
2015	57,174	3,504,173	1,076,199	828,383	711,781	287,080	6,464,790
2016	57,174	3,504,173	1,076,199	828,383	711,781	287,080	6,464,790
2017	57,401	3,527,368	1,084,476	834,652	715,634	288,074	6,507,605
2018	57,737	3,546,864	1,094,256	840,904	719,911	288,579	6,548,251
2019	58,002	3,568,900	1,104,275	847,851	723,783	289,647	6,592,458
2020	58,311	3,590,574	1,111,421	856,124	726,680	291,210	6,634,320
2021	57,045	3,612,856	1,135,474	854,164	734,848	293,756	6,688,143
2022	57,917	3,635,237	1,142,380	863,784	740,893	294,989	6,735,200
2023	58,541	3,664,182	1,149,943	872,930	747,011	296,892	6,789,499

Source: 2014-2020: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, January 2011-2020, with 2010 Benchmark (Released: May, 2020)

2021-2023: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, January 2020-2023, with 2020 Benchmark (Released: May, 2023)

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

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	SCAG
2014	175,000	448,000	579,000	292,000	247,000	478,000	427,000
2015	193,000	475,000	605,000	314,000	268,000	507,000	452,000
2016	210,000	490,000	626,000	332,000	285,000	540,000	470,000
2017	223,000	527,000	678,000	353,000	314,000	572,000	506,000
2018	235,000	591,000	731,000	386,000	352,000	604,000	559,000
2019	248,000	615,000	736,000	399,000	366,000	614,000	577,000
2020	265,000	650,000	771,000	420,000	389,000	639,000	608,000
2021	295,000	744,000	877,000	494,000	456,000	732,000	699,000
2022	324,000	835,000	1,029,000	581,000	527,000	819,000	796,000
2023	326,000	816,000	1,020,000	573,000	520,000	802,000	782,000

Source: Zillow.com

2023 Data: Estimation Based on Average Between Jan 2023 and July 2023

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

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

Southern California Association of Governments

Table 16 – Land Area by County in the SCAG Region

Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2014	4,175	4,060	790	7,208	20,062	1,846	38,141
2015	4,175	4,060	790	7,208	20,062	1,846	38,141
2016	4,175	4,060	790	7,208	20,062	1,846	38,141
2017	4,175	4,060	790	7,208	20,062	1,846	38,141
2018	4,175	4,060	790	7,208	20,062	1,846	38,141
2019	4,175	4,060	790	7,208	20,062	1,846	38,141
2020	4,175	4,060	790	7,208	20,062	1,846	38,141
2021	4,175	4,060	790	7,208	20,062	1,846	38,141
2022	4,175	4,060	790	7,208	20,062	1,846	38,141
2023	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

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2014	\$ 11,230,818,021	1,145,256,478,683	445,068,356,853	210,726,246,610	172,112,462,762	108,574,635,076	2,092,968,998,005
2015	\$ 11,648,369,468	1,207,856,228,771	473,782,781,168	228,233,802,746	182,705,725,334	114,663,397,481	2,218,890,304,968
2016	\$ 12,400,979,037	1,282,508,084,556	507,799,267,525	240,933,731,456	192,319,791,501	119,407,609,899	2,355,369,463,974
2017	\$ 12,689,982,548	1,354,458,674,851	528,711,072,636	253,658,272,351	200,564,761,328	123,951,233,364	2,474,033,997,078
2018	\$ 12,984,173,804	1,435,385,941,470	561,278,774,948	266,916,802,097	214,878,403,179	129,987,341,366	2,621,431,436,864
2019	\$ 13,487,316,919	1,529,882,494,903	596,783,437,256	283,283,510,304	227,946,672,512	135,744,679,058	2,787,128,110,952
2020	\$ 14,082,427,356	1,625,539,871,274	631,217,121,996	299,975,470,887	242,999,360,073	142,161,273,077	2,955,975,524,663
2021	\$ 14,527,965,087	1,724,138,383,369	661,208,217,028	317,602,508,036	257,234,231,864	148,066,044,105	3,122,777,349,489
2022	\$ 14,863,672,953	1,785,802,727,838	686,918,002,858	335,093,594,273	273,276,547,602	153,520,315,095	3,249,474,860,619
2023	\$ 15,695,312,653	1,911,287,084,413	731,577,233,989	367,359,529,950	299,123,203,552	164,713,506,015	3,489,755,870,572

Source: State of California – Controller’s Office.

Note: Assessed Valuations Show Total State and County Assessed Valuation

Southern California Association of Governments
 Table 18 – Full-Time and Part-time Employees as of June 30
 Last Ten Fiscal Years

Full-Time and Part-Time Employees as of June 30										
Fiscal Year	Transportation	Modeling	High Speed Rail	Aviation	Environmental	Housing	Public Involvement	Sustainability	Administration	Total
2014	57	0	1	1	2	1	0	0	58	120
2015	61	0	1	1	1	1	0	0	66	131
2016	58	0	1	1	3	1	0	0	67	131
2017	60	0	1	0	3	1	0	0	60	125
2018	44	15	0	1	1	0	15	7	46	129
2019	39	16	0	1	1	0	16	6	48	127
2020	41	16	0	1	1	2	19	9	58	147
2021	41	21	0	1	7	8	18	12	68	176
2022	39	24	0	0	6	13	18	11	80	191
2023	44	24	1	1	6	18	24	11	94	223

Source: SCAG HR Department.

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

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Transportation										
No. of projects undertaken	82	85	89	80	27	71	67	68	71	57
Grants & Contracts Revenue	\$ 23,120,187	25,928,208	26,127,909	21,402,980	10,227,859	18,068,335	17,390,426	28,879,062	54,697,409	21,502,529
Modeling										
No. of projects undertaken					36	33	36	25	24	16
Grants & Contracts Revenue					\$ 12,546,320	11,872,339	12,503,509	12,374,774	14,146,188	11,042,098
High Speed Rail										
No. of projects undertaken	1	1	1	1						
Grants & Contracts Revenue	\$ 263,579	281,779	290,593	339,370						
Aviation										
No. of projects undertaken	1	1	1	1						
Grants & Contracts Revenue	\$ 196,948	579,242	550,584	267,597						
Environmental										
No. of projects undertaken	13	1	5	20	17	8	10	8	8	7
Grants & Contracts Revenue	\$ 1,601,570	1,587,158	1,448,295	6,592,728	5,144,977	3,358,447	4,322,956	3,400,938	4,482,169	4,581,362
Public Involvement										
No. of projects undertaken					4	4	4	5	6	8
Grants & Contracts Revenue					\$ 2,600,060	2,445,350	2,894,305	3,988,245	4,062,811	5,584,152
Housing										
No. of projects undertaken	3	3	2	9	9					
Grants & Contracts Revenue	\$ 1,599,668	1,176,694	960,528	3,187,930	2,032,313					
Sustainability Initiatives										
No. of projects undertaken	12	14	25	28	41	8	27	38	46	46
Grants & Contracts Revenue	\$ 2,511,049	5,457,158	7,345,383	7,098,027	8,719,261	6,142,700	5,090,102	15,321,082	23,817,493	29,957,350
GIS										
No. of projects undertaken										9
Grants & Contracts Revenue										6,755,604
Expenditure classifications were changed in FY19 to better reflect the changing mix in SCAG's initiatives. FY18 expenditures were restated to be comparable to FY19. Fiscal years before FY18 were not restated.										
Total No. of projects undertaken					93	116	117	106	109	143
Grants & Contracts Revenue					\$ 32,551,529	35,744,471	37,111,196	48,643,019	77,388,576	79,423,095

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

Southern California Association of Governments

Table 20 – Outstanding Debt

Last Ten Fiscal Years

Fiscal Year	Financing Agreements	Subscription Liability	Lease Liability	Tenant Improvement Allowance	Total Outstanding Debt	Program Revenues	Ratio of Debt to Revenues
2013				162,993	\$ 162,993	\$ 35,290,013	0.5%
2014				135,846	\$ 135,846	\$ 34,667,807	0.4%
2015*				108,700	\$ 108,700	\$ 44,190,475	0.2%
2016				81,553	\$ 81,553	\$ 42,517,833	0.2%
2017				54,406	\$ 54,406	\$ 41,612,012	0.1%
2018**	1,812,696			4,682,709	\$ 6,495,405	\$ 44,240,085	14.7%
2019	1,457,488			4,371,379	\$ 5,828,867	\$ 42,630,252	13.7%
2020	1,083,858			4,062,393	\$ 5,146,251	\$ 52,020,937	9.9%
2021	690,846		28,027,328	0	\$ 28,718,174	\$ 57,855,072	49.6%
2022	277,446	565,353	27,760,714	0	\$ 28,603,513	\$ 70,403,411	40.6%
2023	0	3,359,515	27,893,204	0	\$ 31,252,719	\$ 77,495,990	40.3%

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

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern California Association of Governments (SCAG), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise SCAG’s basic financial statements, and have issued our report thereon dated December 6, 2023. Our report included emphasis of matter paragraphs regarding SCAG’s adoption of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2022 and restatement of beginning net position/fund balance for the correction of an error.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SCAG’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SCAG’s internal control. Accordingly, we do not express an opinion on the effectiveness of SCAG’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

SCAG's Response to Findings

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

Purpose of this Report

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

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

Rancho Cucamonga, California
December 6, 2023

2023-001

Financial Reporting

Type of Finding: Material Weakness

Criteria:

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

Condition:

During our audit, SCAG identified the following misstatements:

- Capital assets, net of accumulated amortization were incorrectly recorded as expenditures in the general fund, resulting in understatement of fund balance in the governmental balance sheet and governmental activities net position totaling \$210,481.
- Revenue totaling \$805,580 was incorrectly recognized in prior years in nonmajor funds, resulting in an overstatement of fund balance in the governmental balance sheet.
- Capital assets were not recorded in the statement of net position, resulting in an understatement of net position totaling \$366,040.

Cause:

Account analysis and review of revenue and capital assets did not identify the misstatements.

Effect:

Adjustments were necessary to fairly present the financial statements.

Context:

The condition was noted by SCAG during their analysis of capital assets and revenue.

Recommendation:

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

Views of Responsible Officials:

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

2023-002 Financial Reporting and Closing
Type of Finding: Material Weakness

Criteria:

Management is responsible for the preparation of the basic financial statements and all accompanying information and well as representations contained therein, and the fair presentation in conformity with U.S. generally accepted accounting principles. This requires management to perform a year-end closing process to accumulate, reconcile and summarize information for inclusion in the annual financial statements.

Condition:

During our audit we identified the following adjustments, which were posted as part of the audit:

- \$353,713 to remove REAP AB101 receivable and advance from grantor.
- \$6,326,402 to remove REAP 2021 unbilled receivable and advance from grantor.
- \$375,500 to remove LACMTA receivable and advance from grantor.
- \$337,067 to remove MSRC unbilled receivable and deferred inflow of resources.

Cause:

SCAG's procedures did not allow for the proper classification or timely adjustments required for financial reporting.

Effect:

Adjustments were necessary to fairly present the financial statements.

Context:

The condition was identified during our testwork of receivables, advances from grantors, and deferred inflows of resources.

Recommendation:

We recommend SCAG review its closing policies and procedures in place to ensure amounts are properly captured, reconciled, classified, and reported in a timely manner.

Views of Responsible Officials:

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

Southern California Association of Governments
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

Financial Statement Findings

Finding No.	Program	Status of Corrective Action
2022-001	Financial Reporting	Partially implemented - refer to finding 2023-001

Federal Award Findings

None reported.

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RIVERSIDE COUNTY

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SAN BERNARDINO COUNTY

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