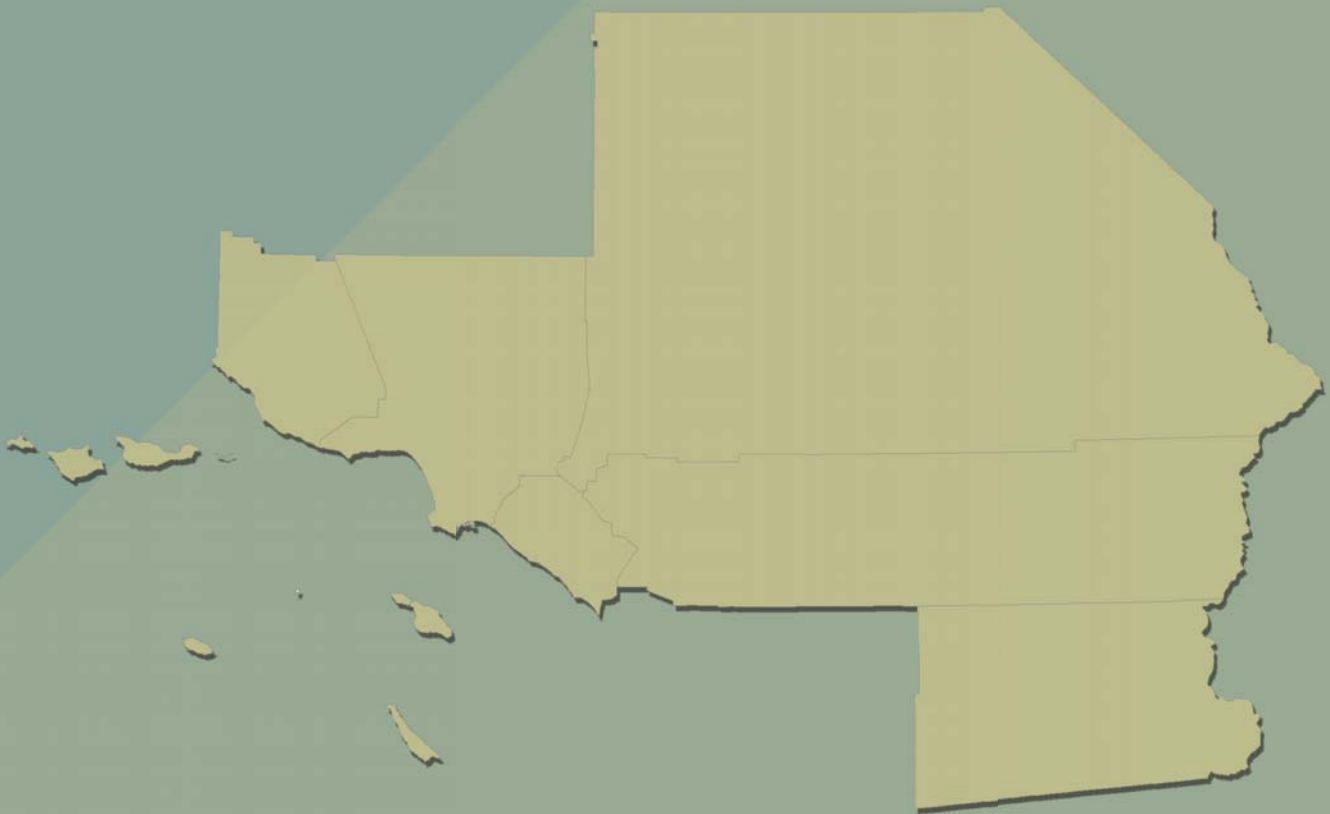


Southern California Association of Governments

SCAG

Comprehensive Annual
Financial Report
YEAR ENDED JUNE 30, 2007

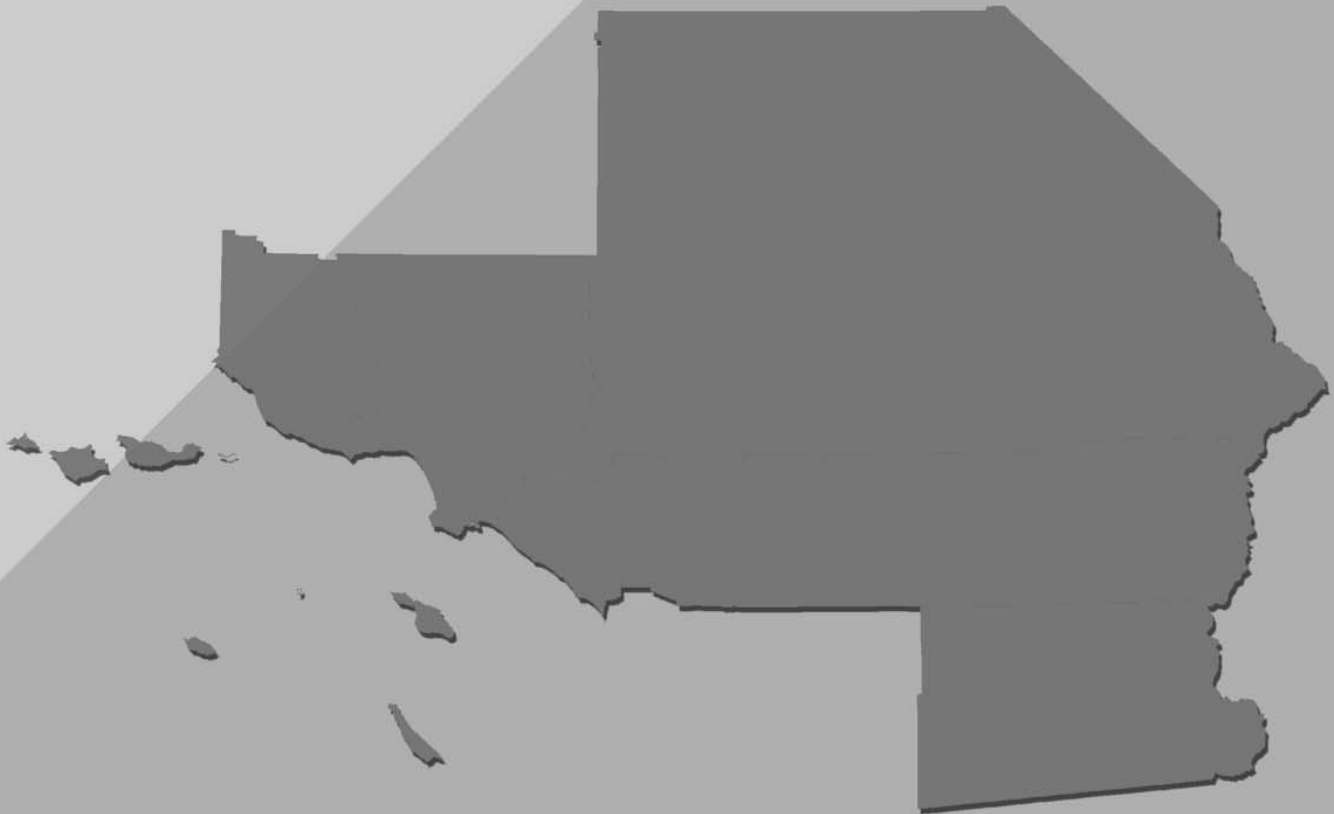


Southern California Association of Governments

SCAAG

Comprehensive Annual
Financial Report

YEAR ENDED JUNE 30, 2007



Department of the Chief Financial Officer
Mr. Wayne Moore, Chief Financial Officer
Finance and Accounting Division

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
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INTRODUCTORY SECTION

December 7, 2007

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

Subject: Letter of Transmittal

As the Executive Director and Chief Financial Officer of SCAG, we hereby submit the Comprehensive Annual Financial Report (CAFR) of the Southern California Association of Governments (SCAG) for the fiscal year ended June 30, 2007.

This Letter of Transmittal is the first item in the introductory section of the CAFR. Its purpose is first to provide you and other readers of the CAFR with general financial information about the basic financial statements in the CAFR, and to give some general comments to assist the reader in assessing SCAG and its financial condition. The second purpose is to give readers a profile of SCAG, including its governance; organization; planning mandates and requirements; and to highlight several significant planning programs mandated by Federal and State requirements, which were successfully managed in 2006-2007.

As management of SCAG we also prepared a narrative Management Discussion and Analysis (MD&A) of our financial performance during the fiscal year. Specific revenue and expenditure information about our transportation, railroad, aviation, environmental and housing grants and the related planning work is reviewed in the report. The MD&A incorporates information about these grants, the project budgets, and the projects completed in the year. We encourage all readers to examine this report, which is found elsewhere in this CAFR, together with this transmittal letter.

The introductory section of the CAFR includes this Letter of Transmittal and an attachment:

- Listing of the Officers and Members of the Regional Council (RC),
- The SCAG Organizational Chart,
- The SCAG Accounting Section Organizational Chart, and
- The Certificate of Achievement for Excellence in Financial Reporting awarded to SCAG by the Government Finance Officers Association in recognition of our FY06 CAFR.

Certificate of Achievement for Excellence in Financial Reporting

We are pleased to report that the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial

Reporting to SCAG for its CAFR for the fiscal year ended June 30, 2006. This was the fourth consecutive year that SCAG has received this prestigious award. The award is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment.

The preparation and publication of the CAFR was primarily the work of the professional staff in the Accounting Division of the Finance Department. We express our appreciation to each of them and to other SCAG staff members who also contributed to the preparation of the CAFR.

The CAFR

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

To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework. This framework includes accounting, contracts, budgets, and project management policies and procedures that are designed both to protect SCAG's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

Because the cost of internal controls should not outweigh their benefits, the comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Independent Audit

SCAG's basic financial statements have been audited by Vasquez & Company LLP, a certified public accounting firm, licensed and qualified to perform audits in the State of California. The goal of the independent audit is to provide reasonable assurance that the financial statements of SCAG for the fiscal year ended June 30, 2007 are free of material misstatement. The Report of the Independent Auditors is included elsewhere in the CAFR.

The Single Audit Report

The independent audit of the financial statements in this CAFR is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards applied in the single audit require consideration of internal controls, and compliance with legal and federal requirements in the administration of federal awards. There were no findings reported by Vasquez & Company LLP. The Single Audit report for the year ended June 30, 2007 is issued separately from the CAFR and is available upon written request to the Chief Financial Officer of SCAG.

Financial Highlights

The following highlights are illustrative of the results of financial operations for the year and are reflective of the commitment to financial improvement and performance:

- Total revenues increased by \$3.1 million over the prior year
- No bank line of credit borrowings were made in the year
- Net assets increased to \$3.2 million
- Cash from internal operations was sufficient to support operations

Management Discussion and Analysis (MD&A)

SCAG has adopted GASB 34, as amended by GASB 37 and GASB 38. GASB 34 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a MD&A. GASB 34 explains the MD&A as an opportunity for management to reach beyond the familiar to a new and different analytical overview of financial activities. Extensive information about the transactions and events in FY07 are discussed fully in this report.

The basic financial statements are comprised of the GASB 34 government-wide, governmental fund financial statements, and the notes to the financial statements. These financial reports combine to form a single, integrated set of financial statements. This letter of transmittal is designed to complement the MD&A, which is located following the Report of Independent Auditors in the Financial Section of the CAFR.

The Statement of Net Assets

The *Statement of Net Assets* is the government-wide statement of position. It presents information about assets and liabilities, and the difference is reported as Net Assets. Net Assets is a useful indicator of whether SCAG is improving or deteriorating over the years. We are pleased to report that significant internal controls and policies have been implemented over the last two years by the RC and management. As a result, we have realized positive results from improvements in internal operations, and in our financial condition.

Net Assets increased \$462,086 in FY07. The increase was primarily due to a change in accounting and a corresponding restatement for funds received pursuant to the California Transportation Development Act (TDA). A total of \$1.0 million is allocated and received annually from four Transportation Commissions based on their pro rata share of estimated sales tax revenues. In FY07, the \$1.0 million allocation has all been recognized as revenue. Furthermore, the beginning net assets balance has been restated and increased by \$863,704 to account for the change in accounting.

Cash decreased by \$2,131,649. The reason for the decline was due to a decrease in collections from our Major Funds before the end of the fiscal year. Accounts receivable from them was \$6,787,900 and higher than in FY06 by \$3,486,446. All the amounts due were collected in July compared to the prior year when a substantial part was collected in June. Notwithstanding the

timing of collections, our internal cash flow was adequate to support all SCAG programs and operations.

Importantly, because our cash resources were sufficient to finance ongoing operations, we were able to avoid borrowing any monies from our bank line of credit and eliminate interest charges against the General Fund. This is significant because just a few years ago, we had experienced a need to borrow \$24.0 million from the bank to supplement our internal cash flow from operations.

The Statement of Activities

The *Statement of Activities* reports information to the reader in a way that will help evaluate SCAG's revenues and expenses, and changes in net assets in the period. This statement is in the basic financial statements section of the CAFR.

Total grant revenues in FY07 increased by \$3.6 million and was primarily the result of an increase in expenses. Revenues are generally recognized when an expense is incurred. For example, an increase in consultant expense will increase revenue. In FY07, total direct project consultant expenses were \$9.8 million, an increase of \$1.4 million over last year, and increases in the staff payroll expense, and direct and indirect expenses accounts for the remaining revenue increase.

SCAG Management & Financial Goals for FY07-08

Management goals in the coming year are to improve our internal contract administration to more efficiently contract for services, to improve upon contractor compliance, and to improve oversight by SCAG;

Continue to assess the administration of accounting, budgeting, contracting, and project management to make changes to improve planning effectiveness, internal operating efficiencies, and external reporting;

Assess our existing accounting and reporting programs and consider the long term choices for change, which will provide the most value for the organization and its administration;

Improve major fund utilization to reduce carryover funds to the following program year;

Improve contract compliance from subregions and contractors, and improve management oversight over contractor invoicing;

Implement new management strategies for Accounting, Budget and Grants, Contracts, and Internal Audit and to enhance training opportunities and improve communications;

Continue management oversight over GF revenues and expenses in order to grow net assets

Profile of SCAG

City and county governments throughout Southern California come together at SCAG to develop solutions to common problems in transportation, housing, air quality, waste management, and other issues. SCAG also acts as an information clearinghouse, providing cities and counties a wide array of demographics, forecasting, mapping, and other regional statistics and data.

SCAG closely coordinates its efforts with a number of partners at the local, state and federal levels. In addition to its federal and state funding partners, SCAG's planning efforts are also closely coordinated with fourteen sub regions and four county transportation commissions and two councils of government from Imperial and San Bernardino counties..

SCAG is the largest regional planning agency in the nation, functioning as the Metropolitan Planning Organization for six counties. SCAG represents Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties, and their 187 cities. The region encompasses 38,000 square miles with 18 million residents. The SCAG region also has the 10th largest economy in the world.

Governing Body of SCAG

The Regional Council (RC) is SCAG's governing body. The membership is comprised of elected representatives from 73 cities and county-elected supervisors, 3 transportation commissions and 1 Indian tribe representative. All are elected from within the six-county region. All policy making, the annual OWP, project budgets, and all material financial matters are discussed and acted upon through the Regional Council. A listing of each member and the city, county and Indian tribe represented is included in the introductory section.

The RC's policy-making process and operational oversight is guided by the work of an Executive committee, made up of the officers. There are three policy committees. The committees are: Transportation and Communications Committee; Community, Economic, and Human Development Committee; Energy and Environment Committee. In addition, all financial operations are overseen by the Administration Committee and its subcommittees.

The following programs are illustrative of the planning program mandates undertaken by SCAG in 2006-2007. They represent major programs, which are monitored by the RC during the planning and implementation process. The RC is an active partner and participant in the completion and publication of these reports because members of the RC, together with other planning experts from throughout the regions, all serve in advisory committees to give direction to the SCAG staff as the work progresses. The objective is to get the best possible expertise and product by combining SCAG's internal professional staff resources with external partner experts.

The Regional Transportation Plan (RTP), the Regional Comprehensive Plan (RCP), and the Regional Transportation Improvement Plan (RTIP)

A primary federal mandate is for SCAG to prepare the RTP every four years. It is a comprehensive 20-year long plan that provides a vision for the future and addresses transportation, and air quality attainment for the region. Throughout 2006 and 2007, efforts were underway at SCAG to develop the 2008 RTP as well as Southern California's first RCP in more than a decade.

The 2008 RTP will provide a regional comprehensive vision for its transportation future. The funding of the projections in the RTP have improved to some extent with the passage of the infrastructure bond measures in 2006, but the cost of transportation projects have increased as well as the cost to attain additional air quality requirements. The 2008 RTP will emphasize the importance of growth visioning, system management, and of developing public-private partnerships to help finance certain major transportation investments. A draft of the RTP will be released for public comment before the end of the 2007 calendar year.

The RCP takes the full body of planning and policy work produced by SCAG and ties it all together. The RCP is intended to be a usable reference document for local planners, business people, and other individuals whose work affects the future environment in Southern California. It is built around the Compass Growth Vision and the 2% Strategy adopted by the RC in April 2004. The recommendations made within each chapter are comprised of infrastructure and resource activities consistent with the envisioned growth pattern.

SCAG is responsible for the development and completion of the RTIP. The RTIP includes and identifies all transportation capital projects proposed over a six-year period by each of the transportation commissions in the region and the Imperial Valley Association of Governments. Each project is analyzed by SCAG staff to assure conformity with federal and state transportation conformity requirements before the project can be included in the RTIP. It is the primary instrument for funding and implementing transportation capital projects identified and consistent in the RTP.

The Regional Housing Needs Allocation (RHNA) Plan

In July 2007, the RC approved and released the RHNA Plan to the California Department of Housing and Community Development. It was released only after receiving extensive input from cities and other interested parties on its Integrated Growth Forecast and housing allocation methodology. Public workshops were conducted by SCAG staff throughout the region to obtain valuable information about their needs. The Plan includes allocations for distributing the regional housing need of approximately 700,000 units.

An important feature of the process for finalizing the Plan included provisions for local governments to have the ability to request revision to their allocation, while concurrently filing appeals requesting review of the proposed revisions by the RHNA Appeals Board. The RHNA Plan was adopted by the RC and will be used for updates of local housing elements within the SCAG region. The RHNA Plan is consistent with the region's existing and projected 2016

housing need and with the Department's November 2006 Regional Housing Need Determination. The Department expressed its pleasure in working with SCAG staff and about the leadership role that SCAG demonstrated in strengthening the capacity of local governments in the region.

Overall Work Program (OWP)

SCAG's OWP is the foundation for annual financial planning and internal administrative control. It consists of all projects and budgets allocated and necessary to perform the planning work to be accomplished in the following year, and identifies the funding source(s) for each project. The budget includes line items for direct labor, other direct expenses, fringe benefits, and indirect costs. When the OWP is completed, it is submitted to and approved by the RC and the funding agencies. The OWP represents the legal level of budgetary control, which cannot be exceeded, unless an amended budget is approved by the RC and Caltrans.

Acknowledgements

We are pleased to report that our commitments to invest in additional staff resources and our internal reorganization have achieved better and more effective staff assignments. We have also expanded training opportunities for all of our staff.

We are committed to regularly assess our actual performance and to make the necessary adjustments to changing conditions and needs to continuously improve. We consider this a fundamental responsibility as management.

On behalf of each of the other members of the management team at SCAG; we express our gratitude to our President, the Honorable Gary Ovitt, and to each of the members of the RC for their leadership, hard work and support throughout the year. We recognize that being a member of the RC is a big responsibility and requires a tremendous investment of time.

With leadership from the RC together with the work of management and our excellent staff, we believe we are prepared to continue supporting the complex and challenging work of planning for the future of Southern California's economic and social vitality.

Sincerely,



Mark A. Pisano
Executive Director



Wayne Moore
Chief Financial Officer

Mission Statement

Leadership

Vision

Progress

Leadership, vision and progress which promote economic growth, personal well-being, and livable communities for all Southern Californians.

The Association will accomplish this Mission by:

- Developing long-range regional plans and strategies that provide for efficient movement of people, goods and information; enhance economic growth and international trade; and improve the environment and quality of life.
- Providing quality information services and analysis for the region.
- Using an inclusive decision-making process that resolves conflicts and encourages trust.
- Creating an educational and work environment that cultivates creativity, initiative, and opportunity.

Funding: The preparation of this report was financed in part through grants from the United States Department of Transportation – Federal Highway Administration and the Federal Transit Administration – under provisions of the Transportation Equity Act for the 21st Century (TEA-21). Additional financial assistance was provided by the California State Department of Transportation.

Regional Council Members

OFFICERS:

PRESIDENT: GARY OVITT, SAN BERNARDINO COUNTY

FIRST VICE PRESIDENT: RICHARD DIXON, LAKE FOREST

SECOND VICE PRESIDENT: HARRY BALDWIN, SAN GABRIEL

IMMEDIATE PAST PRESIDENT: YVONNE B. BURKE, LOS ANGELES COUNTY

IMPERIAL COUNTY: VICTOR CARRILLO, IMPERIAL COUNTY • JON EDNEY, EL CENTRO

LOS ANGELES COUNTY: YVONNE B. BURKE, LOS ANGELES COUNTY • ZEV YAROSLAVSKY, LOS ANGELES COUNTY • RICHARD ALARCÓN, LOS ANGELES • JIM ALDINGER, MANHATTAN BEACH • HARRY BALDWIN, SAN GABRIEL • TONY CARDENAS, LOS ANGELES • STAN CARROLL, LA HABRA HEIGHTS • MARGARET CLARK, ROSEMEAD • GENE DANIELS, PARAMOUNT • JUDY DUNLAP, INGLEWOOD • RAE GABELICH, LONG BEACH • DAVID GAFIN, DOWNEY • ERIC GARCETTI, LOS ANGELES • WENDY GREUEL, LOS ANGELES • FRANK GURULÉ, CUDAHY • JANICE HAHN, LOS ANGELES • ISADORE HALL, COMPTON • KEITH W. HANKS, AZUSA • JOSÉ HUIZAR, LOS ANGELES • JIM JEFFRA, LANCASTER • TOM LABONGE, LOS ANGELES • PAULA LANTZ, POMONA • BARBARA MESSINA, ALHAMBRA • LARRY NELSON, ARTESIA • PAUL NOWATKA, TORRANCE • PAM O'CONNOR, SANTA MONICA • BERNARD PARKS, LOS ANGELES • JAN PERRY, LOS ANGELES • ED REYES, LOS ANGELES • BILL ROSENDAHL, LOS ANGELES • GREIG SMITH, LOS ANGELES • TOM SYKES, WALNUT • MIKE TEN, SOUTH PASADENA • TONIA REYES URANGA, LONG BEACH • ANTONIO VILLARAIGOSA, LOS ANGELES • DENNIS WASHBURN, CALABASAS • JACK WEISS, LOS ANGELES • HERB J. WESSON, JR., LOS ANGELES • DENNIS ZINE, LOS ANGELES

ORANGE COUNTY: CHRIS NORBY, ORANGE COUNTY • CHRISTINE BARNES, LA PALMA • JOHN BEAUMAN, BREA • LOU BONE, TUSTIN • DEBBIE COOK, HUNTINGTON BEACH • LESLIE DAIGLE, NEWPORT BEACH • RICHARD DIXON, LAKE FOREST • TROY EDGAR, LOS ALAMITOS • PAUL GLAAB, LAGUNA NIGUEL • ROBERT HERNANDEZ, ANAHEIM • SHARON QUIRK, FULLERTON

RIVERSIDE COUNTY: JEFF STONE, RIVERSIDE COUNTY • THOMAS BUCKLEY, LAKE ELSINORE • BONNIE FLICKINGER, MORENO VALLEY • RON LOVERIDGE, RIVERSIDE • GREG PETTIS, CATHEDRAL CITY • RON ROBERTS, TEMECULA

SAN BERNARDINO COUNTY: GARY OVITT, SAN BERNARDINO COUNTY • LAWRENCE DALE, BARSTOW • PAUL EATON, MONTCLAIR • LEE ANN GARCIA, GRAND TERRACE • TIM JASPER, TOWN OF APPLE VALLEY • LARRY MCCALLON, HIGHLAND • DEBORAH ROBERTSON, RIALTO • ALAN WAPNER, ONTARIO

VENTURA COUNTY: LINDA PARKS, VENTURA COUNTY • GLEN BECERRA, SIMI VALLEY • CARL MOREHOUSE, SAN BUENAVENTURA • TONI YOUNG, PORT HUENEME

TRIBAL GOVERNMENT REPRESENTATIVE: ANDREW MASIEL, SR., PECHANGA BAND OF LUISEÑO INDIANS

ORANGE COUNTY TRANSPORTATION AUTHORITY: ART BROWN, BUENA PARK

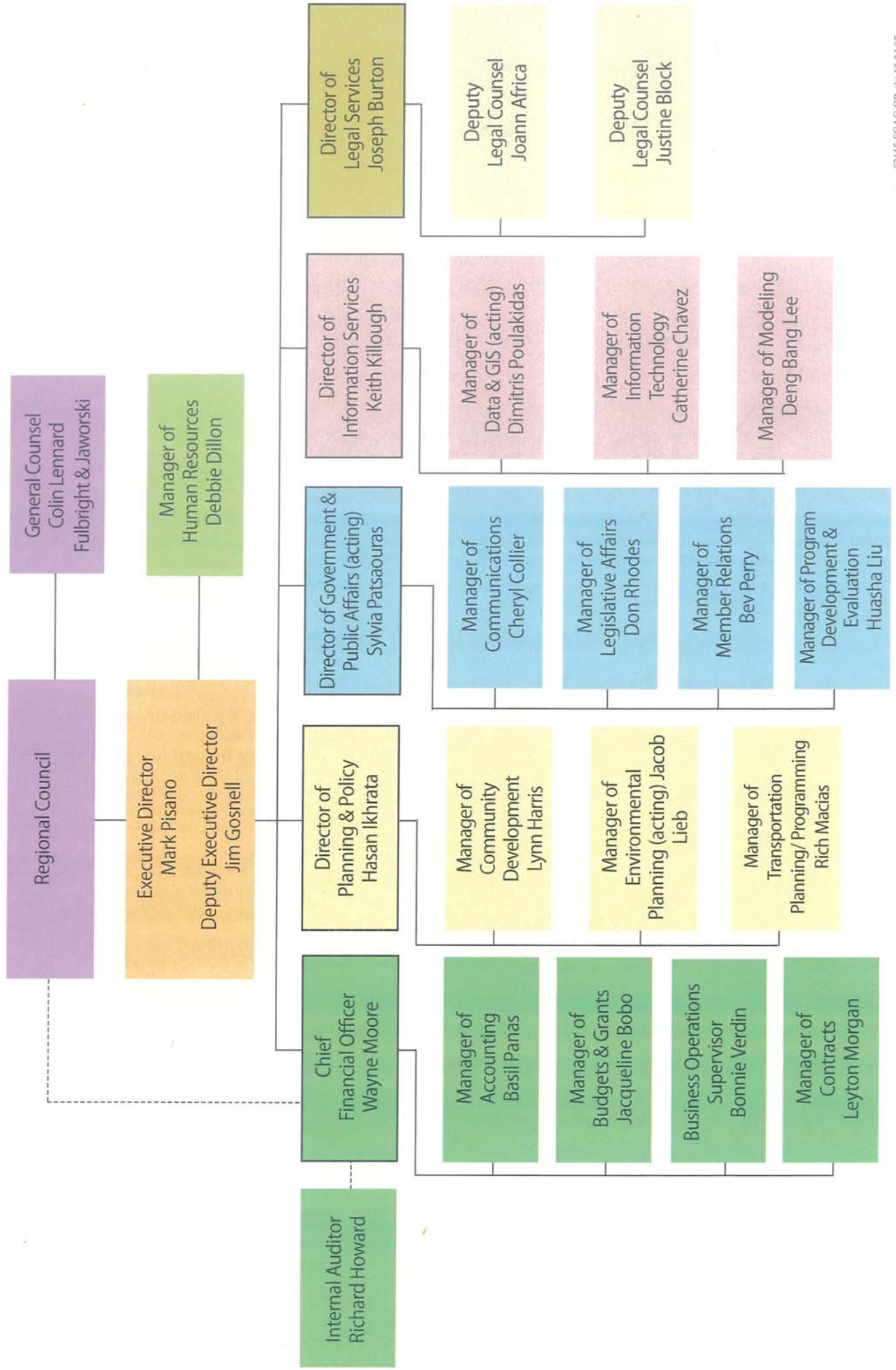
RIVERSIDE COUNTY TRANSPORTATION COMMISSION: ROBIN LOWE, HEMET

SAN BERNARDINO ASSOCIATED GOVERNMENTS: PAUL LEON

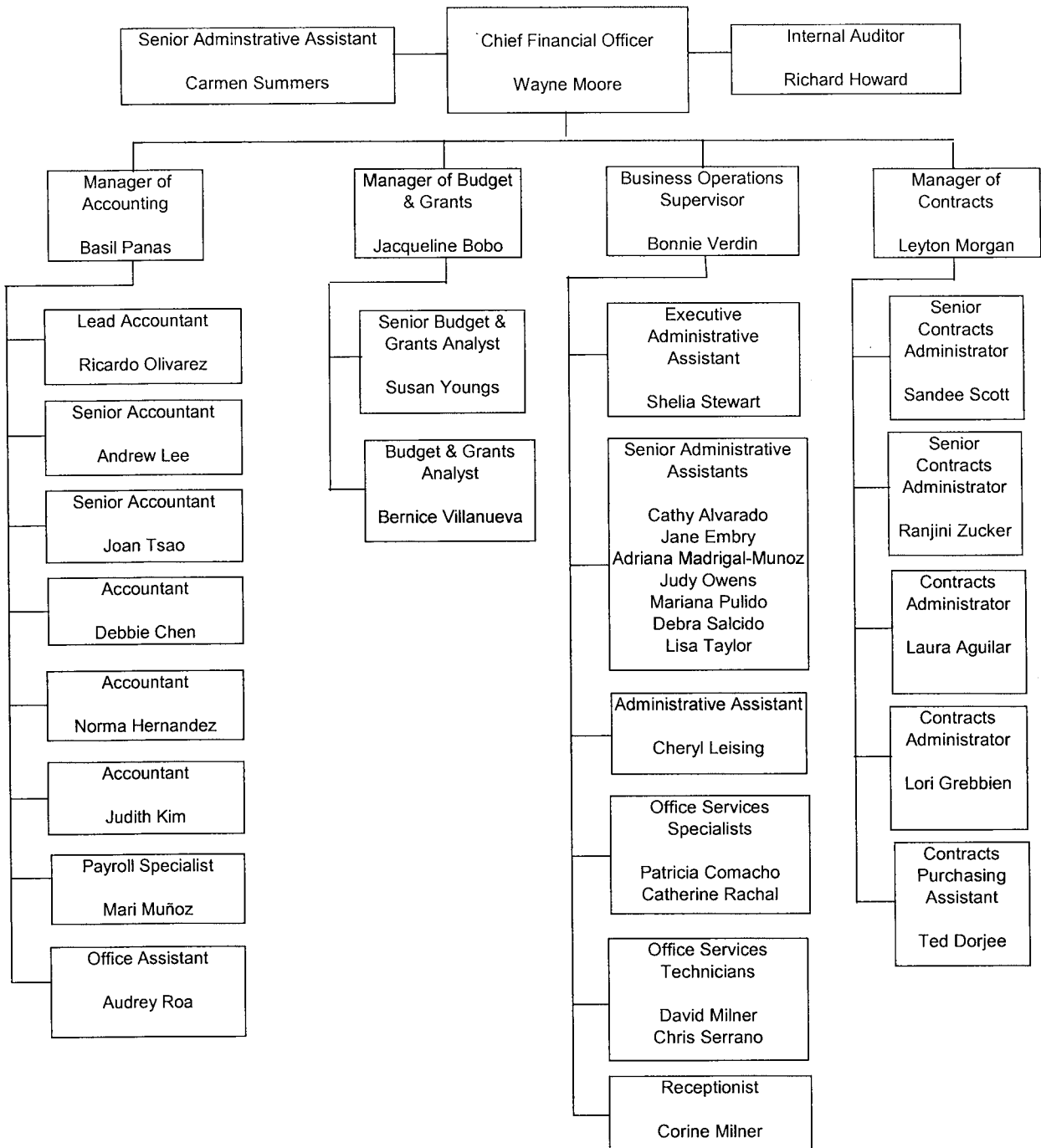
VENTURA COUNTY TRANSPORTATION COMMISSION: KEITH MILLHOUSE, MOORPARK

10/24/07

2007 SCAG Organizational Chart



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Organizational Chart – Finance Department**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Southern California Association of Governments

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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



President

Executive Director

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION & ANALYSIS

INTRODUCTION

This management's discussion and analysis (MD&A) of the Southern California Association of Governments' (SCAG) financial performance provides an overview of the SCAG's financial activities for the fiscal year ended June 30, 2007. This overview should be read in conjunction with the transmittal letter, and the accompanying financial statements, in order to obtain a thorough understanding of SCAG's financial condition.

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

In this MD&A, the Statement of Net Assets and the individual accounts, which comprise total assets and liabilities, are discussed and analyzed for the reader. Specific information about the functional areas of grant revenues reported in the Statement of Activities is also provided. Revenue and expenditure information about transportation, railroad, aviation, high speed rail, housing, and other grants is reviewed. Finally, there is summary information about project work undertaken and completed by SCAG in FY07.

FINANCIAL HIGHLIGHTS

- Revenues increased by 12% in FY07 to \$28.9 million; cash decreased by \$2.1 million; accounts receivable increased by \$4.6 million; and accounts payable increased by \$2.2 million, all compared to FY06.
- Federal revenues increased by \$2.7 million in FY07 compared to FY06; state revenues increased \$0.9 million; local revenues fell by \$0.4 million; General Fund revenues were almost unchanged, giving an aggregate increase of \$3.4 million in net total revenues.
- Net assets increased to \$3.2 million during FY07 from \$2.7 million. The actual increase was \$462,086 and was mostly attributable to the surplus in the Transportation Development Act Fund.
- Cash balances were adequate to support operations despite decreasing \$2.1 million during the year to \$1.8 million.
- There were no draws on SCAG's line of credit FY07. In fact, SCAG has not utilized its line of credit since FY05 (\$3.0 million).
- Accounts Receivables (AR) increased to \$9.5 million in FY07 from \$4.9 million a year earlier, an increase of \$4.6 million. No ARs are past due at year end.
- Accounts Payable (AP) payments to vendors are disbursed on a current basis. AP balances increased to \$6.0 million from \$3.8 million at FY06. All AP obligations are current.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

The government-wide financial statements distinguish between the activities of SCAG that are principally supported by grants or contracts, and the General Fund activities which are intended to be covered by dues paid by SCAG's members. Changes in net assets are a result of the financial activities of the General and TDA funds, not from the grant funds, which operate on a cost-reimbursement basis. The government-wide financial statements can be found on pages 26 and 27 of this report.

FUND-BASED REPORTING

The primary role of fund-based financial statements is fiscal accountability. This means demonstrating whether SCAG complied, in the short term (usually a fiscal year), with the legal restrictions associated with its funding. The governmental funds report the same activities as the government-wide financial statements but they use modified accrual accounting. They report transactions involving *current financial resources* by focusing on: assets that are a form of cash or convertible to cash within the ordinary course of operations and on liabilities that will be settled with current financial resources.

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

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Management's Discussion and Analysis
June 30, 2007

Notes to the Basic Financial Statements

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

The notes to the basic financial statements can be found on pages 32 to 50 of this report.

The Statement of Net Assets

The Statement of Net Assets is prepared using accrual accounting since its measurement focus is total economic resources. Thus, it reports both long- and short-term assets and liabilities. At the end of FY07, assets exceeded liabilities by \$3,165,194 an increase of \$462,086 from FY06, as restated. This mostly results from the increase in the fund balance of the TDA fund.

The following is a summary of net assets as of June 30, 2007 and 2006:

	June 30	
	2007	2006 (as restated*)
Current and other assets	\$ 11,318,207	8,875,994
Capital assets, net	412,828	289,656
Total assets	11,731,035	9,165,650
Current liabilities	7,206,071	5,739,744
Noncurrent liabilities	1,359,770	722,798
Total liabilities	8,565,841	6,462,542
Net assets:		
Invested in capital assets	412,828	289,656
Unrestricted	2,752,366	2,413,452
Total net assets	\$ 3,165,194	2,703,108

* The 2006 amounts have been restated. See note 13.

Cash and Cash Equivalents

Over the last two years, cash has increased to \$1.8 million from \$1.6 million at June 30, 2005. However, during that same period, cash as a percentage of total assets fell from 22% to 16%. This was caused by the increase in activity in FY07, a good portion of which was an outstanding receivable at year-end.

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Included in cash was \$1.5 million of TDA, which remained available for future years, and \$0.4 million of member dues for FY08 received in FY07. It is important to note that the General Fund had advanced \$1.3 million to other funds at year-end in anticipation of grant reimbursements to those funds. This was repaid in FY08.

In an effort to boost returns on cash, SCAG entered into a repurchase agreement with its bank in May 2007. The returns on this program exceeded its costs and forgone bank analysis credits.

Accounts Receivable (AR)

ARs from federal, state, local and others at the end of FY07 were \$9.5 million compared to \$4.9 million the year before. SCAG actively managed AR collections to maximize liquidity. The sizable increase in FY07 is attributable to the growth in operations, as expenditures increased \$3.2 million (13%) in FY07. AR balances represented 81% of total assets compared to 53% and 60% in FY06 and FY05, respectively.

SCAG has continued to monitor ARs. Each AR was fully documented and its collection was carefully monitored. In one case, \$5,277 of ARs determined to be unallowable costs, was charged off to the GF. All reported AR balances are considered current and collectible.

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

Federal ARs grew to \$7.3 million compared to \$4.3 million last year, an increase of \$3.0 million, a result of growth in operations and the surge in invoices that SCAG received at year-end and billed to the State of California. State receivables grew correspondingly. They stood at \$0.9 million up from \$0.1 million the previous year. Local ARs are negligible, primarily because several local funds have paid their share of project commitments in advance.

Accounts Payable (AP)

Paying all vendor invoices within 30 days of receipt continued to be a major objective. The AP balance at FY07 was \$6.0 million compared to \$3.8 million the previous year. As discussed above, the increase (58%) was largely attributable to the fiscal year-end increase in invoices from consultants and subregions, as well as the growth in operations.

Line of Credit (LOC)

There were no draws in FY07 or FY06. This compares favorably with borrowings of \$3.0 million in FY05 and \$19.8 million in FY04. As a result, SCAG continued to avoid interest costs. This is a priority since interest and fees are unallowable costs not chargeable to grants. Thus, they use GF dollars. Interest expense was \$12,504 in FY05 and \$64,064 in FY04.

The LOC was established to provide SCAG with access to cash, if needed, to support ongoing business operations. In prior years, it was a valuable resource to meet the need for cash, while awaiting payment from Caltrans.

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The LOC is a \$5.0 million credit line with an independent financial institution, which expires on December 31, 2007. 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 interest rate specified on the agreement is 8.25%.

Capital Assets

Investment in net capital assets of \$412,828 represents about 13% of net assets. These assets have continuing value, which contribute to the efficiency and effectiveness in conducting SCAG's transportation planning activities. For additional information, the reader is referred to note 4 of the basic financial statements.

Policy with respect to capitalizing assets is that the asset cost must exceed \$5,000 to be recorded as a capital asset and depreciated over time. Net investment in capital assets includes computer equipment, leasehold improvements, and furniture and fixtures as follows:

Summary of Capital Assets

	June 30	
	2007	2006
Computer equipment, net	\$ 268,607	78,735
Leasehold improvements, net	138,168	193,274
Furniture and fixtures, net	6,053	17,647
	\$ 412,828	289,656

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Statement of Activities

	Year ended June 30	
	2007	2006 (as restated*)
REVENUES		
Charges for services – member dues	\$ 1,438,135	1,367,785
Operating grants and contributions	27,198,415	23,883,092
General revenues:		
Interest revenue	146,987	149,276
Other revenue	158,736	413,251
	28,942,273	25,813,404
EXPENSES		
Transportation	25,605,715	20,640,246
High speed rail	443,831	1,773,395
Aviation	626,352	1,019,056
Energy	11,419	—
Environmental	—	156,337
Housing	—	49,769
Social services	96,435	—
Administration	1,618,820	1,595,922
Water	77,615	—
	28,480,187	25,234,725
Change in net assets	462,086	578,679
Net assets – beginning	2,703,108	2,124,429
Net assets – ending	\$ 3,165,194	2,703,108

* The 2006 amounts have been restated. See note 13.

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

Total revenues in FY07 were \$28.9 million compared to \$25.8 million last year, as restated. This is an increase of \$3.1 million or about 13% on the accrual basis of accounting. It reflects the growth in SCAG's programs.

Using accrual basis accounting, revenues grew \$3.1 million, excluding the General Fund, which is discussed later. This increase was made up of a \$2.7 million increase in federal grant revenue, a \$0.9 million increase in state revenue, a decrease in local revenues of \$0.5 million.

Federal revenues were 85% of all revenue while state revenues were 4%, local revenues were 6%; and the GF was 5% of all revenue. SCAG's principal sources of funding are two grants from FHWA and FTA. Together they were 79% of total revenues and are discussed below in more detail.

Major Expenses

In FY07, salary expenses were \$9.4 million and fringe benefits were \$5.0 million for a total of \$14.4 million. This was an increase of \$2.0 over FY06 when salary and fringe benefit expenses were \$7.9 million and \$4.0 million, respectively. Salaries and fringe benefits represent about 47-50% of total expenses. At the end of the year, there were 139 full time employees.

Consultant expenses are the next largest line item, for both direct project and indirect expenses. Consultant expenses increased by 16% to \$10.1 million in FY07 compared to \$8.7 million in FY06, an increase of \$1.4 million. Together they represent about 36% of total expenses. The increase in the level of consultant expenditures partially accounts for the increase in overall revenues in FY07. Detail information concerning specific consultant activities is analyzed below in the discussion about major revenues and expenses of federal, state, local grants and the GF.

Federal Transportation Grants

Major FHWA and FTA grants

SCAG's two major grants are the Metropolitan Planning grant from the Federal Highway Administration (FHWA) of \$21.1 million and the Section 5303 grant from the Federal Transit Administration (FTA) of \$1.6 million. These two federal grants are used to develop regional plans for transportation, growth management, housing development, air quality and other issues of regional significance. In accordance with federal and state laws, SCAG develops a long-range Regional Transportation Plan (RTP) every four years. The RTP lays out the blueprint for Southern California's transportation network and how it can best handle future needs.

These two grants had revenues of \$22.8 million compared to budget of \$32.7 million. FHWA reported revenues and expenses of \$21.1 million and FTA \$1.7 million. Salaries and fringe benefits accounted for \$7.6 million, consultant expenses were \$6.3 million and the balance represented indirect overhead of \$8.1 million and other direct project costs of \$0.8 million. Other direct project expenses include professional services, travel, printing and other.

Other FHWA and FTA grants

In addition to the two major grants, there were four non-major FHWA and FTA grants, which were awarded to SCAG to fund specific project activities. All of the FHWA and FTA grants have been combined in the basic financial statements and are reported as such in this analysis.

The total FHWA budget for FY07 was \$28.3 million and the FTA budget was \$4.4 million for a total of \$32.7 million. The total amount expended was \$21.2 million (FHWA) and \$1.7 million (FTA), for a total of \$22.9 million, or about 70% of their aggregate budgets. The unused grant balances will be carried forward to future years, subject to authorization from Caltrans. The amount of federal revenue for all FHWA and FTA grants represented about 79% of total revenues. This increase from 69% in FY06 represents higher utilization of FHWA funding.

Federal Railroad and Aviation grants

The remaining \$1.6 million of total federal revenues was from nonmajor federal grants. There were seven other grants included in total federal revenues: three Federal Railroad Administration (FRA) grants, and four Federal Aviation Authority (FAA) grants.

Together they represent 6% of total revenues. FRA revenue was \$0.3 million and FAA revenue was \$0.6 million. In FY06, FRA revenues were \$1.8 million and FAA revenues were \$1.0 million. The decrease in FY07 for these grants was \$1.7 million compared to FY06.

Railroad - FRA grants

The total FRA grant was \$0.5 million and was supplemented by additional required cash match contributions to the project of \$0.4 million. The local participants in the project are the San Bernardino Association of Governments, the City of Ontario, and the City of Los Angeles, which all contributed their match share at the inception of the project. Of the total funding of \$0.9 million, about \$0.6 million has been expended, or about 65% of the project. The remaining balance of \$0.3 million will be carried forward to complete the project.

About 96% of the project is consultant work and the balance of 4% is performed by SCAG staff. The advanced planning, conceptual design, and schematic engineering work for the High-Speed Regional Transport (HSRT) system Initial Operating Segment (IOS) was completed in 2006. The IOS segment would connect LAX/West Los Angeles, Los Angeles Union Station, West Covina, and the Ontario International Airport. The completed report was forwarded to the Federal Railroad Administration. The carryover funding will continue work on the High-Speed Rail/Maglev Alternatives Analysis, which is scheduled for completion by June 2008. The Alternatives Analysis will compare speed, ridership, capital, and operating costs and other attributes for High-Speed Rail technology against those of Maglev technology. Also, the Alternatives Analysis will look at two different alignments within the IOS corridor.

Aviation - FAA grants

The total budget for all FAA work was \$0.9 million in FY07 and expenditures were \$0.8 million, or about 89% of the budget. Most of the work done in FY07 was by consultants at 72% and the balance of 28% was SCAG staff work on the four FAA projects.

An Aviation Technical Advisory committee meets on a bi-monthly basis to advise SCAG staff on aviation technical issues. An Aviation Task Force also meets on a bi-monthly basis to advise SCAG staff on aviation policy issues and make policy recommendations to SCAG policy committees. In FY07, a report was completed that surveyed aviation stakeholders in the region for their views on preferred methods of creating a new regional airport governance structure, and recommended an implementation strategy and timeline for creating such a structure. This report was transmitted to the FAA. Work was also performed in developing new 2035 regional aviation demand forecasts and policies for the SCAG's 2008 Regional Transportation Plan.

State grants

State revenues this year were \$1.1 million from four state grants compared to \$0.2 million in FY06. Most of the increase was from the California Regional Blueprint Planning grant amounting to \$0.7 million in FY07 and \$0.05 million in FY06. The grant is only available to Metropolitan Planning Organizations to support requirements, programs, and guidelines that address the need for integrated planning. The Blueprint grant builds upon and expands the SCAG Compass 2% Strategy implementation efforts and integrates it into local planning. The grant provides a wide variety of consultant services to cities, counties, subregions, and County Transportation Commissions in the region. Selected candidates participate in demonstration projects. The type of projects include portions of a General Plan, feasibility studies, visioning workshops, development code and zone change analysis, transit oriented development, create or add to a downtown area, and housing projects.

CETAP revenues in FY07 were \$0.1 million, the same as in FY06.

The other two State grants are for Watershed Planning (\$0.1 million with no match requirement) and a Planning and Research grant of \$0.2 million for various transportation activities with a budgeted match of \$0.4 million.

Local grants

Local revenues were \$1.7 million compared to \$1.6 million in FY06. Most of this represents cash match contributions required for federal grants. The cash match funds are provided by transportation entities in the region that have a stake in the projects being conducted by SCAG.

The total match in FY07 was \$1.0 million, compared to \$0.9 million in FY06, made up mostly of Transportation Development Act (TDA) funding. The TDA fund had revenues of \$1 million and expenditures of \$0.7 million. The TDA resource is an annual apportionment to SCAG of \$1.0 million received from four Transportation Commissions in the region. The funds are primarily used to meet the local match requirement for federal grants.

The fund balance of the Transportation Development Act fund at June 30, 2006, has been restated by \$863,704. SCAG had previously applied reimbursement grant accounting to TDA revenues. Thus, those revenues were recognized only to the extent of allowable expenditures, and unspent amounts were reported as deferred revenues.

However, the provisions of the TDA enabling legislation indicate TDA revenues are better characterized as government-mandated and voluntary nonexchange transactions. Accordingly, fund balance at June 30, 2006, was increased by the amount of previously deferred TDA revenues amounting to \$863,704. See note 13 for further discussion.

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General Fund

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

The comparative summary statement of revenues, expenditures, and changes in fund balances of the GF shown below is reported on a modified accrual basis. In FY07, the fund balance decreased \$853,348. The reader is referred to page 27, which presents the statement of activities on a government-wide basis and reports an increase in net assets of \$462,086.

	Year ended June 30	
	2007	2006
Revenues:		
Membership assessments	\$ 1,438,135	1,367,785
Interest and other	205,945	312,216
Total revenues	1,644,080	1,680,001
Expenditures:		
Transportation	8,301,704	7,294,968
High Speed Rail		129,981
Aviation	106,460	225,550
Energy	5,896	-
Water	40,237	
Housing		26,032
Administration	2,244,573	1,536,062
Capital outlay	247,578	37,822
Total expenditures	10,946,448	9,250,415
Deficiency of revenues over expenditures	(9,302,368)	(7,570,414)
Other financing sources (uses):		
Transfers in	8,454,297	7,801,604
Transfers out	(5,277)	(231,896)
Net change in fund balance	(853,348)	(706)
Fund balance, beginning of year	2,714,955	2,715,661
Fund balance, end of year	\$ 1,861,607	2,714,955

Dues assessed to member jurisdictions

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

The RC has implemented informal practices and 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. A second amendment was approved to limit voting privileges to RC members from jurisdictions whose dues are not paid by a certain date.

Member dues collections improved slightly in FY07 to \$1,438,135 from \$1,367,785 in FY06, an increase of about 4.5%. This represents a dues increase equivalent to the Consumer Price Index. Dues revenue also exceeded budget by \$21,532, thanks to greater membership and fewer delinquencies.

Other GF revenues and interest income

Total other revenues decreased in FY07 to \$58,959 compared to \$147,400 in FY06. The decrease represents a lower level of sponsored conferences accounted for in the GF.

Interest income decreased slightly from \$149,276 in FY06 to \$146,987. Although invested cash fell lower than last year at year-end, the repurchase agreement supplemented interest earnings. Cash that is not needed as working capital to support daily operations is invested in the Los Angeles County Investment Pool. The County Pool investment policy provides that public funds are invested for the maximum security of principal with secondary emphasis on achieving the highest return. The reader is referred to the Note 2 – Cash and Cash Equivalents for additional information.

GF Budget vs. Actual Expenditures

GF expenditures overall were \$1.7 million compared to the budget of \$1.5 million, a negative variance 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, legal fees, interest, and charges for uncollectible ARs.

The overrun occurred when capital costs of approximately \$247,000 were transferred from Indirect Cost to the General Fund because capital costs over \$5,000 are depreciated in the General Fund and recovered over a period of time. In addition, costs in excess of \$600,000 were incurred by the General Fund for the Regional Housing Needs Assessment (RHNA) process. RHNA costs consumed all available budget in the General Fund.

Next Year's Budgets

SCAG's aggregate grant budget, called the Overall Work Program (OWP), for FY08 is \$42.0 million compared to the grant budget in FY07 of \$40.9 million, a net increase of \$1.1 million or

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2.7%. Most OWP funding comes from the Federal government (80%), 13% comes from local sources, and 6% from the State of California.

Requests for Information

This report is designed to provide a general overview of SCAG finances for readers of the Comprehensive Annual Financial Report. Detailed questions concerning any of the information in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Southern California Association of Governments, 818 West 7th Street, 12th Floor, Los Angeles, California 90017.

BASIC FINANCIAL STATEMENTS

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Statement of Net Assets
June 30, 2007

ASSETS

Cash and cash equivalents (note 2)	\$ 1,826,574
Receivables:	
Federal grants	7,330,852
State grants and contracts	878,792
Local grants and contracts	15,888
Other	1,250,947
Other assets	15,154
Capital assets, net (note 4)	<u>412,828</u>
Total assets	<u>11,731,035</u>

LIABILITIES

Accounts and contracts payable	6,021,834
Accrued liabilities	237,141
Unearned revenues (note 3)	947,096
Noncurrent liabilities (notes 8 and 10):	
Due within one year	692,720
Due in more than one year	<u>667,050</u>
Total liabilities	<u>8,565,841</u>

Commitments and contingencies (notes 6, 7, 9, and 11)

NET ASSETS

Invested in capital assets (note 4)	412,828
Unrestricted	<u>2,752,366</u>
Total net assets	<u>\$ 3,165,194</u>

See notes to financial statements.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Statement of Activities
Year ended June 30, 2007

			Program revenues		Net (expenses) revenues and change in net assets 2007
	Expenses	Indirect expenses allocation	Charges for services – member dues (note 9)	Operating grants and contributions	
Functions/programs:					
Transportation	\$ 17,304,011	8,301,704	—	25,942,763	337,048
Aviation	519,892	106,460	—	626,352	—
High speed rail	443,831	—	—	443,831	—
Social services	96,435	—	—	96,435	—
Water	37,378	40,237	—	77,615	—
Energy	5,523	5,896	—	11,419	—
Administration	10,073,117	(8,454,297)	1,438,135	—	(180,685)
Total governmental activities	28,480,187	—	1,438,135	27,198,415	156,363
General revenues:					
Interest income					146,987
Other revenue					158,736
Total general revenues					305,723
Change in net assets					462,086
Net assets at beginning of year, as previously stated					1,839,404
Prior period adjustment					863,704
Net assets at beginning of year, as restated					2,703,108
Net assets – ending					\$ 3,165,194

See notes to financial statements.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Balance Sheet
Governmental Funds
June 30, 2007

Assets	General Fund	FTA Fund	FHWA Fund	Nonmajor Funds	Total
Cash and cash equivalents (note 2)	\$ 1,826,574	—	—	—	1,826,574
Receivables:					
Federal grants	—	1,434,792	5,353,108	542,952	7,330,852
State grants and contracts	—	—	—	878,792	878,792
Local grants and contracts	—	—	—	15,888	15,888
Other	1,250,947	—	—	—	1,250,947
Due from other funds (note 5)	4,048,278	—	—	2,749,581	6,797,859
Other assets	15,154	—	—	—	15,154
Total assets	\$ 7,140,953	1,434,792	5,353,108	4,187,213	18,116,066
Liabilities and Fund Balances					
Accounts and contracts payable	\$ 936,726	1,260,770	1,879,575	1,944,763	6,021,834
Accrued liabilities	120,073	—	105,635	11,433	237,141
Due to other funds (note 5)	2,749,581	174,022	3,367,898	506,358	6,797,859
Unearned revenues (note 3)	1,472,966	—	—	523,907	1,996,873
Total liabilities	5,279,346	1,434,792	5,353,108	2,986,461	15,053,707
Fund balances – undesignated	1,861,607	—	—	1,200,752	3,062,359
Total liabilities and fund balances	\$ 7,140,953	1,434,792	5,353,108	4,187,213	18,116,066

See notes to financial statements.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Reconciliation of Total Governmental Fund Balances to
Net Assets in the Statement of Net Assets
June 30, 2007

Total governmental fund balances		\$ 3,062,359
Amounts reported for governmental activities in the accompanying statement of net assets are different because:		
Refund of premiums from the Joint Powers Insurance Authority are to be collected in the long-term; they are therefore not reported in the governmental fund financial statements		355,367
Under recovered indirect costs during the year are to be recovered in the long-term; they are therefore not reported in the governmental fund financial statements		694,410
Capital assets, net of accumulated depreciation of \$5,070,556 used in governmental activities are not financial resources; they are therefore not reported in the governmental fund financial statements		412,828
Deferred credits recorded on the statement of net assets are not considered to be fund liabilities as they are not expected to be liquidated with current financial resources		(406,441)
Compensated absences liabilities are not due and payable at year end; they are therefore not reported in the governmental fund financial statements		(773,389)
Net pension obligations are not due and payable at year end; they are therefore not reported in the governmental fund financial statements		<u>(179,940)</u>
Net assets		<u>\$ 3,165,194</u>

See notes to financial statements.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2007

	General Fund	FTA Fund	FHWA Fund	Nonmajor Funds	Total
Revenues:					
Federal grants, net	\$ —	1,676,368	21,110,322	1,581,930	24,368,620
State grants and contracts	—	—	—	1,148,805	1,148,805
Local grants and contracts	—	—	—	1,678,332	1,678,332
Membership assessments (note 9):					
Cities	1,125,866	—	—	—	1,125,866
Counties	262,269	—	—	—	262,269
Commission	50,000	—	—	—	50,000
Interest and other	205,945	—	—	—	205,945
Total revenues	1,644,080	1,676,368	21,110,322	4,409,067	28,839,837
Expenditures:					
Transportation	8,301,704	1,676,368	12,970,779	2,658,189	25,607,040
Aviation	106,460	—	—	520,793	627,253
High speed rail	—	—	—	443,831	443,831
Energy	5,896	—	—	5,575	11,471
Water	40,237	—	—	37,719	77,956
Social services	—	—	—	96,435	96,435
Administration	2,244,573	—	—	—	2,244,573
Capital outlay	247,578	—	—	—	247,578
Total expenditures	10,946,448	1,676,368	12,970,779	3,762,542	29,356,137
Excess (deficiency) of revenues over expenditures	(9,302,368)	—	8,139,543	646,525	(516,300)
Other financing sources (uses):					
Transfers in	8,454,297	—	5,277	—	8,459,574
Transfers out	(5,277)	—	(8,144,820)	(309,477)	(8,459,574)
Net change in fund balance	(853,348)	—	—	337,048	(516,300)
Fund balances at beginning of year, as previously reported	2,714,955	—	—	—	2,714,955
Prior period adjustment	—	—	—	863,704	863,704
Fund balances at beginning of year, as restated	2,714,955	—	—	863,704	3,578,659
Fund balances, end of year	\$ 1,861,607	—	—	1,200,752	3,062,359

See notes to financial statements.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year ended June 30, 2007

Net change in fund balances – total governmental funds	\$ (516,300)
Amounts reported for governmental activities in the accompanying statement of activities are different because:	
Refund of premiums from the Joint Powers Insurance Authority are to be collected in the long-term are not reported in the fund balances	105,056
Under recovered indirect costs during the year are to be recovered in the long-term are not reported in the fund balances	694,410
Governmental funds report capital outlays as expenditures. However, in the statement of activities those assets costs are allocated over their respective estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	123,172
Deferred credits and compensated absences liabilities are not recorded in the governmental funds and the corresponding changes in these balances are not reflected in the change in fund balance:	
Deferred credits	162,584
Compensated absences liabilities	(58,825)
Expenses reported in the statement of activities which do not require the use of current financial resources are not reported as expenditures in governmental funds:	
Increase in net pension obligation	<u>(48,011)</u>
Change in net assets of governmental activities	<u>\$ 462,086</u>

See notes to financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Background

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

The region served by SCAG includes the counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura as well as cities in the boundaries of these counties. SCAG works with the region's agencies and decision makers to develop long-range regional plans and strategies that provide for efficient movement of people, goods, and information; enhance economic growth and improve the quality of life. These plans can be used as a guide in addressing issues of regional/subregional concern and to help local agencies meet federal and state planning mandates. SCAG's policies and programs are governed by a 76-member Regional Council (RC). Members of the RC are locally elected officials who are appointed to serve two-year terms by their respective local jurisdictions. RC officers are elected by the RC membership and serve a one-year term.

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

(b) Government-wide and Fund Financial Statements

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

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

Government-wide Financial Statements

Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) display information about SCAG as a whole. All of SCAG's operations represent governmental activities and SCAG has no business-type activities. All significant interfund activity has been eliminated. Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. There are no major revenue sources, which are susceptible to accrual. Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Notes to Financial Statements
Year ended June 30, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements (continued)

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

In general, expenses related to a predetermined fixed rate percentage applied to direct labor and fringe benefit are reported as indirect costs. Indirect costs are initially recorded as administrative expenses in the statement of activities and then allocated out to other functions in a separate column titled "indirect costs allocations." SCAG policy for the allocation of indirect costs states they are allocated equitably to projects using the guidance, standards, and objectives contained in federal and state regulation. Specifically, the Federal Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State and Local Governments*, is the primary reference, and the *Local Assistance Procedure Manual* is the State of California reference. SCAG is permitted by these regulations to allocate indirect cost to projects using a predetermined fixed rate percentage applied to direct labor and fringe benefit costs incurred. The underlying documentation for the calculation of the fixed rate is submitted annually in advance to the State of California Audits and Investigations for analysis and approval of the fixed rate to be used in the following year. Upon approval of the Indirect Cost Allocation Plan, SCAG can use the rate to allocate indirect costs to grants, contracts, and other agreements with the Federal Government and the California Department of Transportation (Caltrans).

Governmental Funds Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements (continued)

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

(c) Major Funds

SCAG considers the following funds as major governmental funds:

Governmental Funds

- **General Fund** – The General Fund is available for any authorized purpose and is used to account for all financial activities of SCAG not required or allowed to be accounted for in another fund. The General Fund's main source of revenue is membership dues, which are assessed and collected from the members of SCAG. The General Fund is the primary internal source of working capital.
- **Federal Transit Administration (FTA)** – This fund is established to account for revenues from the Federal Transit Administration. These funds are available and restricted to support expenditures for specifically identified purposes and projects.
- **Federal Highway Administration (FHWA)** – This fund is established to account for revenues from the Federal Highway Administration under separate granting procedures. These funds are available and restricted to support expenditures for specifically identified purposes and projects.

(d) Grant Revenues

All major and nonmajor fund revenues are recognized as program revenue to the extent that allowable expenditures under the grant have been incurred and amounts are considered measurable and available. Grant expenditures incurred in excess of grant revenues available are funded by the General Fund or other allowable funds by transfers. 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 related to grant programs already completed and closed out by SCAG are recorded as administration expenditures of the General Fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) *Unearned Revenue and Advances*

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

(f) *Deferred Credits*

SCAG's rental cost associated with its operating lease for office space is recognized on the straight-line basis in the government-wide financial statements. The difference between cash payments and straight-line rent expense results in a credit balance that is included in deferred credits in the government-wide financial statements. SCAG also received a benefit from certain tenant improvement allowances granted at the inception of its lease, which were recorded as deferred credits. Deferred lease credits are amortized on a straight-line basis over the lease term. The related deferred credits are not, however, reported in the accompanying fund financial statements as they are not expected to be liquidated with current financial resources. They are reported in the Statement of Net Assets as noncurrent liabilities (Note 8).

(g) *Capital Assets*

Capital assets, which include furniture and fixtures, computer equipment and leasehold improvements, are reported in the governmental activities in the accompanying government-wide financial statements. Capital assets are defined by SCAG as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at cost if purchased or constructed. Donated capital assets, if any, are recorded at estimated fair value at the date of donation.

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

Equipment	3 years
Leasehold improvements	12 years
Furniture and fixtures	3 to 7 years

(h) *Compensated Absences*

It is SCAG's policy to permit employees to accumulate earned but unused vacation benefits. Employees are paid 100% of their accumulated vacation when they terminate employment for any reason. All vacation is accrued when incurred in the government-wide financial statements as compensated absences. It is estimated that a substantial part of the liability for compensated absences will be used in the subsequent period. There is no liability reported in governmental funds for vested or accumulated vacation leave of employees as of June 30, 2007.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Notes to Financial Statements
Year ended June 30, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Cash and Cash Equivalents

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

(j) Use of Estimates

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

(k) Change in Accounting Policy

Effective July 1, 2004, SCAG changed its accounting policy for the presentation of the general fund budgetary comparison information. SCAG now presents the general fund budget and actual on a budgetary basis in the required supplementary information to the basic financial statements as permitted by U.S. GAAP.

NOTE 2 CASH AND CASH EQUIVALENTS

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

Book balance deposits with financial institutions	\$ 315,300
Cash and cash equivalents in County of Los Angeles Treasury	1,510,824
Petty cash	450
	<u>\$ 1,826,574</u>

(a) Deposits

At June 30, 2007 SCAG's cash and cash equivalents consisted of deposits with the County of Los Angeles Treasury, deposits with an independent financial institution, and petty cash on hand, all of which are presented in the accompanying basic financial statements at fair value.

Independent Financial Institution

At June 30, 2007 SCAG's carrying amount of cash in checking accounts was \$315,300 while the bank balance was \$760,039, the difference is attributable to outstanding checks.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Notes to Financial Statements
Year ended June 30, 2007

NOTE 2 CASH AND CASH EQUIVALENTS (Continued)

(b) Deposits (continued)

Of the bank balance in financial institutions, the Federal Deposit Insurance Corporation covered \$100,000, while the remaining \$660,039 is collateralized pursuant to signed agreements. The financial institutions are legally required by the California Government Code to collateralize SCAG's deposits by pledging government securities. The pledging financial institution's trust department holds the collateral in the depositor's name. The fair value of the pledged securities is greater than 110% of SCAG's deposit balance.

(c) Investments Authorized by SCAG'S Investment Policy

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

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

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Notes to Financial Statements
Year ended June 30, 2007

NOTE 2 CASH AND CASH EQUIVALENTS (Continued)

(d) County of Los Angeles Treasurer's Pool

At June 30, 2007 and as permitted by California Government Code Section 53635, a portion of SCAG's cash balance totaling \$1,510,824 was on deposit in the County Pool. Such investments are stated at fair value. SCAG's investments in the County Pool represent less than 1% of the County Pool's investments. The County Treasurer prepares an *Investment Policy Statement* (policy) annually, which is presented to the Board of Supervisors for approval. The policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the California Government Code, and in general, the Treasurer's policy is more restrictive than state law. The County Pool is not rated, and the following is a summary of the maturity ranges of the County Pool's investments:

Description	Weighted average maturity in years	Relative % of total pool
U.S. government securities	1.46	48%
Negotiable certificates of deposit	0.25	16
Commercial paper	0.03	32
Corporate and deposit notes	0.59	4

(e) Repurchase Agreement

In May 2007, SCAG entered into a repurchase agreement with its bank. The returns on this program exceeded its costs and forgone bank analysis credits.

NOTE 3 UNEARNED REVENUES

(a) Indirect Overhead

Indirect costs are budgeted and actual costs are allocated and recovered from all grantors based on a predetermined fixed rate percentage applied to the sum of actual direct labor and fringe benefit cost incurred. The annual budget and the calculations of the fixed rate percentage are reviewed, negotiated, and approved annually by the California Department of Transportation (Caltrans). A cost allocation plan is prepared and submitted to Caltrans in accordance with procedures of the Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State and Local Governments and the State Local Assistance and Procedure Manual*. Variations between actual indirect costs incurred and the allocated and recovered amounts are recorded as receivables or liabilities, as the case may be, and are allowed by Caltrans to be carried forward in future years' indirect cost allocation plan.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Notes to Financial Statements
Year ended June 30, 2007

NOTE 3 UNEARNED REVENUES (Continued)

(a) Indirect Overhead (continued)

An underrecovery of \$18,191 was carried forward from fiscal 2006 and the total under recovered indirect costs for fiscal 2007 is included in the General Fund as other assets. The fixed percentage rate that was approved by Caltrans and used for fiscal 2007 was 107.54% of salaries plus fringe benefits. A reconciliation of the carryforward to fiscal 2008 follows:

		Indirect costs
Indirect costs	\$	9,232,435
Indirect costs recovered		8,538,025
Under recovered indirect costs		694,410
Under recovered indirect costs, beginning of year		18,191
Under recovered indirect costs, end of year	\$	712,601

The under recovered indirect costs for the year ended June 30, 2007 amounting to \$694,410 is shown as unearned revenue in the Governmental Fund statements as this amount will be carried forward, as an adjustment to the calculation of the indirect cost rate to the second fiscal year subsequent to fiscal year 2006-2007.

(b) Membership Dues

Cash received as of June 30, 2007 for member dues for the following year amounted to \$420,678.

(c) Grant Advances

Cash advances received from various grantees and not yet expended at June 30, 2007 amounted to \$510,074. The amount is reported as unearned revenue in the Governmental Funds statements.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Notes to Financial Statements
Year ended June 30, 2007

NOTE 4 CAPITAL ASSETS

SCAG's capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions/</u> <u>adjustments</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
Capital assets being depreciated:				
Computer equipment	\$ 3,509,217	247,577	-	3,756,794
Leasehold improvements	871,099	-	-	871,099
Furniture and fixtures	855,491	-	-	855,491
Total capital assets being depreciated	<u>5,235,807</u>	<u>247,577</u>	<u>-</u>	<u>5,483,384</u>
Less accumulated depreciation and amortization for:				
Computer equipment	(3,430,481)	(57,705)	-	(3,488,186)
Leasehold improvements	(677,826)	(55,106)	-	(732,932)
Furniture and fixtures	(837,844)	(11,594)	-	(849,438)
Total accumulated depreciation and amortization	<u>(4,946,151)</u>	<u>(124,405)</u>	<u>-</u>	<u>(5,070,556)</u>
Capital assets, net	\$ <u>289,656</u>	<u>123,172</u>	<u>-</u>	<u>412,828</u>

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

Transportation	\$ 117,686
Aviation	1,493
Social services	622
Energy	125
Administration	4,479
	<u>\$ 124,405</u>

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Notes to Financial Statements
Year ended June 30, 2007

NOTE 5 INTERFUND BALANCES

Interfund due to/from amounts at June 30, 2007 were as follows:

	<u>Due from Other Fund</u>	<u>Due to Other Fund</u>
Major Governmental Funds:		
General Fund	\$ 4,048,278	2,749,581
FTA Fund	-	174,022
FHWA Fund	-	3,367,898
Total	<u>4,048,278</u>	<u>6,291,501</u>
Nonmajor Governmental Funds	2,749,581	506,358
Total Funds	<u>\$ 6,797,859</u>	<u>6,797,859</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 funds portion of these transactions. Interfund balances have been eliminated in the government-wide financial statements.

Following is a summary of transfers between funds during the year ended June 30, 2007:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	FHWA Fund	\$ 8,144,820	Allocation of indirect cost
	Nonmajor Funds	309,477	Allocation of indirect cost
		<u>\$ 8,454,297</u>	
FHWA Fund	General Fund	\$ 5,277	Disallowed costs from FHWA grant

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

NOTE 6 COMMITMENTS AND CONTINGENCIES

(a) Grants

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

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Notes to Financial Statements
Year ended June 30, 2007

NOTE 6 COMMITMENTS AND CONTINGENCIES (Continued)

(b) Contract Commitments

At June 30, 2007, SCAG is contractually committed to pay for certain future transportation, technical, and other planning consulting services aggregating \$5,438,473.

(c) Lease Commitments

At June 30, 2007, minimum lease commitments under noncancelable operating leases with initial terms of one year or more are as follows:

Fiscal year ending:	
2008	\$ 1,602,024
2009	1,652,744
2010	968,164
2011	<u>284,106</u>
Total	<u>\$ 4,507,038</u>

(d) Contingent Liabilities

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

Caltrans has completed a preaward evaluation of the Orange County Council of Governments (OCCOG), a subregion that receives funding support from SCAG. In its report dated May 24, 2006, Caltrans reported finding material deficiencies in OCCOG's financial management system and recommended that OCCOG reimburse SCAG all staff costs billed from July 2001 through December 2004 and a portion of January through April 2005. The tentative amount of these staff costs is \$866,000. However, the final disposition of this matter has not been determined administratively by Caltrans and the Federal Highway Administration (FHWA) at this time. Accordingly, SCAG's management believes that no final result should be reflected in SCAG's basic financial statements until Caltrans and FHWA conclude their administrative process.

(e) Risk Management

SCAG is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SCAG is a member of the Joint Powers Insurance Authority (Authority) and participates in certain self-insurance programs for general liability and workers' compensation as described herein. In addition, it has purchased All-Risk Property Insurance with an insured value of \$5.2 million. Administrative expenses are paid from the Authority's investment earnings.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Notes to Financial Statements
Year ended June 30, 2007

NOTE 6 COMMITMENTS AND CONTINGENCIES (Continued)

(e) Risk Management (continued)

During the year ended June 30, 2007, the premium for general liability coverage was \$178,626 and for workers' compensation it was \$230,097. An account receivable of \$150,397 was recorded in the general fund to account for the refund from the JPIA received in July 2007. The refund represented 25% of its March 2007 Retrospective Deposit Computation.

The JPIA Executive Committee has adopted a "rolling" retro payment and refund schedule for members. One-fourth of the retro amount is paid or refunded each year. The effect is that payments and refunds will partially net out, thus reducing cash flow fluctuations from year to year. The balance of \$355,367 was not reported in the governmental fund financial statements, but reported as an account receivable and revenue in the government-wide financial statements.

The Authority is composed of 107 California public entities and is organized under a joint powers agreement pursuant to California Government Code, Section 6500 et seq. The Authority's purpose is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance and reinsurance, and to arrange the group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the board of directors. The board operates through a nine-member Executive Committee.

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

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

SCAG also provides health insurance, vision, and dental benefits to employees under fully insured plans. The benefits are funded on a pay-as-you-go basis in which SCAG pays premiums 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, 2007, SCAG paid \$776,405 of health insurance premiums and \$115,169 of vision and dental insurance premiums, as well as \$559,237 to employees who had no health insurance elections.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Notes to Financial Statements
Year ended June 30, 2007

NOTE 7 LINE OF CREDIT

SCAG has a \$5.0 million line of credit arrangement with an independent financial institution, which expires on December 31, 2007. The LOC was not used in the year ended June 30, 2007. 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. At June 30, 2007 and 2006, 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, 2007, SCAG management believes it was in compliance with the financial covenants.

NOTE 8 LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2007 was as follows:

	Balance, June 30, 2006	Additions	Deletions	Balance, June 30, 2007	Due within one year
Compensated absences	\$ 714,564	448,042	(389,217)	773,389	530,141
Deferred credits	569,025	—	(162,584)	406,441	162,579
Net pension obligation	131,929	107,418	(59,407)	179,940	—
Total \$	1,415,518	555,460	(611,208)	1,359,770	692,720

NOTE 9 RELATED PARTY TRANSACTIONS

For the year ended June 30, 2007, SCAG recorded \$1,438,135 as membership revenue. These revenues are received from member cities, counties, Transportation Commissions and the Pechanga Band of Luiseno Indians whose representatives also serve on the Regional Council of SCAG. Such revenues are shown as membership assessments in the accompanying basic financial statements. The individual member assessments are calculated by a fixed base amount plus a pro rata allocation based on population. The bylaws of SCAG specify the method of calculation for the annual member assessments.

NOTE 10 RETIREMENT PLANS

Defined Benefit Pension Plan

(a) *Plan Description*

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

(b) *Funding Policy*

The retirement contribution by active employees is 7% of their eligible salary; however SCAG has elected to pay this amount on behalf of the employee. SCAG also contributes an additional amount based on the actuarially-required amounts determined by CalPERS to fund the retirement benefits. The employer contribution rate for the year ended June 30, 2007 was 11.409% of the total annual eligible payroll. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by state statute, and the employer contribution rate is established and may be amended by CalPERS.

(c) *Annual Pension*

For the fiscal year ended June 30, 2007, SCAG's annual required contribution was \$1,797,659. The required contribution for fiscal year 2006-2007 was determined as part of the June 30, 2005 actuarial valuation using the entry-age-normal-actuarial-cost method and the contributions are determined as a level percent of payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.25% to 14.45% depending on age, service and type of employment, (c) an assumed annual inflation rate of 3.00% and (d) an overall payroll growth rate of 3.25%. The valuation of the plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period, depending on the size of investment gains and/or losses. The plan's unfunded actuarial accrued liability is being amortized over a closed average remaining period of twenty two years as of the valuation date. The amortization method is a level percent of payroll. The amortization payment may not be lower than the payment calculated over a thirty year period.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Notes to Financial Statements
Year ended June 30, 2007

NOTE 10 RETIREMENT PLANS (Continued)

Defined Benefit Pension Plan (continued)

(d) *Three-Year Trend Information*

	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
Fiscal year ended June 30:			
2005	\$ 684,081	100%	—
2006	1,024,439	100	—
2007	1,797,659	100	—

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

	<u>Entry age normal accrued liability</u>	<u>Actuarial value of assets</u>	<u>Unfunded (overfunded) liability</u>	<u>Funded ratio</u>	<u>Annual covered payroll</u>	<u>UAAL as a percentage of payroll</u>
Valuation date:						
6/30/04	\$53,618,820	\$49,497,246	\$4,121,574	92.3	\$8,917,523	46.2
6/30/05	58,715,758	53,673,999	5,041,759	91.4	8,340,644	60.4
6/30/06	62,396,653	57,737,343	4,659,310	92.5	8,536,649	54.6

Supplemental Defined Benefit Pension Plan

(a) *Plan Description*

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

NOTE 10 RETIREMENT PLANS (Continued)

Supplemental Defined Benefit Pension Plan (continued)

(a) *Plan Description (continued)*

The PARS' trust administrator is the Phase II Systems, which was appointed by the member agencies affiliated with the trust. The Union Bank of California, N.A. is the appointed trustee and has full power and authority with respect to property held in the trust. The distributions by PARS are in addition to the retirement benefits received from PERS. Distributions are paid consistent with the method of distribution by PERS, including an annual two-percent (2%) compounding cost-of-living adjustment effective each year on May 1st.

A participant is fully vested and eligible to receive benefits under the Plan, if designated by the plan administrator. There are 11 designated participants, and the amount of their monthly distribution is stated in the Plan. It is anticipated that there will not be any future eligible participants added to the Plan.

The Plan provides a lifetime retirement benefit in the amount specified in the Plan with respect to each participant. At the effective date of the Plan, the amount of the supplementary benefit was determined based on the participant's selection from various retirement benefit options available.

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

(b) *Funding Policy*

Through 2007, SCAG has paid to PARS an amount sufficient only to pay the actual required retirement benefit to each of the retirees. The Plan has been funded on a pay-as-you-go basis determined exclusively by the monthly benefit liability to each retiree. The amount calculated to be paid to each retiree is stated in the Plan agreement and changes only for the 2% annual cost-of-living adjustment. SCAG has paid the quarterly contributions to PARS at the end of the preceding quarter, and the actual supplemental distributions are paid monthly to each retiree by PARS. The Plan contributions were not calculated based on the results of an actuarial valuation.

SCAG management changed the funding of the Plan for the year ended June 30, 2006 to conform with U.S. Generally Accepted Accounting Principles. The method of calculating the ARC has been changed from a pay-as-you-go method to an advance funded plan based on an actuarial valuation. Accordingly, an actuarial valuation was performed by an independent actuary as of 2005 and 2006. The actuarial methods and assumptions used were determined by the actuary based on a closed plan where no new members will be added in the future.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Notes to Financial Statements
Year ended June 30, 2007

NOTE 10 RETIREMENT PLANS (Continued)

Supplemental Defined Benefit Pension Plan (continued)

(c) *Funding Policy (continued)*

The amount of the ARC 2007 was determined by an actuarial valuation as of June 30, 2006. The net pension obligation (NPO) at June 30, 2007 was calculated based on the ARC, less the payments of \$59,407 made on the pay-as-you-go method, plus interest at 6% on the prior year NPO. No adjustment was made for prior year's underfunding. It is reported as a liability of \$179,940 in the *Statement of Net Assets* in long-term liabilities.

(c) *Annual Pension*

For the fiscal year 2006 – 2007, SCAG's annual actuarially determined pension cost was \$99,503. It was calculated as part of the actuarial valuations using the actual retirement benefits due to each retiree. The actuarial assumptions were (a) a 6% investment rate of return, (b) an annual 2% cost-of-living increase, and (c) and the Group Actuarial Mortality Statistics. The actuarial value of the plan's assets was determined by the actual fund balance in the Plan.

(d) *Three-year Trend Information*

	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
Fiscal year ended June 30:			
2005	\$ 80,655	53%	\$ 95,832
2006	94,340	45	131,929
2007	107,418	60	179,940

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

	Entry age normal accrued liability	Actuarial value of assets	Unfunded liability	Funded ratio	Annual covered payroll	UAAL as a percentage payroll
June 30, 2005	\$ 738,580	\$ -	\$ 738,580	—	N/A	N/A
June 30, 2006	738,580	424	738,157	—	N/A	N/A
June 30, 2007	705,850	—	705,850	—	N/A	N/A

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Notes to Financial Statements
Year ended June 30, 2007

NOTE 10 RETIREMENT PLANS (Continued)

Supplemental Defined Benefit Pension Plan (continued)

(f) Net Pension Obligation

	2007	2006
Actuarially determined contribution	\$ 99,503	94,615
Interest on NPO	7,915	5,750
Adjustment	—	(6,025)
Annual pension cost	\$ 107,418	94,340
Contributions made	(59,407)	(58,243)
Increase in NPO	48,011	36,097
NPO beginning of year	131,929	95,832
NPO end of year	\$ 179,940	131,929

NOTE 11 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, 2007, plan assets totaling \$3,684,212 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 12 POSTEMPLOYMENT BENEFITS

SCAG provides medical insurance coverage to its retired employees. These retired individuals are entitled to a monthly insurance premium benefit toward the cost of a retiree's insurance premium to a maximum of \$550 per month. The benefits are funded on a pay-as-you-go basis. For the year ended June 30, 2007, SCAG provided and paid for medical insurance premium benefits for 61 retired employees at a total cost of \$359,974.

NOTE 13 RESTATEMENT

The fund balance of the Transportation Development Act (TDA) fund at June 30, 2006, has been restated by \$863,704. SCAG had previously applied reimbursement grant accounting to TDA revenues. Thus, those revenues were recognized only to the extent of allowable expenditures, and unspent amounts were reported as deferred revenues.

However, under the provisions of the TDA enabling legislation, TDA revenues are better characterized as government-mandated and voluntary nonexchange transactions. SCAG meets the various criteria in GASB 33. Specifically, SCAG receives TDA revenue from a higher level of government (the Transportation Commissions) and SCAG is required by the Act to institute a transportation program. In addition, the Act identifies recipient characteristics that are SCAG's; the Commissions and SCAG record TDA transactions symmetrically; and neither the Act nor the Commissions restrict the use of resources to a reimbursement basis.

Accordingly, fund balance at June 30, 2006, was increased by the amount of previously deferred TDA revenues amounting to \$863,704.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual on a Budgetary Basis – General Fund
Year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Membership assessments:				
Cities	\$ 1,124,334	1,124,334	1,125,866	1,532
Counties	262,269	262,269	262,269	—
Commissions	30,000	30,000	50,000	20,000
	<u>1,416,603</u>	<u>1,416,603</u>	<u>1,438,135</u>	<u>21,532</u>
Interest and other	105,000	105,000	205,945	100,945
Total revenues	<u>1,521,603</u>	<u>1,521,603</u>	<u>1,644,080</u>	<u>122,477</u>
Expenditures:				
Administration:				
Salaries and wages	31,000	144,420	187,340	(42,920)
Fringe benefits	17,050	79,633	108,271	(28,638)
Indirect costs	51,950	240,947	317,906	(76,959)
Contractual services	313,050	313,050	299,792	13,258
Capital outlay	44,000	—	247,578	(247,578)
Interest and fees	76,000	41,839	5,900	35,939
Professional services and other	496,800	541,200	454,008	87,192
Operating contributions to projects	346,839	—	5,277	(5,277)
Travel	51,300	62,800	66,734	(3,934)
Training	25,000	50,000	—	50,000
Other	68,614	68,614	27,728	40,886
Total expenditures	<u>1,521,603</u>	<u>1,542,503</u>	<u>1,720,534</u>	<u>(178,031)</u>
Deficiency of revenues over expenditures	—	(20,900)	(76,454)	(55,554)
Fund balance, beginning of year	2,505,216	2,505,216	2,505,216	—
Fund balance, end of year	<u>\$ 2,505,216</u>	<u>2,484,316</u>	<u>2,428,762</u>	<u>(55,554)</u>

See independent auditors' report and notes to required supplementary information.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual on a Budgetary Basis – Federal Transportation Administration
Year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal grants	\$ 4,168,112	4,376,443	1,676,368	(2,491,744)
Expenditures:				
Transportation:				
Contractual services	4,168,112	4,376,443	1,676,368	2,491,744
Total expenditures	4,168,112	4,376,443	1,676,368	2,491,744
Excess of revenues over expenditures	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

See independent auditors' report and notes to required supplementary information.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual on a Budgetary Basis – Federal Highway Administration
Year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal grants	\$ 28,535,844	28,304,644	21,179,296	(7,356,548)
Expenditures:				
Transportation:				
Salaries and wages	5,501,276	5,501,276	4,743,837	757,439
Fringe benefits	3,296,365	3,296,365	2,829,922	466,443
Indirect costs	9,581,001	9,591,365	8,144,820	1,436,181
Contractual services	9,097,657	8,936,093	4,636,246	4,461,411
Reproduction and printing	116,500	116,500	—	116,500
Professional services and other	229,045	249,045	387,823	(158,778)
Travel	159,000	159,000	222,673	(63,673)
Other	555,000	455,000	213,975	341,025
Total expenditures	28,535,844	28,304,644	21,179,296	7,356,548
Excess of revenues over expenditures	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

See independent auditors' report and notes to required supplementary information.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Notes to Required Supplementary Information
Year ended June 30, 2007

BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

General Fund

	Actual/ budget as presented in the budget	Actual/ GAAP as presented in the financial statements	Difference
Total revenues	\$ 1,644,080	1,644,080	—
Total expenditures	1,720,534	10,946,448	(9,225,914)
Total other financing sources	—	8,449,020	8,449,020
Net change in fund balance	\$ (76,454)	(853,348)	(776,894)

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Notes to Required Supplementary Information
Year ended June 30, 2007

FTA Fund

	Actual/ budget as presented in the budget	Actual/ GAAP as presented in the financial statements	Difference
Total revenues	\$ 1,676,368	1,676,368	—
Total expenditures	1,676,368	3,733,141	(2,056,773)
Total other financing sources	—	2,056,773	2,056,773
Net change in fund balance	\$ —	—	—

FHWA Fund

	Actual/ budget as presented in the budget	Actual/ GAAP as presented in the financial statements	Difference
Total revenues	\$ 21,179,296	21,110,322	(68,974)
Total expenditures	13,034,476	12,970,779	(63,697)
Total other financing uses	(8,144,820)	(8,139,543)	5,277
Net change in fund balance	\$ —	—	—

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

SUPPLEMENTAL COMBINING FINANCIAL STATEMENTS

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Combining Balance Sheet
Nonmajor Funds
June 30, 2007

Assets	Federal accounts	State accounts	Local accounts	Total nonmajor accounts
Receivables:				
Federal grants	\$ 542,952	—	—	542,952
State grants and contracts	—	878,792	—	878,792
Local grants and contracts	—	—	15,888	15,888
Due from other funds	541,054	30,147	2,178,380	2,749,581
Total assets	<u>\$ 1,084,006</u>	<u>908,939</u>	<u>2,194,268</u>	<u>4,187,213</u>
Liabilities and Fund Balances				
Accounts and contracts payable	\$ 909,697	581,493	453,573	1,944,763
Accrued liabilities	11,127	158	148	11,433
Due to other funds	163,182	327,288	15,888	506,358
Unearned revenue	—	—	523,907	523,907
Total liabilities	1,084,006	908,939	993,516	2,986,461
Fund balances – designated	—	—	1,200,752	1,200,752
Total liabilities and fund balances	<u>\$ 1,084,006</u>	<u>908,939</u>	<u>2,194,268</u>	<u>4,187,213</u>

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Funds
Year ended June 30, 2007

	<u>Federal accounts</u>	<u>State accounts</u>	<u>Local accounts</u>	<u>Total nonmajor accounts</u>
Grant revenues, net	\$ 1,581,930	1,148,805	1,678,332	4,409,067
Expenditures:				
Transportation:				
Salaries and wages	—	79,891	9,845	89,736
Fringe benefits	—	49,400	6,749	56,149
Contractual services	558,902	802,518	1,144,157	2,505,577
Other	—	—	6,727	6,727
Total transportation	<u>558,902</u>	<u>931,809</u>	<u>1,167,478</u>	<u>2,658,189</u>
Aviation:				
Salaries and wages	60,214	—	—	60,214
Fringe benefits	38,782	—	—	38,782
Contractual services	421,797	—	—	421,797
Total aviation	<u>520,793</u>	<u>—</u>	<u>—</u>	<u>520,793</u>
Social services:				
Salaries and wages	—	—	—	—
Fringe benefits	—	—	—	—
Contractual services	96,435	—	—	96,435
Total aviation	<u>96,435</u>	<u>—</u>	<u>—</u>	<u>96,435</u>
Water:				
Salaries and wages	—	21,986	—	21,986
Fringe benefits	—	15,428	—	15,428
Travel	—	305	—	305
Other	—	—	—	—
Total water	<u>—</u>	<u>37,719</u>	<u>—</u>	<u>37,719</u>
High speed rail:				
Contractual services	299,340	—	144,491	443,831
Total high speed rail	<u>299,340</u>	<u>—</u>	<u>144,491</u>	<u>443,831</u>
Energy:				
Salaries and wages	—	—	3,439	3,439
Fringe benefits	—	—	2,043	2,043
Travel	—	—	93	93
Total energy	<u>—</u>	<u>—</u>	<u>5,575</u>	<u>5,575</u>
Excess of revenues over expenditures	106,460	179,277	360,788	646,525
Other financing uses:				
Transfers out	(106,460)	(179,277)	(23,740)	(309,477)
Net change in fund balances	<u>—</u>	<u>—</u>	<u>337,048</u>	<u>337,048</u>
Fund balances at beginning of year, as previously reported	—	—	—	—
Prior period adjustment	—	—	863,704	863,704
Fund balance at beginning of year, as restated	<u>—</u>	<u>—</u>	<u>863,704</u>	<u>863,704</u>
Fund balances at end of year	<u>\$ —</u>	<u>—</u>	<u>1,200,752</u>	<u>1,200,752</u>

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Combining Balance Sheet
Federal Nonmajor Funds
June 30, 2007

	<u>FTA</u> <u>01880</u> <u>03230</u> <u>05930</u>	<u>FHWA</u> <u>01890</u>	<u>FRA</u> <u>Maglev</u> <u>accounts</u> <u>04973</u> <u>04974</u> <u>05975</u>	<u>FAA</u> <u>Airport</u> <u>accounts</u> <u>03530</u> <u>04530</u> <u>05530</u> <u>06530</u>	<u>Total</u> <u>federal</u> <u>nonmajor</u> <u>accounts</u>
Assets					
Receivables – federal grants	\$ 337,943	51,668	62,519	90,822	542,952
Due from other funds	87,596	—	161,870	291,588	541,054
Total assets	<u>\$ 425,539</u>	<u>51,668</u>	<u>224,389</u>	<u>382,410</u>	<u>1,084,006</u>
Liabilities and Fund Balances					
Accounts and contracts payable	\$ 346,210	9,012	224,389	330,086	909,697
Accrued liabilities	11,127	—	—	—	11,127
Due to other funds	68,202	42,656	—	52,324	163,182
Total liabilities	425,539	51,668	224,389	382,410	1,084,006
Fund balances – undesignated	—	—	—	—	—
Total liabilities and fund balances	<u>\$ 425,539</u>	<u>51,668</u>	<u>224,389</u>	<u>382,410</u>	<u>1,084,006</u>

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Federal Nonmajor Funds
Year ended June 30, 2007

	FTA 01880 03230 05930	FHWA 01890	FRA Maglev accounts 04973 04974 05975	FAA Airport accounts 03530 04530 05530 06530	Total federal nonmajor accounts
Federal grants and services	\$ 588,541	66,796	299,340	627,253	1,581,930
Expenditures:					
Transportation:					
Contractual services	492,106	66,796	—	—	558,902
Total transportation	492,106	66,796	—	—	558,902
Social services:					
Contractual services	96,435	—	—	—	96,435
Total transportation	96,435	—	—	—	96,435
Aviation:					
Salaries and wages	—	—	—	60,214	60,214
Fringe benefits	—	—	—	38,782	38,782
Contractual services	—	—	—	421,797	421,797
Total aviation	—	—	—	520,793	520,793
High speed rail:					
Contractual services	—	—	299,340	—	299,340
Total high speed rail	—	—	299,340	—	299,340
Excess of revenues over expenditures	—	—	—	106,460	106,460
Other financing uses:					
Transfers out	—	—	—	(106,460)	(106,460)
Net change in fund balances	—	—	—	—	—
Fund balances at beginning of year	—	—	—	—	—
Fund balances at end of year	\$ —	—	—	—	—

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Combining Balance Sheet
State Nonmajor Funds
June 30, 2007

	Watershed Community Project account 07300	Blueprint Fund account 06200 06210	Caltrans State Planning and Research CETAP account 04960	Combined other accounts	Total state nonmajor accounts
Assets					
Receivables – state grants	\$ 77,876	504,682	124,412	171,822	878,792
Due from other funds	—	—	—	30,147	30,147
Total assets	<u>\$ 77,876</u>	<u>504,682</u>	<u>124,412</u>	<u>201,969</u>	<u>908,939</u>
Liabilities and Fund Balances					
Accounts and contracts payable	\$ —	274,986	104,538	201,969	581,493
Accrued liabilities	—	158	—	—	158
Unearned revenue	—	—	—	—	—
Due to other funds	77,876	229,538	19,874	—	327,288
Total liabilities	77,876	504,682	124,412	201,969	908,939
Fund balances – undesignated	—	—	—	—	—
Total liabilities and fund balances	<u>\$ 77,876</u>	<u>504,682</u>	<u>124,412</u>	<u>201,969</u>	<u>908,939</u>

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
State Nonmajor Funds
Year ended June 30, 2007

	Watershed Community Project account 07300	Blueprint Fund account 06200 06210	Caltrans State Planning and Research CETAP account 04960	Combined other accounts	Total state nonmajor accounts
State grants and services	\$ 77,956	734,185	124,412	212,252	1,148,805
Expenditures:					
Transportation:					
Salaries and wages	—	79,891	—	—	79,891
Fringe benefits	—	49,400	—	—	49,400
Contractual services	—	465,854	124,412	212,252	802,518
Total transportation	—	595,145	124,412	212,252	931,809
Water:					
Salaries and wages	21,986	—	—	—	21,986
Fringe benefits	15,428	—	—	—	15,428
Travel	305	—	—	—	305
Total water	37,719	—	—	—	37,719
Excess of revenues over expenditures	40,237	139,040	—	—	179,277
Other financing uses:					
Transfers out	(40,237)	(139,040)	—	—	(179,277)
Net change in fund balances	—	—	—	—	—
Fund balances at beginning of year	—	—	—	—	—
Fund balances at end of year	\$ —	—	—	—	—

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Combining Balance Sheet
Local Nonmajor Funds
June 30, 2007

	TDA Planning account <u>07110</u>	City of L.A. Modeling account <u>04720</u>	RCTC San Jacinto account <u>04940</u>	Cash match 06600-06620 06700-06720 06740-06750 07320-07730 <u>07320-07730</u>	Combined other accounts	Total local nonmajor accounts
Assets						
Receivables – local grants	\$ —	—	—	15,888	—	15,888
Due from other funds	<u>1,494,940</u>	<u>69,638</u>	<u>2,434</u>	<u>346,679</u>	<u>264,689</u>	<u>2,178,380</u>
Total assets	<u>\$ 1,494,940</u>	<u>69,638</u>	<u>2,434</u>	<u>362,567</u>	<u>264,689</u>	<u>2,194,268</u>
Liabilities and Fund Balances						
Accounts and contracts payable	\$ 294,188	2,554	—	64,974	91,857	453,573
Accrued liabilities	—	—	—	—	148	148
Due to other funds	—	—	—	15,888	—	15,888
Deferred revenue	<u>—</u>	<u>67,084</u>	<u>2,434</u>	<u>281,705</u>	<u>172,684</u>	<u>523,907</u>
Total liabilities	294,188	69,638	2,434	362,567	264,689	993,516
Fund balances – designated	<u>1,200,752</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,200,752</u>
Total liabilities and fund balances	<u>\$ 1,494,940</u>	<u>69,638</u>	<u>2,434</u>	<u>362,567</u>	<u>264,689</u>	<u>2,194,268</u>

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Local Nonmajor Funds
Year ended June 30, 2007

	TDA Planning 07110	City of L.A. Modeling account 04720	RCTC San Jacinto account 04940	Cash match 06600-06620 06700-06720 06740-06750 07320-07730	Combined other accounts	Total local nonmajor accounts
Local grants and services	\$ 1,000,000	62,569	—	455,815	159,948	1,678,332
Expenditures:						
Transportation:						
Salaries and wages	—	9,845	—	—	—	9,845
Fringe benefits	—	6,749	—	—	—	6,749
Contractual services	662,952	21,404	—	311,324	148,477	1,144,157
Other	—	6,727	—	—	—	6,727
Total transportation	662,952	44,725	—	311,324	148,477	1,167,478
High speed rail:						
Contractual services	—	—	—	144,491	—	144,491
Total high speed rail	—	—	—	144,491	—	144,491
Energy						
Salaries and wages	—	—	—	—	3,439	3,439
Fringe benefits	—	—	—	—	2,043	2,043
Travel	—	—	—	—	93	93
Total energy	—	—	—	—	5,575	5,575
Excess of revenues over expenditures	337,048	17,844	—	—	5,896	360,788
Other financing uses:						
Transfers out	—	(17,844)	—	—	(5,896)	(23,740)
Net change in fund balances	337,048	—	—	—	—	337,048
Fund balances at beginning of year, as previously reported	—	—	—	—	—	—
Prior period adjustment	863,704	—	—	—	—	863,704
Fund balances at beginning of year, as restated	863,704	—	—	—	—	863,704
Fund balances at end of year	\$ 1,200,752	—	—	—	—	1,200,752

SUPPLEMENTAL SCHEDULES

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Supplemental Schedule of Indirect Costs
Year ended June 30, 2007

Indirect costs:		
Salaries and wages	\$	3,156,130
Temporary help		169,263
Fringe benefits		1,910,187
Office space leases		1,331,161
Professional services		900,731
Computer support		228,149
Telephone		80,472
Office supplies		145,372
Equipment repairs and maintenance		18,128
Travel		100,941
Equipment lease		461,581
Memberships		62,155
Insurance		155,536
Postage and delivery		63,424
Printing		40,355
Professional materials		41,136
Staff training		181,687
Office purchases under \$5,000		219,050
Other		201,155
Total indirect costs		<u>9,466,613</u>
Indirect costs recovered:		
General Fund		317,906
Federal Transportation Administration		—
Federal Highway Administration		8,144,820
Nonmajor Funds		309,477
Indirect costs recovered		<u>8,772,203</u>
Under recovered		694,410
Under recovered indirect costs at beginning of year		<u>18,191</u>
Under recovered indirect costs at end of year	\$	<u><u>712,601</u></u>

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Supplemental Schedule of Fringe Benefits
Year ended June 30, 2007

Fringe benefits:	
Employee leave and other salary benefits	\$ 1,138,817
Medical insurance	1,458,349
PERS/Other Retirement Plans	1,857,065
Medicare tax – employer share	134,521
Life insurance	87,590
Bus passes	80,976
Unemployment compensation insurance	110,564
Carpool parking subsidy	3,115
Deferred compensation employer match	71,736
Other	18,048
	<hr/>
Total fringe benefits	4,960,781
Fringe benefits recovered:	
Allocated to indirect cost	1,910,187
General Fund	108,271
Federal Transportation Administration	—
Federal Highway Administration	2,829,922
Nonmajor Funds	112,401
	<hr/>
Total	4,960,781
Underrecovered fringe benefits	—
Underrecovered fringe benefits at beginning of year	<hr/> —
Underrecovered fringe benefits at end of year	\$ <hr/> <hr/> —

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Supplemental Schedule of Distribution of Salaries and Fringe Benefits by Project Area
Year ended June 30, 2007

	<u>Salaries and wages</u>	<u>Fringe benefits</u>	<u>Salaries, wages, and fringe benefits</u>
Charges to Direct projects	\$ 4,919,220	2,942,323	7,861,543
Charges to General Fund projects	187,340	108,271	295,611
Charges to Indirect projects	3,156,130	1,910,187	5,066,317
Charges to leave	<u>1,138,817</u> (1)	<u>—</u>	<u>1,138,817</u>
Totals	<u>\$ 9,401,507</u>	<u>4,960,781</u>	<u>14,362,288</u>

(1) Includes salaries paid to staff for vacation and other paid leave. Leave costs are included in fringe benefits.

STATISTICAL SECTION

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Statistical Section

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

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

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

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

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

Sources:

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

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets	\$ 1,065,469	741,180	376,907	289,656	412,828
Unrestricted	<u>604,926</u>	<u>999,181</u>	<u>1,128,107</u>	<u>1,549,748</u>	<u>2,752,366</u>
Total governmental activities net assets	<u>\$ 1,670,395</u>	<u>1,740,361</u>	<u>1,505,014</u>	<u>1,839,404</u>	<u>3,165,194</u>

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

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Expenses:					
Transportation	\$ 29,457,264	23,709,616 ¹	19,082,487	20,640,246	25,605,715
High speed rail	—	—	19,738	1,773,395	443,831
Aviation	—	—	871,935	1,019,056	626,352
Energy	—	—	—	—	96,435
Environmental	—	—	—	156,337	—
Housing	—	—	—	49,769	—
Water	—	—	70,389	—	77,615
Social services	—	—	—	—	11,419
Administration	—	—	1,556,859	1,595,922	1,618,820
Interest on line of credit	125,421	64,064	12,504	—	—
Total expenses	<u>29,582,685</u>	<u>23,773,680</u>	<u>21,613,912</u>	<u>25,234,725</u>	<u>28,480,187</u>
Program revenues:					
Charges for services - member dues	1,193,069	1,270,190	1,313,163	1,367,785	1,438,135
Operating grants and contributions	<u>28,529,885</u>	<u>22,465,587</u> ²	<u>20,044,549</u>	<u>23,638,803</u>	<u>27,198,415</u>
Total program revenues	<u>29,722,954</u>	<u>23,735,777</u>	<u>21,357,712</u>	<u>25,006,588</u>	<u>28,636,550</u>
Net revenues (expenses)	140,269	(37,903)	(256,200)	(228,137)	156,363
General revenues and other changes in net assets:					
Interest income	25,405	107,869	36,863	149,276	146,987
Other income	—	—	147,085	413,251 ³	158,736
Changes in net assets	<u>\$ 165,674</u>	<u>69,966</u>	<u>(72,252)</u>	<u>334,390</u>	<u>462,086</u>

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

	Fiscal Year				
	2003	2004	2005	2006	2007
General fund:					
Reserved	\$ —	—	—	—	—
Unreserved	<u>604,926</u>	<u>999,181</u>	<u>2,715,661</u>	<u>2,714,955</u>	<u>1,861,607</u>
Total general fund	<u>\$ 604,926</u>	<u>999,181</u>	<u>2,715,661</u>	<u>2,714,955</u>	<u>1,861,607</u>
All other governmental funds:					
Reserved	\$ —	—	—	—	—
Unreserved, reported in:					
Special revenue funds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,200,752</u>
Total all other governmental funds	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,200,752</u>

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

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues:					
Federal grants	\$ 22,540,651	20,139,571	19,096,413	21,694,775	24,368,620
State grants and contracts	670,492	740,473	399,002	206,516	1,148,805
Local grants and contracts	5,316,392	1,551,398	577,353	1,827,834	1,678,332
Membership assessments	1,193,069	1,270,190	1,313,163	1,367,785	1,438,135
Interest and other	25,405	107,869	183,948	312,216	205,945
Capital outlay recovery	2,350	—	—	—	—
Total revenues	<u>29,748,359</u>	<u>23,809,501</u>	<u>21,569,879</u>	<u>25,409,126</u>	<u>28,839,837</u>
Expenditures:					
Current:					
Transportation	29,047,446	23,339,931	19,450,818	20,401,077	25,607,040
Aviation	—	—	884,886	1,019,262	627,253
Water	—	—	72,159	—	77,956
High speed rail	—	—	20,073	2,365,430	443,831
Housing	—	—	—	50,179	—
Energy	—	—	—	—	11,471
Social services	—	—	—	—	96,435
Administration	—	—	1,230,779	1,536,062	2,244,573
Debt service:					
Interest	125,421	64,064	12,504	—	—
Capital outlay	9,356	11,251	107,262	37,822	247,578
Total expenditures	<u>29,182,223</u>	<u>23,415,246</u>	<u>21,778,481</u>	<u>25,409,832</u>	<u>29,356,137</u>
Excess (deficiency) of revenues over (under) expenditures	<u>566,136</u>	<u>394,255</u>	<u>(208,602)</u>	<u>(706)</u>	<u>(516,300)</u>
Other financing sources (uses)					
Transfers in	—	—	8,131,543	7,801,604	8,459,574
Transfers out	—	—	(8,131,543)	(7,801,604)	(8,459,574)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>\$ 566,136</u>	<u>394,255</u>	<u>(208,602)</u>	<u>(706)</u>	<u>(516,300)</u>

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

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

Fiscal year	Indirect cost*	Fringe benefits	Totals
1998	\$ 7,898,201	2,963,593	10,861,794
1999	8,371,674	4,090,959	12,462,633
2000	9,195,086	3,380,803	12,575,889
2001	10,397,637	3,895,232	14,292,869
2002	9,738,957	4,761,852	14,500,809
2003	8,762,846	4,407,432	13,170,278
2004	8,282,746	4,269,626	12,552,372
2005	8,056,802	4,251,082	12,307,884
2006	8,011,914	4,024,285	12,036,199
2007	9,413,802	4,960,781	14,374,583

* Restated to include internal service funds reported separately prior to 2002.

Source: SCAG Finance Department.

See accompanying independent auditors' report.

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

	Cities			Counties			Commission	
	No. of Members	Population	Annual Dues	No. of Members	Population	Annual Dues	No. of Members	Annual Dues
2003	165	13,688,368	\$933,413	6	1,901,872	\$224,656	2	\$35,000
2004	163	13,915,685	974,904	6	2,048,850	245,286	3	50,000
2005	162	13,898,797	1,019,884	6	1,964,321	243,279	3	50,000
2006	160	13,885,562	1,070,516	6	2,017,321	262,269	3	50,000
2007	167	14,044,986	1,125,866	6	2,070,482	262,269	3	50,000

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

Note: Member dues are assessed using a base amount plus an additional amount based on population of each of the cities and counties.

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

<u>City/County</u>	<u>2007</u>		<u>2003</u>	
	<u>Annual Dues</u>	<u>Percent of Total Dues Assessment</u>	<u>Annual Dues</u>	<u>Percent of Total Dues Assessment</u>
City of Los Angeles	\$ 277,331	18%	\$ 230,587	19%
County of Los Angeles	118,247	8%	99,778	8%
County of Riverside	52,983	4%	42,636	4%
County of San Bernardino	38,251	3%	33,483	3%
City of Long Beach	38,449	3%	30,713	3%
County of Orange	29,296	2%	26,272	2%
City of Anaheim	27,232	2%	22,024	2%
City of Riverside	22,652	2%	17,556	1%
County of Ventura	17,342	1%	15,977	1%
City of Glendale	16,622	1%	13,344	1%
City of Huntington Beach	16,151	1%	13,010	1%
City of San Bernardino	16,077	1%	11,782	1%
City of Oxnard	15,235	1%	11,993	1%
City of Irvine	14,616	1%	10,248	1%
City of Ontario	<u>13,812</u>	<u>1%</u>	<u>11,017</u>	<u>1%</u>
	<u>\$ 714,296</u>	<u>49%</u>	<u>590,420</u>	<u>49%</u>

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

<u>Calendar year</u>	<u>Imperial</u>	<u>Los Angeles</u>	<u>Orange</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Ventura</u>	<u>Total</u>
1998	139,100	9,225,800	2,724,500	1,451,400	1,637,900	725,400	15,904,100
1999	140,000	9,330,100	2,776,100	1,490,500	1,666,600	736,000	16,139,300
2000	142,361	9,519,330	2,846,289	1,545,387	1,710,139	753,197	16,516,703
2001	146,008	9,661,839	2,887,031	1,586,910	1,747,564	765,263	16,794,615
2002	148,910	9,822,627	2,933,771	1,648,756	1,793,726	779,395	17,127,185
2003	152,576	9,966,190	2,975,397	1,719,004	1,842,060	791,580	17,446,807
2004	156,562	10,102,961	3,017,298	1,776,743	1,886,481	802,436	17,742,481
2005	161,800	10,226,506	3,056,865	1,877,000	1,946,202	813,052	18,081,425
2006	166,585	10,245,572	3,072,336	1,953,330	1,991,829	817,346	18,246,998
2007	172,672	10,331,939	3,098,121	2,031,625	2,028,013	825,512	18,487,882

Source: State of California, Department of Finance.

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

<u>Calendar year</u>	<u>Imperial</u>	<u>Los Angeles</u>	<u>Orange</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Ventura</u>	<u>Total</u>
1998	38,550	3,074,546	892,546	464,224	510,946	233,824	5,214,636
1999	38,912	3,082,136	900,568	473,016	516,258	236,185	5,247,075
2000	39,384	3,133,771	935,287	506,218	528,594	243,234	5,386,488
2001	39,714	3,141,823	941,630	515,716	532,557	246,034	5,417,474
2002	40,455	3,154,931	951,141	531,482	539,438	250,126	5,467,573
2003	41,340	3,170,393	958,815	546,495	547,439	253,138	5,517,620
2004	41,883	3,184,446	969,028	571,955	556,937	255,741	5,579,990
2005	43,714	3,201,352	976,540	598,207	569,060	258,441	5,647,314
2006	46,644	3,223,497	984,386	626,668	583,493	261,570	5,726,258
2007	49,032	3,239,511	988,560	653,123	597,614	265,172	5,793,012

Source: State of California, Department of Finance.

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

<u>Calendar year</u>	<u>Imperial</u>	<u>Los Angeles</u>	<u>Orange</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Ventura</u>	<u>Total</u>
1998	49,683	3,951,217	1,305,717	412,192	491,600	269,992	6,480,401
1999	50,950	4,010,242	1,352,200	441,633	518,667	281,142	6,654,834
2000	50,442	4,079,750	1,396,492	466,525	543,592	294,333	6,831,134
2001	50,008	4,081,983	1,420,792	484,267	566,417	299,008	6,902,475
2002	50,833	4,034,583	1,410,950	508,917	575,058	301,008	6,881,349
2003	51,925	3,990,750	1,436,167	529,550	589,892	304,383	6,902,667
2004	51,325	4,004,133	1,463,433	557,383	621,333	306,933	7,004,540
2005	54,117	4,024,083	1,496,150	589,458	645,917	313,800	7,123,525
2006	56,700	4,100,200	1,525,500	624,500	660,900	320,700	7,288,500
2007	58,125	4,124,788	1,527,650	643,879	681,409	322,938	7,358,789

Source: Processed by SCAG Staff, CA EDD

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

<u>Calendar year</u>	<u>Imperial</u>	<u>Los Angeles</u>	<u>Orange</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Ventura</u>	<u>Total</u>
1998	55,942	4,545,725	1,426,650	659,917	720,875	386,075	7,795,184
1999	55,208	4,579,617	1,461,158	691,492	749,033	394,650	7,931,158
2000	56,067	4,677,325	1,480,925	680,517	739,225	392,700	8,026,759
2001	55,600	4,752,833	1,512,992	709,950	763,650	399,475	8,194,500
2002	57,558	4,769,142	1,531,292	748,717	789,692	408,000	8,304,401
2003	59,175	4,769,617	1,557,367	780,450	807,300	412,942	8,386,851
2004	59,933	4,776,075	1,580,800	820,817	834,750	415,575	8,487,950
2005	61,517	4,821,125	1,602,258	848,767	863,400	421,275	8,618,342
2006	62,489	4,860,122	1,600,667	854,389	868,689	421,489	8,667,845
2007*	61,960	4,884,020	1,538,059	952,021	920,594	411,053	8,767,707

Source: Processed by SCAG Staff; CA EDD

* 2007 is Preliminary 9-Month Average (Jan-Sept)

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
1998	14,558	299,575	41,350	44,033	40,800	21,542	461,858
1999	13,050	270,233	39,100	37,933	36,425	19,017	415,758
2000	9,783	252,442	52,233	36,442	35,392	17,758	404,050
2001	8,900	269,492	60,175	38,725	38,617	19,392	435,301
2002	8,667	323,333	76,783	47,592	47,542	23,625	527,542
2003	9,308	332,767	75,017	49,458	50,158	23,925	540,633
2004	10,267	310,800	67,967	47,125	47,375	22,383	505,917
2005	9,750	256,467	60,450	42,933	43,308	19,942	432,850
2006	9,133	240,500	55,633	40,278	40,167	18,122	403,833
2007*	5,117	317,025	72,165	70,718	67,101	20,917	553,043

Source: Processed by SCAG Staff; CA EDD and American Community Survey (2007)

* 2007 is Preliminary 9-Month Average (Jan-Sept)

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Table 13 – Housing Units by County in the SCAG Region
Last Ten Calendar Years

<u>Calendar year</u>	<u>Imperial</u>	<u>Los Angeles</u>	<u>Orange</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Ventura</u>	<u>Total</u>
1998	42,709	3,254,772	945,034	559,543	598,234	246,075	5,646,367
1999	43,067	3,261,750	954,882	569,287	604,060	248,500	5,681,546
2000	43,891	3,270,906	969,484	584,674	601,369	251,712	5,722,036
2001	44,218	3,278,902	976,162	595,682	605,809	254,585	5,755,358
2002	45,035	3,292,582	986,067	613,667	613,139	258,798	5,809,288
2003	45,944	3,308,777	994,130	634,197	621,964	261,900	5,866,912
2004	46,531	3,323,630	1,003,929	659,795	632,267	264,583	5,930,735
2005	48,495	3,341,548	1,013,842	690,075	645,639	267,363	6,006,962
2006	51,792	3,364,750	1,018,380	722,361	661,668	270,587	6,089,538
2007	54,789	3,382,356	1,024,692	753,797	676,909	274,224	6,166,767

Source: California Department of Finance.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Table 14 – Median Home Values by County in the SCAG Region
Last Ten Calendar Years

Calendar year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura
1998	107,115	172,074	220,750	125,494	105,438	205,083
1999	112,472	179,938	234,229	145,218	109,203	218,688
2000	118,095	196,458	252,958	144,487	117,188	250,021
2001	124,000	222,875	283,333	165,525	134,833	266,833
2002	130,200	263,767	335,818	187,359	152,839	320,729
2003	136,710	330,000	450,000	238,000	181,000	400,000
2004	146,000	414,000	540,000	319,000	246,000	500,000
2005	157,000	494,000	617,000	388,000	344,000	592,000
2006	182,000	509,000	626,000	423,000	365,000	584,000
2007	245,100	530,958	628,000	414,261	367,125	584,000

Source: Data Quick.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Table 15 – Land Use by County in the SCAG Region
Last Ten Calendar Years

<u>Calendar year</u>	<u>Imperial</u>	<u>Los Angeles</u>	<u>Orange</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Ventura</u>	<u>Total</u>
1998	4,175	4,060	790	7,208	20,062	1,846	38,141
1999	4,175	4,060	790	7,208	20,062	1,846	38,141
2000	4,175	4,060	790	7,208	20,062	1,846	38,141
2001	4,175	4,060	790	7,208	20,062	1,846	38,141
2002	4,175	4,060	790	7,208	20,062	1,846	38,141
2003	4,175	4,060	790	7,208	20,062	1,846	38,141
2004	4,175	4,060	790	7,208	20,062	1,846	38,141
2005	4,175	4,060	790	7,208	20,062	1,846	38,141
2005	4,175	4,060	790	7,208	20,062	1,846	38,141
2006	4,175	4,060	790	7,208	20,062	1,846	38,141
2007	4,175	4,060	790	7,208	20,062	1,846	38,141

Source: Census Bureau, Tiger File.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Table 16 – Assessed Valuation by County in the SCAG Region
Last Ten Calendar Years

<u>Calendar year</u>	<u>Imperial</u>	<u>Los Angeles</u>	<u>Orange</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Ventura</u>	<u>Total</u>
1997	\$ 5,551,605,866	497,307,264,100	174,413,730,594	72,474,729,006	72,854,375,155	45,252,605,856	867,854,310,577
1998	5,627,769,284	501,456,640,687	179,335,984,190	73,424,218,753	74,330,189,999	46,619,917,098	880,794,720,011
1999	5,608,104,087	516,561,843,546	189,646,750,192	74,906,811,132	76,224,892,856	48,526,601,312	911,475,003,125
2000	5,743,907,262	546,327,369,732	206,183,506,744	79,757,592,482	78,426,342,715	51,256,814,965	967,695,533,900
2001	5,974,962,496	582,445,970,989	225,513,689,510	88,029,325,251	81,660,106,184	56,225,012,611	1,039,849,067,041
2002	6,509,341,507	622,333,984,376	246,142,319,416	97,381,425,501	86,962,701,280	61,033,182,674	1,120,362,954,754
2003	6,576,083,449	660,226,621,950	266,813,653,450	108,274,548,900	93,866,366,040	65,931,327,778	1,201,688,601,567
2004	7,111,265,553	709,464,293,809	284,868,806,916	121,044,256,493	102,025,286,469	71,391,458,104	1,295,905,367,344
2005	7,244,127,196	761,355,097,239	308,833,261,022	138,021,800,263	112,879,426,833	77,897,210,734	1,406,230,923,287
2006	7,831,908,679	835,894,825,705	339,760,670,292	165,323,198,637	129,136,246,197	86,088,492,662	1,564,035,342,172

Source: State of California – Controller’s Office.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Table 17 – Full-time and Part-time Employees by Function
Last Five Fiscal Years

	Full-time and Part-time Employees as of June 30				
	2003	2004	2005	2006	2007
Transportation	64	54	44	42	71
High speed rail	—	—	1	2	1
Aviation	—	—	1	1	1
Environmental	—	—	1	1	3
Housing	—	—	6	6	2
Water	—	—	1	—	1
Administration	45	43	42	49	67
Total	<u>109</u>	<u>97</u>	<u>96</u>	<u>101</u>	<u>146</u>

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

Source: SCAG's Human Resources Department

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Table 18– Operating Indicators by Function
Last Five Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
Transportation:					
No. of projects undertaken	24	13	13	15	27
Grants and contracts revenue	\$26,433,070	21,320,486	19,082,487	20,640,246	28,806,467
High speed rail					
No. of projects undertaken	1	1	1	3	2
Grants and contracts revenue	999,227	231,821	19,738	1,773,395	443,831
Aviation					
No. of projects undertaken	4	4	3	4	3
Grants and contracts revenue	1,097,588	913,280	871,935	1,019,056	626,352
Environmental					
No. of projects undertaken	—		—	2	—
Grants and contracts revenue	—		—	156,337	—
Housing					
No. of projects undertaken	—		—	1	—
Grants and contracts revenue	—		—	49,769	—
Water					
No. of projects undertaken	—		1	—	1
Grants and contracts revenue	—		70,389	—	77,615
Social services					
No. of projects undertaken	—		—	—	1
Grants and contracts revenue	—		—	—	11,419

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Table 19– Capital Assets Statistics by Function
Last Five Fiscal Years

No capital assets indicators are available to SCAG.