

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

Comprehensive Annual FINANCIAL REPORT | 2020

FINANCE DIVISION 
CINDY GIRALDO 
Chief Financial Officer



YEAR ENDED
JUNE 30, 2020

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MAIN OFFICE

900 Wilshire Blvd., Ste. 1700
Los Angeles, CA 90017
T: (213) 236-1800

IMPERIAL COUNTY REGIONAL OFFICE

1503 N. Imperial Ave., Suite 104
El Centro, CA 92243
T: (213) 236-1967

ORANGE COUNTY REGIONAL OFFICE

OCTA Building
600 South Main Street, Suite 741
Orange, CA 92868
T: (213) 236-1997

RIVERSIDE COUNTY REGIONAL OFFICE

3403 10th Street, Suite 805
Riverside, CA 92501
T: (951) 784-1513

SAN BERNARDINO COUNTY REGIONAL OFFICE

Santa Fe Depot
1170 West 3rd Street, Suite 140
San Bernardino, CA 92410
T: (213) 236-1925

VENTURA COUNTY REGIONAL OFFICE

4001 Mission Oaks Blvd., Ste. L
Camarillo, CA 93012
T: (213) 236-1960



VISION

Southern California's Catalyst
for a Brighter Future.

MISSION

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

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Southern California
Association of Governments
Comprehensive Annual Financial Report
Year Ended June 30, 2020

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Introductory Section



SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS
900 Wilshire Blvd., Ste. 1700
Los Angeles, CA 90017
T: (213) 236-1800
www.scag.ca.gov

REGIONAL COUNCIL OFFICERS

President
Rex Richardson, Long Beach

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December 18, 2020

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

Subject: SCAG's Comprehensive Annual Financial Report for Fiscal Year
2019/20

Dear President Richardson and Members of the Regional Council:

As Executive Director and Chief Financial Officer for the Southern California Association of Governments (SCAG), we hereby submit SCAG's Comprehensive Annual Financial Report (CAFR) for the fiscal year that ended June 30, 2020.

This Letter of Transmittal is the first item in the introductory section of the CAFR. Its purpose is to firstly provide information about financial statements in the CAFR and give comments assessing SCAG's financial condition. The second purpose is to profile SCAG including its governance, organization, planning mandates and requirements. It highlights significant planning programs mandated by federal and state requirements and demonstrates their successful management in FY 2019/2020.

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

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

- Listing of officers and members of the Regional Council
- SCAG's Organizational Chart
- SCAG's Finance Division organizational chart
- The Certificate of Achievement for Excellence in Financial Reporting awarded to SCAG by the Government Finance Officers Association in recognition of our FY 2018/19 CAFR.

Certificate of Achievement for Excellence in Financial Reporting

We are pleased to report that the Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to SCAG for its CAFR for the fiscal year that ended June 30, 2019. This was the seventeenth consecutive year that SCAG has received this prestigious award. The award is the highest form of recognition in governmental accounting and financial reporting and its attainment represents a significant accomplishment.

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

The Comprehensive Annual Financial Report

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

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

Independent Audit

SCAG's basic financial statements have been externally audited by Eide Bailly, LLP (formerly Vavrinek, Trine, Day & Co., LLP) a certified public accounting firm, licensed and qualified to perform audits in the State of California. The goal of the independent audit is to provide reasonable assurance that the financial statements of SCAG for the fiscal year that ended June 30, 2020 are free of material misstatement. The Report of the Independent Auditors is also included in the CAFR.

The Single Audit Report

The independent audit of the financial statements in this CAFR is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards applied in the Single Audit require consideration of internal controls, and compliance with legal and federal requirements in the administration of federal awards. There were no findings reported by Eide Bailly, LLP. The Single Audit report for the year ended June 30, 2020 is issued separately from the CAFR and is available upon written request to the Chief Financial Officer.

Management Discussion and Analysis

The provisions of GASB 34, as amended by GASB 37 and GASB 38, require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). MD&A is an opportunity for management to reach beyond the familiar to a new and different analytical overview of financial activities. The transactions and events in FY 2019/20 are discussed fully in the MD&A.

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

SCAG Management & Financial Goals for FY 20/21

- On July 2, 2020, the Regional Council adopted Resolution No. 20-623 which affirmed 1) SCAG's intent to stand side-by-side with those working toward a fair and just society, and with those calling for systemic change and for breaking down the barriers that reduce opportunity and undermine Southern California's shared prosperity; and 2) outline SCAG's intentions to consistently incorporate equity awareness into every aspect of its work guided by a Regional Council policy statement on equity and social justice.
- SCAG has formed a Special Committee on Equity and Social Justice to recommend a set of policies to the Regional Council and any necessary bylaw changes to the General Assembly to help SCAG meet its objectives.
- Continue to develop the 2021 Federal Transportation Improvement Program (FTIP) including the associated transportation conformity analysis and determination, with a projected adoption by the Regional Council in February 2021.
- On May 7, 2020, Regional Council adopted the Connect SoCal and the associated Program EIR for transportation conformity purposes. In the following weeks staff submitted the adopted Connect SoCal to the reviewing agencies, including FHWA, FTA, USEPA and Caltrans for their consideration to approve. Accordingly, SCAG received transportation conformity certification from FHWA and FTA on June 8, 2020. Regional Council deferred the decision to adopt the plan for all other purposes, including SCS and RHNA, by 120 days. During those 120 days, Regional Council further directed staff to work with our partner agencies and stakeholders to consider the impacts of COVID-19 on Connect SoCal and ensure incorporation of all approved entitlements in the final growth forecast to be adopted at the end of the 120-day period. Staff provided a 60-day progress report to the Regional Council on July 2, 2020 and is on track to submit the Final Connect

SoCal to the Regional Council for their consideration to adopt in its entirety at the end of the 120-day period on Sept. 3, 2020.

- Using the December 2020 Economic Summit as a springboard, conduct research and develop an Economic Recovery and Resiliency strategy for the region to foster an inclusive and equitable economic recovery following the COVID-19 pandemic and the increased recognition of racial and social justice challenges facing Southern California.
- Develop Regional Data Platform to enable a regional planning and decision process based on data analytics and value-added information products. Based upon the SCAG Strategic Plan, the Regional Data Platform (RDP) carries out two major goals, which are to 1) be the foremost data information hub for the region and 2) provide innovative information and value-added services to enhance member agencies' planning and operations and promote regional collaboration. The RDP will enhance SCAG's role in technical assistance in local jurisdictions' General Plan updates as well as a interactive and insightful data hub to foster equity, collaboration, transparency, opportunity, and engagement at the local and regional level.
- Begin implementation of "Connect SoCal," the 2020 Regional Transportation Plan Sustainable Communities Strategy (RTP/SCS). Connect SoCal's "Core Vision" centers on maintaining and better managing the regional transportation network for moving people and goods, while expanding mobility choices by locating housing, jobs and transit closer together and increasing investment in transit and complete streets. The Plan also describes strategies to integrate the region's forecasted development pattern with the transportation network to demonstrate reductions in greenhouse gas (GHG) emissions. Connect SoCal's "Key Connections" strategies augment the Core Vision of the plan by "closing the gap" between the Core Vision and what must be done to meet increasingly aggressive GHG reduction goals. These ambitious and innovative strategies rely on close partnerships with the region's County Transportation Commissions and local jurisdictions
- Conduct and complete the 6th Cycle Regional Housing Needs Assessment (RHNA) process to address new state housing law requirements particularly SB 828 and AB 1771. Complete the RHNA Appeals Process; and provide final RHNA Allocation to SCAG jurisdictions by February 2021.
- Establish, develop and implement housing-supportive programs at the regional and subregional levels to accelerate the production of affordable and workforce housing. Implement the Regional Early Action Program (REAP) pursuant to AB 101. The program is intended to help accelerate housing production throughout the SCAG region and have a net-positive effect on housing supply by increasing housing planning, meeting the sixth cycle regional housing needs assessment (RHNA) and also to advance Connect SoCal sustainable development goal. SCAG will utilize various approaches to meet the program objectives including, for example, outreach and partnership including CBOs, partnership with subregions, sustainability grants to local jurisdictions and policy research. The Program will also align resources with allocation methodology for the 6th Cycle of RHNA to support local jurisdictions in addressing identified housing needs. An objective is also to build longer term capacity at SCAG and in the region to address housing issues.
- The 2020/21 Sustainable Communities Program (SCP) will provide local jurisdictions with multiple opportunities to seek funding and resources to meet the needs of their communities, address recovery and resiliency strategies considering COVID-19, and support regional goals. SCAG will release multiple Calls for Application throughout the year to select projects within different program areas and funding categories. The first two calls will focus on active transportation, safety and supporting housing production. They will be released in September and

October respectively. Subsequent supplemental calls will be announced as guidelines and program areas are developed.

- Deploy multiple grants awarded to support Go Human, a Regional Active Transportation Safety and Encouragement Campaign. The Campaign will be implemented in partnership with the six county health departments and six county transportation commissions in order to increase active transportation and reduce collisions. SCAG will partner with local agencies on demonstration projects and safety trainings and workshops.
- Continue implementing the Future Communities Initiative, with guidance from the Emerging Technologies Committee, to reduce vehicle miles traveled (VMT) and GHG emissions by modernizing regional land-use and transportation planning tools, fostering data-driven collaboration with SCAG's partner agencies, and providing local agencies with planning resources to pilot new technologies and initiatives to reduce travel demand.
- Expand focus on Green Region Initiative projects that prioritize sustainable and integrated land use and transportation strategies. A Regional Resilience Framework will initiate a collaborative exploratory scenario planning process to explore pressing issues and potential near- and long-term disruptions to Southern California, such as earthquakes, extreme weather, drought, wildfires, pandemics and economic shocks. This exploration, which will build upon SCAG's ongoing Climate Adaptation Framework project, will be expansive and help identify pathways for developing future regional and local plans, including those addressing resilience, emergency preparedness and health equity. To complement this long-range resilience effort, the Southern California Regional Greenprint will be designed to serve as a strategic web-based conservation tool to provide the best available scientific data and visualizations to help stakeholders make better-informed land use and transportation infrastructure decisions that recognize the multiple benefits of conserving natural and working lands.
- Continue to shape good public policy by hosting and convening thought leaders at the General Assembly, Economic Summit, and the Demographic Workshop, and continue the regional granting program to encourage member jurisdictions to implement SCAG adopted regional policies.
- Using the recommendations from the Incurred Cost and Indirect Cost Allocation Plan audits conducted by the California Department of Transportation, SCAG developed Corrective Action Plans to comply with state and federal requirements. In addition, work continued on the review and upgrade of SCAG's project management, procurement and financial procedures to support SCAG's present and future service delivery levels.

Profile of SCAG

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

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

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

- 191 cities
- 16 federally-recognized tribal governments
- 38,000 square miles
- 19 million people
- 15th largest economy in the world

Governing Body of SCAG

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

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

SCAG's Mandates

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

(a) Development of the Regional Transportation Plan

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

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

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

Modeling analysis encompasses a major portion of the Connect SoCal effort, and all of its major components are subject to performance criteria that assess and measure performance and define the benefits and impacts of proposed projects and initiatives. Modeling studies and technical analysis form the foundation of this work. A major modeling component is air quality and conformity analysis, which ensures that all required federal and state air quality requirements are met. Connect SoCal is also required to be financially constrained which necessitates that projects proposed for inclusion have realistic funding streams. This ensures the integrity and reasonableness of Connect SoCal.

Connect SoCal was adopted by SCAG’s Regional Council on May 7, 2020 for federal transportation conformity purposes and is projected to receive final approval for all other purposes by September 2020. It represents the most comprehensive long-term (through 2045) vision for the future of our transportation system as well as urban forms that best complement our current and future transportation system while also supporting our regional GHG reduction targets per SB 375.

Connect SoCal is a living document that must be revisited on a regular basis to keep it valid, relevant and current with emergent challenges and opportunities. It must be amended occasionally to ensure major projects being planned and implemented in the region remain consistent with the prevailing RTP/SCS.

(b) Development of the Federal Transportation Improvement Program

The Federal Transportation Improvement Program (FTIP) is the short-range program that includes projects to be funded by Federal Highway Administration (FHWA), Federal Transit Administration (FTA), Caltrans and local funds over the next four years. The FTIP can be viewed as a part of the implementation mechanism for a conforming RTP/SCS (Connect SoCal). SCAG is responsible for developing the FTIP in collaboration and cooperation with the California Department of

Transportation (Caltrans), our six county transportation commissions (CTCs) and public transit operators every two years.

The FTIP must include all federally funded transportation projects in the region as well as all regionally significant transportation projects which require approval from federal funding agencies regardless of the funding sources. The current 2019 FTIP was federally approved in December 2018. SCAG began the process of developing the 2021 FTIP in early 2019 by updating the guidelines for the 2021 FTIP. These guidelines were approved by SCAG's Transportation Committee on September 5, 2019. The Draft 2021 FTIP is expected to be approved for release for a 30-day public review period in November of 2020. The Final 2020 FTIP is anticipated to be adopted by SCAG's Regional Council in February 2021 with federal approval expected in March/April 2021.

(c) Transportation Conformity Analysis

In developing the RTP/SCS and FTIP, SCAG is responsible for ensuring that transportation plans and programs are consistent with, or conform to, the goals and objectives of applicable state air quality plans to attain federal air quality standards as required by the Federal Clean Air Act. Failure to achieve transportation conformity could result in rejection of the RTP/SCS and FTIP and withholding of federal funding and/or federal approval for Southern California's critical transportation needs. The FHWA and FTA have approved the transportation conformity determination for Connect SoCal, the 2020 RTP/SCS, and 2019 FTIP through Amendment #19-22.

(d) Integrated Growth Forecast

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

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

(a) Development of the Sustainable Communities Strategy (SCS)

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

On March 22, 2018, ARB formally updated SCAG’s per-capita GHG reduction target at an ambitious 19 percent by 2035. The 2020 per-capita GHG reduction target was not updated and remained at 8 percent. As prepared, implementation of Connect SoCal will achieve the 2020 and 2035 GHG emission reduction targets established by ARB.

(b) Development and Submittal of Connect SoCal Technical Methodology

In accordance with California Government Code Section 65080(b)(2)(J)(i), SCAG is required to submit to the ARB the Technical Methodology that SCAG intends to use to estimate the GHG emissions from its SCS, prior to starting the formal public participation process required by SB 375. SCAG has prepared and submitted the Connect SoCal Technical Methodology to ARB before the statutory deadline. SCAG staff has been working with ARB staff to discuss and address ARB comments on the submitted Technical Methodology. A final refined Connect SoCal Technical Methodology will be submitted to ARB as part of the Final Connect SoCal.

(c) Development of the Regional Housing Needs Assessment

Regional Housing Needs Assessment (RHNA) is developed every eight years in conjunction with every other RTP/SCS. RHNA sets each jurisdiction’s share of the region’s future housing needs for all income groups and serves as the housing need goal for the local housing element update process. The most recent RHNA, the 5th cycle, which was adopted by the Regional Council in October 2012, covers the planning period from October 2013 to October 2021.

In fall 2018, SCAG began development of the 6th RHNA cycle by establishing the RHNA Subcommittee to review and recommend RHNA policies, procedures, and methodology for adoption by the Regional Council. SCAG developed an allocation methodology to distribute housing need throughout the region and held an extensive public comment and review process as part of its development.

By the fall of 2020, SCAG staff will have prepared the Draft RHNA Allocation and distributed respective allocations to SCAG jurisdictions. The RHNA Subcommittee will also be responsible for reviewing and determining appeals. The final 6th cycle RHNA allocation is scheduled for adoption in February 2021 and will cover the planning period from October 2021 to October 2029.

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

Pursuant to the California Environmental Quality Act (“CEQA”, Pub. Res. Code § 21000 *et seq.*), SCAG is required to conduct environmental review for the RTP/SCS. SCAG fulfills this requirement with preparation of a Program Environmental Impact Report (PEIR) for Connect SoCal. The PEIR is a programmatic document that provides a region-wide assessment of the potential significant environmental effects of implementing policies, strategies, projects and programs included in the RTP/SCS. The PEIR provides a regional consideration of cumulative effects and includes land use policy alternatives and performance standards-based mitigation measures that are capable of avoiding, reducing and compensating for the significant impacts of Connect SoCal to the maximum extent

practicable. The PEIR programmatically analyzes the land use distribution patterns set forth in the SCS as well as alternative land use distribution patterns.

The Connect SoCal Draft PEIR was released on December 9, 2019 for a 45-day public review period and the Connect SoCal Final PEIR was certified by the Regional Council on May 7, 2020. In response to the Regional Council directive under the resolution adopted on May 7, 2020, SCAG is preparing additional environmental documentation (e.g, PEIR addendum) in accordance with CEQA. In addition, should Connect SoCal undergo a Plan Amendment in the near future to account for modifications to the project list, SCAG will prepare additional environmental documentation, as needed.

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

(e) South Coast Air Quality Management Plan

Pursuant to California Health and Safety Code Section 40460, SCAG is responsible for preparing and approving the portions of the South Coast Air Quality Management Plan (AQMP) relating to regional demographic projections and integrated regional land use, housing, employment, and transportation programs, measures, and strategies.

SCAG has been providing the South Coast Air Quality Management District with the socio-economic growth forecast and travel activity projections from the adopted Connect SoCal for the development of the upcoming 2022 South Coast AQMP. SCAG will prepare the Regional Transportation Plan/Sustainable Communities Strategy and Transportation Control Measures portion, commonly known as Appendix IV-C, of the 2022 AQMP based on the adopted Connect SoCal and the 2021 FTIP (scheduled to be adopted by the Regional Council in February 2021).

Long-Term Financial Planning

SCAG has stable finances and continuously evaluates its financial outlook to address challenges in a proactive manner. The FY19-20 financial statements reflect the measures SCAG has taken in prior years to operate using a model that balances revenues and expenditures. Traditionally, the Consolidated Planning Grant revenue allocations (FHWA and FTA 5303 grants) have been sufficient to cover SCAG's core planning activities but those costs have grown over time as personnel costs have risen and as SCAG has broadened its activities. Fortunately, SCAG was successful in its bid to increase its Transportation Development Act (TDA) revenues and, thanks to Assembly Bill 1403, SCAG has had an additional annual revenue stream since FY 2011/12 to continue its level of operations. In FY19-20 TDA revenues exceeded \$6 million. SCAG is also receiving new Sustainable Communities Grant funds of around \$5.1 million starting in 2018 pursuant to the terms of Senate Bill 1, the Road Repair and Accountability Act of 2017. SCAG and the California Department of

Transportation have resolved the \$4.4 million of disallowed costs resulting from the Incurred Cost audit (September 2018) and Indirect Cost Allocation Plan audit (January 2019) by repaying \$338,986 in disallowed costs and offsetting the rest with its Plan of Cost Substitution. This is described more fully in Note 15 to the financial statements.

Overall Work Program

SCAG’s Overall Work Program (OWP) is the foundation for annual financial planning and internal administrative budget control. It consists of all projects and budgets allocated and necessary to perform the planning work to be accomplished in the following year, and identifies the funding source(s) for each project. The budget includes line items for direct labor and non-labor expenses, fringe benefits, and indirect costs. When the OWP is completed, it is submitted to and approved by the SCAG Regional Council and our external funding agencies. In addition, formal amendments to the OWP which involve major budgetary revisions are reviewed and approved by the Regional Council and applicable funding agencies.

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

Acknowledgements

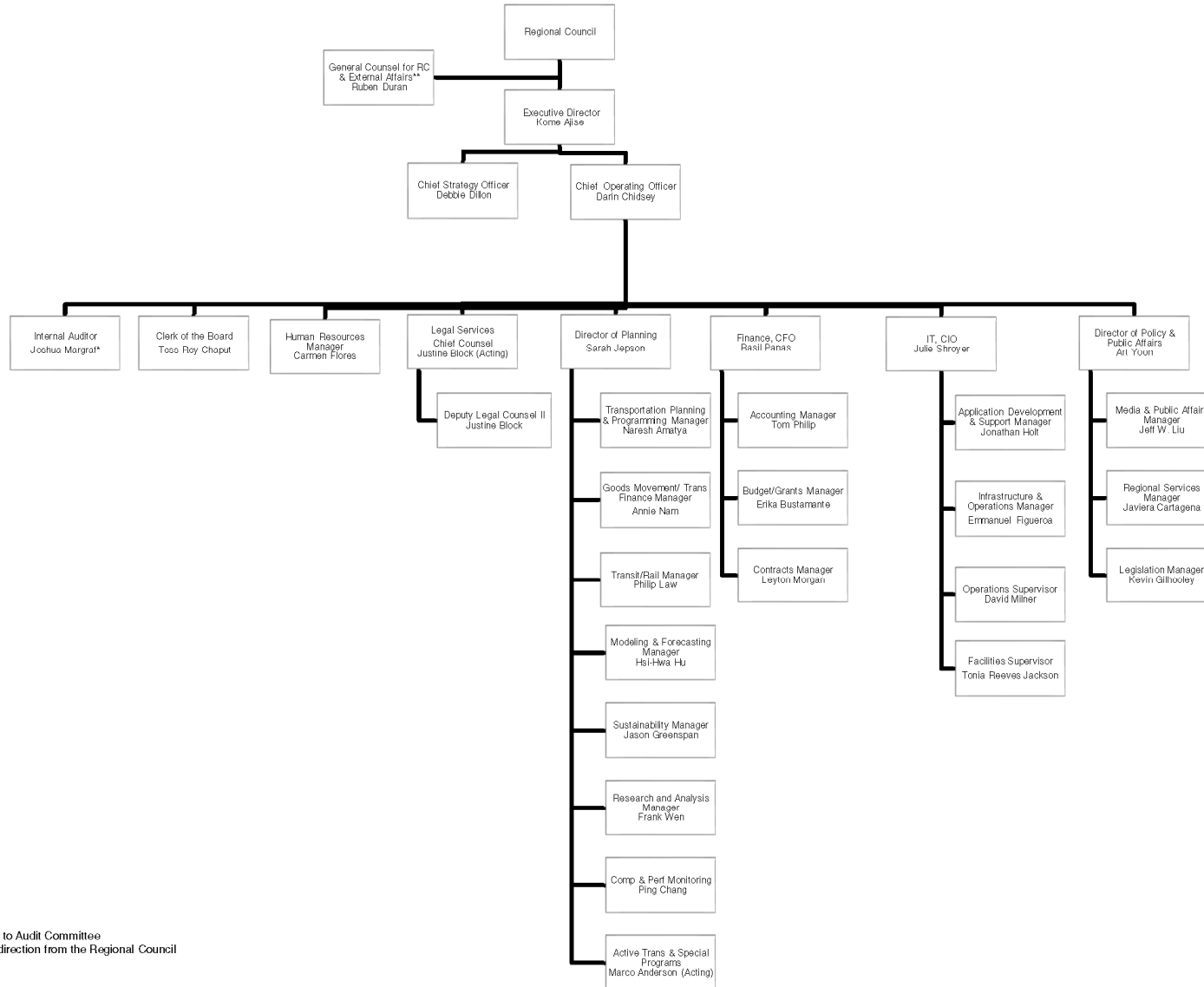
On behalf of each member of the management team at SCAG, we express our sincere gratitude to you, President Richardson, and all of the members of the Regional Council for your leadership, hard work and support throughout the year. We recognize that being a member of the Regional Council is a demanding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

Sincerely,

DocuSigned by:
Kome Ajise 12/21/2020
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Kome Ajise
Executive Director

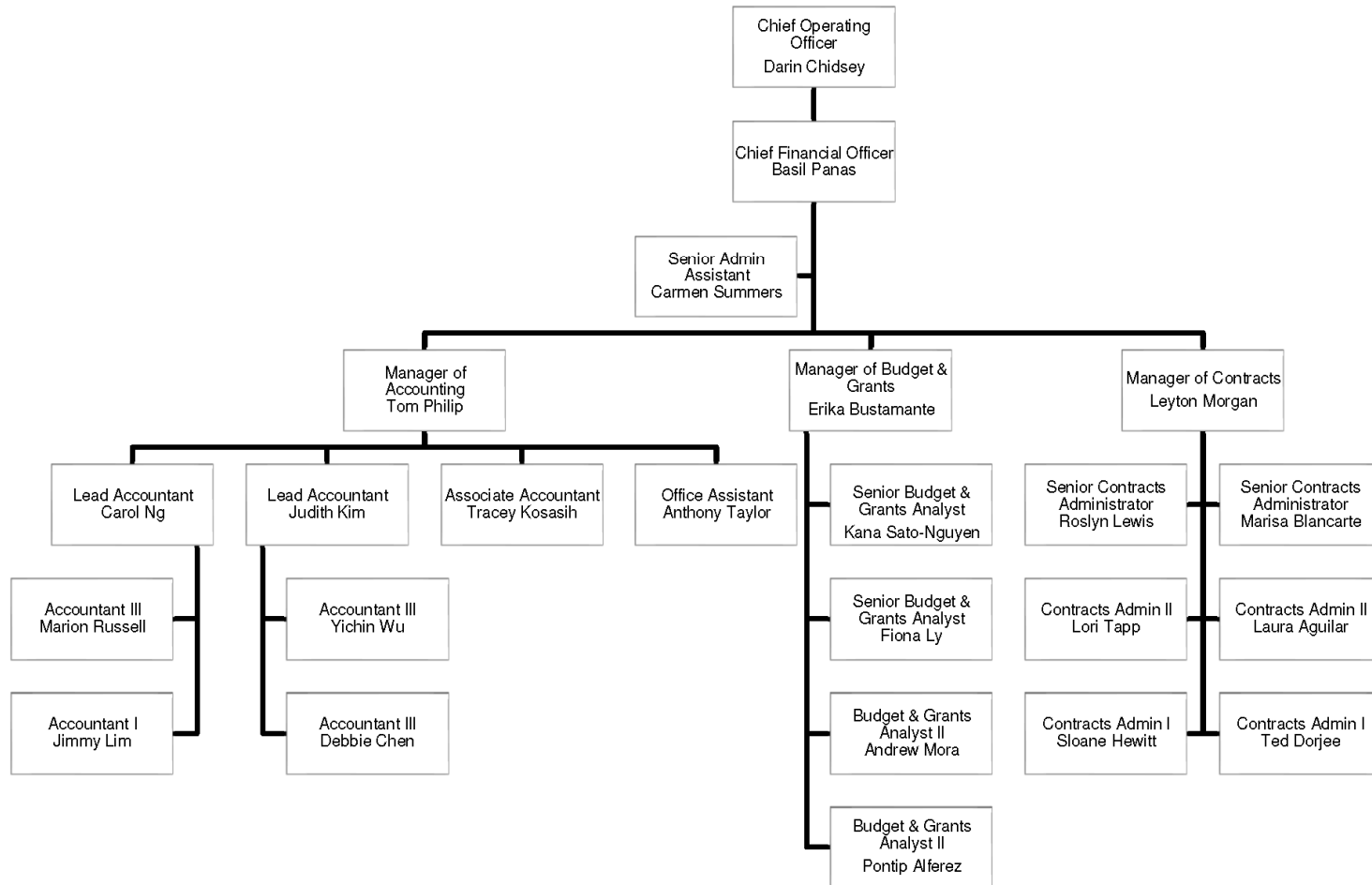
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Cindy Giraldo
Chief Financial Officer

SCAG Organization Chart – June 2020



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

Finance Division Organization Chart – June 30, 2020





Government Finance Officers Association

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Southern California Association of Governments

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

Financial Section



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern California Association of Governments (SCAG), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SCAG's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of SCAG as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SCAG's basic financial statements. The introductory section, supplemental combining financial statements, supplemental schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020, on our consideration of SCAG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SCAG's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCAG's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
December 18, 2020

Management's Discussion and Analysis

INTRODUCTION

This management's discussion and analysis (MD&A) of the Southern California Association of Governments' (SCAG) financial performance provides an overview of SCAG's financial activities for the fiscal year ended June 30, 2020. This overview should be read in conjunction with the transmittal letter and the accompanying financial statements in order to obtain a thorough understanding of SCAG's financial condition.

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

In this MD&A, the Statement of Net Position and the individual accounts, which comprise total assets and deferred outflows of resources and liabilities and deferred inflows of resources, are discussed and analyzed for the reader. Specific information about the functional areas of grant revenues reported in the Statement of Activities is also provided. Revenue and expenditure information about transportation, railroad, aviation, high-speed rail, housing, and other grants is reviewed. Finally, there is summary information about project work undertaken and completed by SCAG in FY 2019-2020.

FINANCIAL HIGHLIGHTS

Revenues increased to \$52.2 million in FY 2019-2020 from \$43.3 million in FY 2018-2019, an increase of \$8.9 million, or 20.5%.

Federal revenues increased by \$2.8 million; state revenues increased by \$2.1 million; local revenues increased by \$0.3 million; and General Fund revenues increased by \$3.6 million mainly driven by a \$4.1 million recovery of disallowed grant costs related to the settlement of the Caltrans audits.

Net position increased by \$1.6 million to (\$26.5 million). This was mainly driven by the \$4.1 million recovery of disallowed grant costs which was partially offset by increased net pension liabilities.

Cash increased by \$0.07 million; receivables increased by \$3.0 million; the under-recovery of indirect costs decreased by \$2.1 million; and accounts and contracts payable and accrued liabilities decreased by \$3.6 million, all compared to FY 2018-2019 mainly due to the \$4.1 million recovery of disallowed grant costs.

Cash balances were adequate to support operations. There were no draws on SCAG's line of credit in FY 2019-2020.

As noted above, receivables increased \$3.0 million to \$12.0 million due to higher (\$2.4 million) State grant receivables and higher (\$0.8 million) Federal receivables. No receivables are past due at year end.

Accounts and contracts payable (AP) payments to vendors are disbursed on a current basis. AP balances increased \$0.6 million to \$5.7 million. All AP obligations are current.

The unfunded net pension liability of \$44.1 million to CalPERS and PARS increased \$2.2 million from \$41.8 million last year. SCAG's liability for other post-employment benefits was \$3.3 million, down from last year by \$1.0 million).

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

The government-wide financial statements distinguish between the activities of SCAG that are principally supported by grants or contracts, and the General Fund activities which are intended to be covered primarily by dues paid by SCAG's members. Changes in net position are a result of the financial activities of the General and Transportation Development Act (TDA) funds, not from the grant funds, which operate on a cost-reimbursement basis. The government-wide financial statements can be found on pages 15 and 16 of this report.

FUND-BASED REPORTING

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

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

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Management's Discussion and Analysis
Year ended June 30, 2020

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 21 to 52 of this report.

Statement of Net Position

The Statement of Net Position is prepared using accrual accounting since its measurement focus is total economic resources. Thus, it reports both long-term and short-term assets and deferred outflows of resources, and liabilities and deferred inflows of resources. At the end of FY 2019-2020, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$26.5 million compared to \$28.1 million in FY 2018-2019 resulting in a net position increase of \$1.6 million.

The following is a summary of net positions as of June 30, 2020 and 2019:

	June 30	
	2020	2019
Current and other assets	\$ 24,844,834	\$ 23,882,870
Capital assets, net	5,433,945	5,957,615
Total assets	30,278,779	29,840,485
Deferred outflows of resources	5,455,905	6,394,063
Current liabilities	8,723,857	12,019,773
Noncurrent liabilities	52,319,558	51,608,276
Total liabilities	61,043,415	63,628,049
Deferred inflows of resources	1,236,732	705,231
Net position		
Net investments in capital assets	287,694	128,748
Restricted	11,084,386	10,829,017
Unrestricted	(37,917,543)	(39,056,497)
Total net position	\$ (26,545,463)	\$ (28,098,732)

Cash and Cash Equivalents

Over the last year, cash and cash equivalents has increased \$0.07 million to \$10.5 million. During that same period, cash as a percentage of total assets was 35%.

Included in cash was \$0.1 million of member dues for FY 2020-2021 received in FY2019-2020.

Accounts Receivable (AR)

ARs from federal, state, local and other agencies at the end of FY 2019-2020 were \$12.0 million compared to \$9.0 million the year before. AR balances represented 39% of total assets compared to 30% in FY 2018-2019.

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

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

Federal ARs at \$6.5 million were \$0.8 million more than last year. State receivables increased by \$2.4 million to \$5.1 million. Local grants and contracts receivable decreased \$0.2 million to \$0.3 million. Other receivables dropped to \$0.01 million.

Accounts and Contracts Payable (AP)

During FY 2019-2020, SCAG met its goal of paying 95% of invoices within 30 days in three of the twelve months. The AP balance increased from \$5.1 million to \$5.7 million.

Line of Credit (LOC)

During FY 2019-2020, SCAG did not draw on its LOC.

The LOC is a \$6.5 million credit line with an independent financial institution, which expires on March 31, 2022. Cash advances, if requested, are secured by an assignment of moneys due only from Caltrans. Advances on the line must be in minimum amounts of \$350,000 and are due 45 days from the date of the advance. The current agreement provides for a choice of two interest rate structures. Variable rate advances incur interest at the prime rate plus 0.5%. LIBOR advances incur a fixed rate of interest for a fixed period which is 2.5% above the bank's LIBOR rate.

Financing Agreements

During FY 2017-18, SCAG entered into two five-year Equipment Financing Agreements with Bank of the West to finance the acquisition of furniture and audio-visual equipment in SCAG's new headquarters building in Los Angeles. The furniture financing was in the amount of \$1,241,979.77 at 4.8% while the equipment financing was in the amount of \$701,504.69 at 5.44%. SCAG makes monthly repayments.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Management's Discussion and Analysis
Year ended June 30, 2020

Capital Assets

Net investment in net capital assets is \$5,433,945. These assets have continuing value, which contribute to efficiency and effectiveness in conducting SCAG's transportation planning activities. For additional information, the reader is referred to note 5 of the basic financial statements.

The policy with respect to capitalizing assets is that the asset must cost more than \$5,000 (\$100,000 for intangible assets) and have a useful life of more than one year. Net investment in capital assets includes computer equipment, leasehold improvements, and furniture and fixtures as follows:

	June 30	
	2020	2019
Computer equipment and software, net	167,634	140,307
Leasehold improvements, net	5,045,721	5,426,608
Furniture and fixtures, net	220,590	390,773
	<u>\$ 5,433,945</u>	<u>\$ 5,957,688</u>

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Management's Discussion and Analysis
Year ended June 30, 2020

Statements of Activities

	Years ended June 30	
	2020	2019
REVENUES		
Charges for services - member dues	\$ 2,112,970	\$ 2,053,962
Operating grants and contributions	49,907,967	40,576,290
General revenues:		
Interest Income	122,252	271,058
Other revenue	10,000	380,145
	52,153,189	43,281,455
EXPENSES		
Transportation	19,039,509	16,150,392
Modeling	12,191,498	10,768,740
Environmental	4,377,155	3,179,830
Public Involvement	2,826,301	2,219,085
Sustainability initiatives	6,266,299	5,820,909
Administration	5,899,158	12,243,851
	50,599,920	50,382,807
Change in net position	1,553,269	(7,101,352)
Net position - beginning	(28,098,732)	(20,997,380)
Net position - ending	\$ (26,545,463)	\$ (28,098,732)

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

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Management's Discussion and Analysis
Year ended June 30, 2020

Total revenues in FY 2019-2020 were \$52.2 million compared to \$43.3 million last year. This is an increase of \$8.9 million or 20.5%.

The increase in net position is primarily due to the \$4.1 million recovery of disallowed grant costs which was partially offset by increased expenses related to pensions.

Major Expenses

In FY 2019-2020, salary expenses were \$15.3 million which included non-worktime (e.g., vacation leave, sick leave, and holiday). The comparable amount in FY 2018-2019 was also \$13.8 million. Salaries, including non-worktime, represent about 29% of total expenses.

Consultant expenses are the next largest expense line item. They increased \$2.1 million to \$12.7 million in FY 2019-2020 from \$10.6 million in FY 2018-2019. They represent about 25% of total expenses. Detailed information concerning specific consultant activities is analyzed below in the discussion about major revenues and expenses of federal, state and local grants and the General Fund.

Federal Transportation Grants

Major FHWA and FTA Grants

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

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

FHWA PL and FTA 5303 revenues amounted to \$20.4 million and \$8.9 million, respectively, in FY 2019-2020. These two grants were billed \$29.3 million in FY 2019-2020 compared to \$26.4 million in FY 2018-2019. Salaries and fringe benefits accounted for \$11.1 million, consultant expenses were \$3.9 million and the balance consisted of indirect overhead of \$13.9 million and other direct project costs of \$0.4 million. Other direct project expenses include professional services, travel, printing and other non-labor costs.

Other Federal Grants

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

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

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

FTA Section 5304 and FHWA Partnership Planning

Caltrans' Sustainable Transportation Planning Grant Program offers two discretionary grant programs on an annual basis. SCAG has been a successful grant recipient under this program to further the region's RTP/SCS. Under this grant program the total FTA Section 5304 and FHWA Partnership Planning budget for FY 2019-2020 was approximately \$3.1 million. The total amount expended for these two grant programs was about \$1.1 million in FY 2019-2020. The unused balance for grants not expiring at the end of fiscal year are carried forward to FY 2020-2021 and future years, if needed, subject to authorization from Caltrans.

FHWA Active Transportation Program

In FY 2017-2018, SCAG was awarded \$1.8 million in FHWA funds from Caltrans Local Assistance Office to build onto the previously funded Active Transportation Safety & Encouragement Campaign Program. The project continued being implemented during FY 2019-2020. Caltrans is the Direct Recipient of the funds from FHWA and SCAG is responsible for managing the program.

Office of Traffic Safety Active Transportation Safety

In FY 2018-2019, SCAG received a grant award in the amount of \$0.6 million from Office of Traffic Safety (OTS) for the Pedestrian and Bicycle Safety Program and completed the grant activities during FY 2019-2020. The funds were used to conduct a regional active transportation safety and encouragement campaign to reduce bicycle and pedestrian collisions. In FY 2019-2020, SCAG secured another grant award from OTS in the amount of \$1 million to continue the effort to promote and educate bicycle and pedestrian safety. OTS is the Direct Recipient of the National Highway Traffic Safety Administration funds and SCAG is responsible for managing the program.

Department of Energy, Energy Efficiency & Renewable Energy

SCAG received a cooperative agreement award in the amount of \$45,000 in FY 2015-2016, \$45,000 in FY 2016-2017, \$45,000 in FY 2017-2018, \$67,500 in FY 2018-2019, and an additional \$90,000 in FY 2019-2020. The funds are used for Clean Cities Outreach, Education and Performance Tracking project.

State Grants

The Sustainable Communities Competitive Grants reside under the Sustainable Transportation Planning Grant Program and include the traditional State Highway Account (SHA) funds and Senate Bill (SB) 1 funds that are deposited into the Road Maintenance and Rehabilitation Account (RMRA). SB1, the Road Repair and Accountability Act of 2017, is a transportation funding bill that supports and implements the

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Management's Discussion and Analysis
Year ended June 30, 2020

RTP/SCS and helps achieve the State's greenhouse gas (GHG) reduction targets. SB1 expanded the existing Caltrans' Sustainable Transportation Planning Grant Program by offering a formula grant program to the MPOs. Under this formula grant program, SCAG, as an MPO, received a grant award in the amount of \$5.6 million in FY 2017-2018, \$5.3 million in FY 2018-2019, and an additional \$5.3 million in FY 2019-2020. The SB1 grant funds support various programs, including but not limited to, SCAG's Sustainability Planning Grant (SPG) program, Future Communities Initiative, and development and implementation of the SCS. In FY 2017-2018, SCAG also received two competitive grant awards in SB1 funds for \$1.24 million, which fund the effort to carry out ADA Paratransit Demand Forecast and Southern California Regional Climate Adaptation Framework projects. Both projects continued being implemented in FY 2019-2020. In FY 2019-2020, SCAG received two competitive grant awards in SHA funds for approximately \$1.0 million. The unused balance for both formula and competitive grants not expiring at the end of fiscal year are carried forward to FY 2020-2021 and future years, if needed, subject to authorization from Caltrans.

In FY 2016-2017, SCAG received a grant award in the amount of \$2.5 million directly from SCAQMD for the AB2766/MSRC funding program. The funds are used for implementing the *Go Human* Program and the *Go Human* events continued to be held in various cities in FY 2019-2020. In FY 2018-2019, SCAQMD also awarded SCAG \$2 million for implementation of Future Communities Pilot Program to research new and innovative concepts for reducing VMT and carry out a few pilot programs, and SCAG commenced the grant activities in FY 2019-2020.

SCAG also received a grant award in the amount of \$643,000 from the Caltrans Local Assistance Active Transportation Program in FY 2016-2017 and completed this project in FY 2019-2020. The funds were used to develop an active transportation plan, a greenway feasibility study, and provide safety education for bicyclists within the San Gabriel Valley. In FY 2017-2018, SCAG received two more grants from the Caltrans Local Assistance Active Transportation Program: \$1.15 million to develop six active transportation plans in disadvantaged communities, and \$1.29 million to implement active transportation, safe routes to school, and complete streets plans for seven cities in SCAG region. Both projects continued being implemented in FY 2019-2020. Further, in FY 2019-2020, SCAG received several more grants from the Caltrans Local Assistance Office and commenced the activities. These projects include \$0.32 million in active transportation safety and encouragement campaign in the cities of Beverly Hills and Hermosa Beach, \$2.6 million in temporary demonstration of active transportation infrastructure as well as public engagement activities, and \$0.22 million in active transportation and safety education program to students and parents in underserved communities in the county of Imperial.

Local Revenues

Local revenues were \$6.4 million compared to \$6.1 million in FY 2018-2019, mostly Transportation Development Act (TDA) funding. The TDA Fund, a major fund, had revenues of \$6 million. TDA funds are used to meet the local match requirement for federal and state grants and for other unmet needs such as the Sustainable Communities Program. SCAG receives these funds under the terms of AB1403. The TDA fund balance rose to \$11.1 million as not all budgeted amounts were spent. However, the TDA fund balance is expected to decline in FY21 as commitments of \$7.7 million have been made against the fund balance and the revenues of FY20.

General Fund

Management is required by SCAG's By-laws to submit an annual budget for the General Fund (GF) to the Regional Council (RC) and the RC presents it to the General Assembly for final approval. The GF is used

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Management's Discussion and Analysis
Year ended June 30, 2020

as working capital and its resources are available for any authorized purpose, not otherwise required or allowed to be accounted for in another fund. Thus, GF cash is routinely used to pay invoices that are in the process of being billed to the grantor.

The comparative summary statement of revenues, expenditures, and changes in fund balances of the GF shown below is reported on a modified accrual basis. In FY 2019-2020, fund balance decreased by \$4.2 million mainly due to the recovery of disallowed grant costs (see Note 15).

	Years ended June 30	
	2020	2019
Revenues:		
Membership assessments	\$ 2,112,970	\$ 2,053,962
Recovery of disallowed grant costs	4,062,579	
General assembly	10,000	380,145
Interest and other	122,252	271,058
Total revenues	6,307,801	2,705,165
Expenditures:		
Transportation	726	61,366
Modeling	708	104
Public Involvement	45	-
Sustainability Initiatives	2,150	65,433
Administration	2,045,195	2,758,108
Disallowed Grant Costs	-	4,832,192
Capital outlay	-	5,956
Indirect cost	15,618,533	12,365,958
Indirect cost recovery	(17,691,911)	(12,921,422)
Under-recovery of indirect cost	2,073,378	555,464
Total expenditures	2,048,824	7,723,159
Excess (deficiency) of revenues over expenditures	4,258,977	(5,017,994)
Other financing sources (uses):		
Transfers out	(77,059)	(78,995)
Total other financing sources (uses)	(77,059)	(78,995)
Change in fund balance	4,181,918	(5,096,989)
Fund balance, beginning of year	2,756,377	7,853,366
Fund balance, end of year	\$ 6,938,295	\$ 2,756,377

Dues assessed to member jurisdictions

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

The RC has implemented formal policies to retain members and grow dues collections. By-law amendments have been approved to permit increases in dues equal to the consumer price index. Member dues collections rose in FY 2019-2020 to \$2,112,970 from \$2,053,962 in FY 2018-2019, an increase of 2.9 %. This resulted from the automatic dues increase equivalent to the Consumer Price Index provided for in the Bylaws. At the end of FY 2019-2020, only two cities in the entire SCAG region were not members.

Other GF Revenues and Interest Income

Total other revenues decreased in FY 2019-2020 to \$122,252 from \$271,058 in FY 2018-2019.

Cash that was not needed as working capital to support daily operations was invested in the Los Angeles County Investment Pool. The County Pool investment policy provides that public funds are invested for the maximum security of principal with secondary emphasis on achieving the highest return. The reader is referred to the Note 2 – Cash and Cash Equivalents for additional information.

GF Budget vs. Actual Expenditures

GF expenditures overall were \$2.3 million compared to the budget of \$3.9 million, a positive variance of \$1.6 million. The primary savings resulted from the cancellation of the General Assembly of \$0.6 million, lack of RHNA sub-regional delegation expenses of \$0.4 million and reduced RC sponsorships of \$0.1 million. The GF budget includes RC expenditures including member stipends, travel, monthly RC meeting expenses, and annual meetings most of which had reduced expenses. It also includes contracted federal and state lobbying, and legal fees.

Next Year's Budgets

SCAG's Comprehensive Budget for FY 2020-2021 is \$96.0 million compared to \$91.4 million in FY 2019-2020, a net increase of \$4.6 million or 5% mainly due to the \$12 million increase in state funds programmed for the Regional Early Action Planning (REAP) Program and the \$8 million decrease in TDA, FTA pass-through and local revenues. Most FY 2020-2021 OWP funding comes from the Federal government -- 46%, 35% comes from the State of California, 16% comes from local funds, and 3% from other sources.

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, 900 Wilshire Boulevard, Ste. 1700, Los Angeles, California 90017.

Basic Financial Statements

Southern California Association of Governments

Statement of Net Position

June 30, 2020

Assets	
Cash and cash investments	\$ 10,502,190
Receivables:	
Federal grants	6,545,974
State grants and contracts	5,051,471
Local grants and contracts	346,590
Other	13,612
Prepays	869,259
Other assets	6,774
Under-recovery of indirect costs	1,508,964
Capital assets, net	<u>5,433,945</u>
Total assets	<u>30,278,779</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	4,673,823
Deferred outflows of resources related to OPEB	<u>782,082</u>
Total deferred outflows of resources	<u>5,455,905</u>
Liabilities	
Accounts and contracts payable	5,748,354
Accrued liabilities	449,418
Advances from grantors	480,302
Unearned revenues	144,079
Noncurrent liabilities:	
Due within one year	1,901,704
Due in more than one year	<u>52,319,558</u>
Total liabilities	<u>61,043,415</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	774,384
Deferred inflows of resources related to OPEB	<u>462,348</u>
Total deferred inflows of resources	<u>1,236,732</u>
Net Position	
Net investment in capital assets	287,694
Restricted for:	
Transportation projects	11,084,386
Unrestricted	<u>(37,917,543)</u>
Total net position	<u>\$ (26,545,463)</u>

Southern California Association of Governments

Statement of Activities
Year Ended June 30, 2020

	Expenses	Program Revenues		Net (Expenses) Revenues and Change in Net Position
		Charges for Services - Member Dues	Operating Grants and Contributions	
Functions/programs:				
Transportation	\$ 19,039,509	\$ -	\$ 19,217,093	\$ 177,584
Environmental	4,377,155	-	4,377,155	-
Modeling	12,191,498	-	12,190,790	(708)
Public Involvement	2,826,301	-	2,826,256	(45)
Sustainability initiative	6,266,299	-	6,264,149	(2,150)
Administration	5,899,158	2,112,970	5,032,524	1,246,336
Total governmental activities	<u>\$ 50,599,920</u>	<u>\$ 2,112,970</u>	<u>\$ 49,907,967</u>	<u>1,421,017</u>
General revenues:				
Interest income				122,252
Other revenue				<u>10,000</u>
Total general revenues				<u>132,252</u>
Change in net position				1,553,269
Net Position, Beginning of Year				<u>(28,098,732)</u>
Net Position, End of Year				<u>\$ (26,545,463)</u>

Southern California Association of Governments

Balance Sheet – Governmental Funds

June 30, 2020

	General Fund	FTA 5303 Fund	FHWA PL Fund	TDA Fund	Nonmajor Funds	Total
Assets						
Cash and cash equivalents	\$ 10,502,190	\$ -	\$ -	\$ -	\$ -	\$ 10,502,190
Receivables:						
Federal grants	-	2,506,394	1,878,529	-	2,161,051	6,545,974
State grants and contracts	-	-	-	-	5,051,471	5,051,471
Local grants and contracts	-	-	-	282,395	64,195	346,590
Other	13,612	-	-	-	-	13,612
Due from other funds	3,992,630	-	-	11,487,561	643,451	16,123,642
Prepays	869,259	-	-	-	-	869,259
Other assets	6,774	-	-	-	-	6,774
Under-recovery of indirect costs	1,508,964	-	-	-	-	1,508,964
Total assets	\$ 16,893,429	\$ 2,506,394	\$ 1,878,529	\$ 11,769,956	\$ 7,920,168	\$ 40,968,476
Liabilities and Fund Balances						
Liabilities						
Accounts and contracts payable	\$ 503,264	\$ 1,028,292	\$ 61,645	\$ 668,370	\$ 3,486,783	\$ 5,748,354
Accrued liabilities	449,418	-	-	-	-	449,418
Due to other funds	8,858,373	1,478,102	1,816,884	-	3,970,283	16,123,642
Advances from grantors	-	-	-	17,200	463,102	480,302
Unearned revenues	144,079	-	-	-	-	144,079
Total liabilities	9,955,134	2,506,394	1,878,529	685,570	7,920,168	22,945,795
Fund Balances						
Nonspendable for:						
Prepays and other assets	876,033	-	-	-	-	876,033
Restricted:						
Transportation	-	-	-	11,084,386	-	11,084,386
Unassigned:						
General fund	6,062,262	-	-	-	-	6,062,262
Total fund balances	6,938,295	-	-	11,084,386	-	18,022,681
Total liabilities and fund balances	\$ 16,893,429	\$ 2,506,394	\$ 1,878,529	\$ 11,769,956	\$ 7,920,168	\$ 40,968,476

Southern California Association of Governments
 Reconciliation of the Total Governmental Funds Net Position in the Statement of Net Position
 June 30, 2020

Total governmental fund balances	\$ 18,022,681
Amounts reported for governmental activities in the accompanying statement of net position are different because:	
Capital assets, net of accumulated depreciation of \$7,687,781 used in governmental activities are not financial resources; they are therefore, not reported in the governmental funds financial statements	5,433,945
Long-term liabilities are not due and payable at year end; they are therefore, not reported in the governmental funds financial statements	
Compensated absences liabilities	(1,704,461)
Net pension liabilities	(44,079,702)
Net OPEB liability	(3,290,848)
Financing agreements	(1,083,858)
Tenant improvement allowance	(4,062,393)
Deferred outflows of resources are not considered financial resources and are not reported in the governmental funds	
Pensions	4,673,823
OPEB	782,082
Deferred inflows of resources are not available to pay for current period expenses and are not reported in the governmental funds	
Pensions	(774,384)
OPEB	(462,348)
Net Position	\$ (26,545,463)

Southern California Association of Governments
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2020

	General Fund	FTA 5303 Fund	FHWA PL Fund	TDA Fund	Nonmajor Funds	Total
Revenues:						
Federal grants, net	\$ -	\$ 8,913,761	\$ 20,429,188	\$ -	\$ 4,068,579	\$ 33,411,528
State grants and contracts	-	-	-	-	6,026,789	6,026,789
Local grants and contracts	-	-	-	6,035,544	371,527	6,407,071
Membership assessments:						
Cities	1,689,338	-	-	-	-	1,689,338
Counties	315,132	-	-	-	-	315,132
Commission	88,500	-	-	-	-	88,500
Transportation corridor agency	10,000	-	-	-	-	10,000
Air districts	10,000	-	-	-	-	10,000
Recovery of disallowed grant costs	4,062,579	-	-	-	-	4,062,579
General assembly	10,000	-	-	-	-	10,000
Interest and other	122,252	-	-	-	-	122,252
Total revenues	6,307,801	8,913,761	20,429,188	6,035,544	10,466,895	52,153,189
Expenditures:						
Transportation	726	3,115,795	7,562,772	1,988,687	6,371,529	19,039,509
Environmental	-	1,363,851	2,028,240	405,618	579,446	4,377,155
Modeling	708	2,599,051	7,799,890	976,547	815,302	12,191,498
Public involvement	45	1,225,526	1,387,805	178,953	33,972	2,826,301
Sustainability initiatives	2,150	609,538	1,208,501	1,779,464	2,666,646	6,266,299
Administration	2,045,195	-	441,980	94,077	-	2,581,252
Debt service:						
Principal	-	-	-	373,630	-	373,630
Interest	-	-	-	34,026	-	34,026
Capital outlay	-	-	-	26,232	-	26,232
Indirect cost	15,618,533	-	-	-	-	15,618,533
Indirect cost recovery	(17,691,911)	-	-	-	-	(17,691,911)
Over-recovery of indirect costs	2,073,378	-	-	-	-	2,073,378
Total expenditures	2,048,824	8,913,761	20,429,188	5,857,234	10,466,895	47,715,902
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,258,977	-	-	178,310	-	4,437,287
Other Financing Sources (Uses)						
Transfers in	-	-	-	77,059	-	77,059
Transfers out	(77,059)	-	-	-	-	(77,059)
Total other financing sources (uses)	(77,059)	-	-	77,059	-	-
Change in Fund Balance	4,181,918	-	-	255,369	-	4,437,287
Fund Balances, Beginning of Year	2,756,377	-	-	10,829,017	-	13,585,394
Fund Balances at End of Year	<u>\$ 6,938,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,084,386</u>	<u>\$ -</u>	<u>\$ 18,022,681</u>

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, 2020

Change in Fund Balances - Total Governmental Funds \$ 4,437,287

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities those assets costs are allocated over their respective estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	\$ 114,563	
Depreciation expense	<u>(638,233)</u>	(523,670)

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

Compensated absences liabilities	(307,522)
Amortization of tenant improvement allowance	308,986

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt service payment	373,630
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Governmental funds report pension/OPEB contributions as expenditures in governmental funds. Such amounts are reported as deferred outflow of resources on the full accrual basis.

Pension contributions	4,147,545
OPEB contributions	782,082

Pension expense is reported on the statement of activities	(7,438,546)
OPEB expense is reported on the statement of activities	<u>(226,523)</u>

Change in Net Position of Governmental Activities \$ 1,553,269

Note 1 - Summary of Significant Accounting Policies**A. General Background**

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

C. Major Funds

SCAG considers the following funds as major governmental funds:

Governmental Funds

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

The special revenue funds are described below:

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

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

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

D. Grant Revenues

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

E. Unearned Revenue and Advances from Grantors

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

F. Long-Term Liabilities

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

SCAG also received a benefit from certain tenant improvement allowances granted at the inception of its lease, which were recorded as deferred lease credits and are amortized on a straight line basis over the lease term. The related credits are not, however, reported in the accompanying fund financial statements as they are not expected to be liquidated with current financial resources. They are reported in the Statement of Net Position as noncurrent liabilities (Note 10).

G. 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.

H. Capital Assets

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

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

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

I. Compensated Absences

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

J. New Governmental Accounting Standards Board (GASB) pronouncements adopted in the current year

GASB Statement No. 95 – In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement are effective immediately as they delayed the effective dates of several GASB Statements. The effective dates listed in the Future Governmental Accounting Standards Board (GASB) Pronouncement section have been updated to reflect the postponed effective dates.

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

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements prior to June 30, 2020, that have effective dates that may impact future financial statement presentation. The effect of these statements is currently under review by SCAG:

- GASB Statement No. 84, *Fiduciary Activities*.
- GASB Statement No. 87, *Leases*.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*.
- GASB Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*.
- GASB Statement No. 91, *Conduit Debt Obligations*.
- GASB Statement No. 92, *Omnibus 2020*.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.
- GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84 and a Supersession of GASB Statement No. 32*.

L. Pensions

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

M. Other Post-Employment Benefits (OPEB)

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

N. Deferred Outflows and Inflows of Resources

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

SCAG reports deferred outflows and inflows of resources related to pension and OPEB on the government-wide statement of net position, under the full accrual basis of accounting. Refer to Note 12 and Note 14 for items identified as deferred inflows and outflows related to pension and OPEB, respectively.

O. Use of Estimates

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

P. Fund Balance Reporting

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

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

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

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

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

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

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

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

The Regional Council, as SCAG's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken. Committed amounts cannot be used for any other purpose unless the Regional Council removes or changes the specific use through the same type of formal action taken to establish the commitment. SCAG does not have any fund balance that meets this classification as of June 30, 2020.

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

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

Note 2 - Stewardship, Compliance, and Accountability

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

Fund	Final Budget	Expenditures	Excess
Major Fund:			
General Fund:			
Modeling	\$ -	\$ 708	\$ 708
Public Involvement	-	45	45
Sustainability	-	2,150	2,150
Transportation	-	1,452	1,452

Note 3 - Cash and Cash Equivalents

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

Book balance of deposits with financial institutions	\$ 7,614,786
Cash and cash equivalents in County of Los Angeles Treasury	2,886,714
Petty cash	690
	\$ 10,502,190

A. Deposits

At June 30, 2020, 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.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and SCAG's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2020, the SCAG's deposits with financial institutions were covered by FDIC up to \$250,000, and the remaining amounts of \$7,365,168 were collateralized by the financial institution's agent as described above.

B. Investments Authorized by SCAG's Investment Policy

The table below identifies the investment types that are authorized by 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. The table also identifies certain provisions of SCAG's investment policy that addresses interest rate risk and concentration of credit risk.

Description	Maximum Maturities	Maximum Concentration	Maximum in One Issuer
U.S. Treasury Obligations (bills, notes and bonds)	5 years	100%	None
U.S. Government Agency Securities	5 years	100%	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	N/A	30%	None
Certificates of Deposit	N/A	30%	None
Passbook Savings Accounts	N/A	30%	None
Repurchase Agreements	92 days	20%	None
Interest-Bearing Checking Accounts	N/A	5%	None
Intermediate-Term Corporate Notes	5 years	30%	None
Bank Money Market Accounts	N/A	20%	None
Local Agency Investment Fund (LAIF)	N/A	100%	(per state limit)
Los Angeles County Investment Fund (County Pool)	N/A	100%	None

C. County of Los Angeles Treasurer's Pool

At June 30, 2020 and as permitted by California Government Code Section 53635, a portion of SCAG's cash balance totaling \$2,886,714 was on deposit in the County Pool. SCAG's investments in the County Pool represent less than 1% of the County Pool's investments. Cash on deposit in the County Pool at June 30, 2020, is stated at fair value. The County Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. 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. At June 30, 2020, the weighted average maturity for the County pool approximated 590 days and the County pool is not rated. For further information regarding the Los Angeles County Investment Pool, refer to the County of Los Angeles Comprehensive Annual Financial Report.

Fair Value Measurements

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

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

Deposits and withdrawals are made on the basis of \$1 and not fair value. Accordingly, SCAG's cash and cash equivalents in the Los Angeles County Investment Pool at June 30, 2020, is uncategorized and not defined as a Level 1, Level 2, or Level 3 input.

Note 4 - 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 Uniform Guidance, 2 CFR Part 200, Sub part E – Cost Principles. Variations between actual indirect costs incurred and the allocated and recovered amounts are recorded as receivables or liabilities, as the case may be, and are allowed by Caltrans to be carried forward to future years' indirect cost allocation plan.

An under-recovery of \$3,582,342 was carried forward from FY 2018-2019 and added to the over-recovered indirect costs for FY 2019-2020. The under-recovered amount at June 30, 2020 is included in the General Fund and presented as an asset. The fixed percentage rate that was approved by Caltrans and used for FY 2019-2020 was 124.70% of salaries plus fringe benefits. A recap of the carryforward amount follows:

	Indirect Costs
Indirect costs	\$ 15,618,533
Indirect costs recovered	17,691,911
(Over) under-recovered indirect costs	<u>(2,073,378)</u>
(Over) under-recovered indirect costs, beginning of year	3,582,342
(Over) under-recovered indirect costs, end of year	<u><u>\$ 1,508,964</u></u>

The balance of under-recovered indirect costs at June 30, 2020 amounting to \$1,508,964 will be carried forward as an adjustment to the calculation of the indirect cost carryforward for FY 2020-2021.

Note 5 - Unearned Revenue and Advances from Grantors

Unearned revenue consisted of the following:

A. Membership Dues/Sponsorships

Cash received as of June 30, 2020 for member dues for the following year amounted to \$98,515. Cash received for sponsorships for the following year amounted to \$45,000. These amounts are reported as unearned revenue in the governmental and government-wide statements.

B. Grant Advances

Cash advances received from various grantees and not yet expended at June 30, 2020 amounted to \$480,302. The amount is reported as advances from grantors in the governmental funds and government-wide financial statements.

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Notes to Financial Statements

June 30, 2020

Note 6 - Capital Assets

SCAG's capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets being depreciated:				
Computer equipment and software	\$ 6,115,946	\$ 114,563	\$ -	\$ 6,230,509
Leasehold improvements	6,035,568	-	-	6,035,568
Furniture and fixtures	855,649	-	-	855,649
Total Capital Assets Being Depreciated	13,007,163	114,563	-	13,121,726
Less accumulated depreciation and amortization:				
Computer equipment and software	(5,975,637)	(87,237)	-	(6,062,874)
Leasehold improvements	(609,034)	(380,813)	-	(989,847)
Furniture and fixtures	(464,877)	(170,183)	-	(635,060)
Total Accumulated Depreciation and Amortization	(7,049,548)	(638,233)	-	(7,687,781)
Total Capital Assets Being Depreciated, Net	5,957,615	(523,670)	-	5,433,945
Capital Assets, Net	\$ 5,957,615	\$ (523,670)	\$ -	\$ 5,433,945

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

Transportation	\$ 308,712
Environment/Compliance	40,976
Sustainability/Housing	114,346
Modeling/Forecasting/GIS	157,681
Public Involvement/Others	16,518
	\$ 638,233

Note 7 - Interfund Balances

The interfund due to/from amounts at June 30, 2020 were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Major governmental funds:		
General fund	\$ 3,992,630	\$ 8,858,373
FTA 5303 fund	-	1,478,102
FHWA PL fund	-	1,816,884
TDA fund	11,487,561	-
Total	<u>15,480,191</u>	<u>12,153,359</u>
Non-Major Governmental Funds	<u>643,451</u>	<u>3,970,283</u>
	<u>\$ 16,123,642</u>	<u>\$ 16,123,642</u>

SCAG's General Fund is the organization's main operating fund and all cash receipts and disbursements are processed through the General Fund. Interfund due to/from transactions are used to account for the other funds' portion of these transactions. Interfund balances have been eliminated in the government wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

Note 8 - Commitments and Contingencies**A. Grants**

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

B. Contract Commitments

At June 30, 2020, SCAG is contractually committed to pay for certain future transportation, technical and other planning consulting services amounting to \$13,992,794.

C. Operating Leases

SCAG has entered into various operating leases for the use of office space and satellite offices.

Wilshire Grand Center Office Space

On January 1, 2018, SCAG entered into a new agreement for the rental of new office space for a term of 15 years and 9 months, through September 30, 2033. The lease agreement included a beneficial occupancy period of 15 months. SCAG accounts for scheduled rent payments on a straight line basis with a monthly amount of \$116,064. In addition, SCAG received a tenant improvement allowance in the amount of \$4,829,000. Refer to Note 10 for tenant improvement allowance as long-term liabilities.

At June 30, 2020, minimum lease commitments under non-cancelable operating leases with initial terms of one year or more are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2021	\$ 1,376,591
2022	1,416,284
2023	1,395,847
2024	1,422,227
2025	1,463,955
2026-2030	8,246,835
2031-2034	<u>6,288,346</u>
Total	<u>\$ 21,610,085</u>

SCAG made total operating lease payments of \$1,785,544 during the fiscal year ended June 30, 2020.

D. Contingent Liabilities

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

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

SCAG is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Self-Insurance Programs of the Authority

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

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2019-20, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Purchased Insurance**Property Insurance**

SCAG participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. SCAG's property is currently insured according to a schedule of covered property submitted by SCAG to the Authority. SCAG's property currently has all-risk property insurance protection in the amount of \$13,499,564. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

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

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2019-20.

F. Other Employee Benefits

SCAG also provides health insurance, vision, and dental benefits to employees under fully insured plans. The benefits are funded on a pay-as you-go basis in which SCAG pays premiums up to a maximum amount to cover the employees who participate in the program or payments are made directly to employees who have elected not to participate in the program. During the year ended June 30, 2020, SCAG paid \$1,484,699 of health insurance premiums and \$252,498 of vision and dental insurance premiums, as well as \$551,392 to employees who had no health insurance elections.

Note 9 - Line of Credit

SCAG has a \$6.5 million line of credit arrangement with an independent financial institution, which expires on March 31, 2022. It was established to provide access to cash, if needed, on a current basis. If advances are requested, they are secured by an assignment of all monies due, or to be due, from Caltrans. Advances must be made in minimum amounts of \$350,000. The line of credit was not used in the year ended June 30, 2020 and no liability was outstanding.

The line of credit agreement contains certain covenants regarding timely repayment, maintenance of certain levels of financial position, and other criteria. At June 30, 2020, SCAG management believes SCAG was in compliance with the financial covenants.

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June 30, 2020

Note 10 - Long-Term Liabilities

The following is a summary of changes in SCAG's long-term liabilities for the year ended June 30, 2020:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Due within One year
Compensated absences	\$ 1,396,938	\$ 946,737	\$ 639,214	\$ 1,704,461	\$ 1,199,707
Net pension liabilities - PARS	629,304	106,160	58,092	677,372	-
Net pension liabilities - PERS	41,212,454	12,375,269	10,185,393	43,402,330	-
Net OPEB liability	4,263,010	925,550	1,897,712	3,290,848	-
Financing agreements	1,457,488	-	373,630	1,083,858	393,011
Tenant improvement allowance	4,371,379	-	308,986	4,062,393	308,986
Total Governmental Activities	<u>\$ 53,330,573</u>	<u>\$ 14,353,716</u>	<u>\$ 13,463,027</u>	<u>\$ 54,221,262</u>	<u>\$ 1,901,704</u>

Net pension liabilities, OPEB liabilities and compensated absences are liquidated from the General Fund.

A. Furniture and equipment financing agreements

During fiscal year 2018, SCAG entered into two five-year financing agreements with Bank of the West to finance the acquisition of furniture and audio-visual equipment in SCAG's new headquarters building in Los Angeles. The furniture financing was in the amount of \$1,241,980 at 4.86% while the equipment financing was in the amount of \$701,505 at 5.44%. The amount of principal and interest outstanding as of June 30, 2020, is \$1,083,858 and \$76,874, respectively. These outstanding amounts contain a provision that in an event of a default, the outstanding amounts become immediately due if SCAG is unable to make payment. Principal and interest paid during the current year totaled \$439,004.

The future principal and interest requirements on the financing agreements are as follows:

Fiscal Year Ending June 30,	Furniture Financing		
	Principal	Interest	Total
2021	\$ 251,852	\$ 27,315	\$ 279,167
2022	264,368	14,799	279,167
2023	160,240	2,606	162,846
Total	<u>\$ 676,460</u>	<u>44,720</u>	<u>721,180</u>

Fiscal Year Ending June 30,	Equipment Financing		
	Principal	Interest	Total
2021	\$ 141,160	\$ 18,677	\$ 159,837
2022	149,033	10,804	159,837
2023	117,205	2,673	119,878
Total	<u>\$ 407,398</u>	<u>32,154</u>	<u>439,552</u>

B. Tenant improvement allowance

On January 1, 2018, SCAG was granted a tenant improvement allowance in the amount of \$4,829,000 at the inception on the new office building lease for leasehold improvements. The deferred lease credits are to be amortized over the term of the lease of 15 years and 9 months. The amount amortized during the current year was \$308,986.

Note 11 - Related Party Transactions

For the year ended June 30, 2020, SCAG recorded \$2,112,970 as membership revenue. These revenues are received from member cities, counties, transportation commissions and two Indian tribes whose representatives also serve on the Regional Council of SCAG. Such revenues are shown as membership assessments in the accompanying basic financial statements. The individual member assessments are calculated by a variable fixed base amount dependent on population plus a pro-rata allocation based on population. The bylaws of SCAG specify the method of calculation for the annual member assessments.

Note 12 - Retirement Plans

SCAG participates in the California Public Employees' Retirement System (CalPERS) and Public Agency Retirement System (PARS) for supplemental pension plan which are subject to GASB Statement No. 68. A summary of pension amounts for SCAG's plans at June 30, 2020 is presented below:

	<u>CalPERS</u>	<u>PARS</u>	<u>Total</u>
Deferred outflows - pensions	\$ 4,670,789	\$ 3,034	\$ 4,673,823
Net pension liability	43,402,330	677,372	44,079,702
Deferred inflows - pensions	774,384	-	774,384
Pension expenses (credits)	7,390,741	47,805	7,438,546

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

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

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Benefits Provided

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

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible annual compensation	1.1% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	8.833%	8.833%

Employees Covered

At June 30, 2020, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	230
Inactive employees entitled to but not yet receiving benefits	196
Active employees	133
Total	559

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for each of the Tiers within the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. SCAG's contributions to the Plan for the year ended June 30, 2020 were \$4,147,545.

B. Net Pension Liability

SCAG's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.0%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership
Post Retirement Benefit Increase	Contract COLA up to 2.0% until

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Current Target Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

(a) An expected inflation rate of 2.00% used for this period

(b) An expected inflation rate of 2.92% used for this period

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June 30, 2020

C. Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
Balance at June 30, 2018	\$129,118,546	\$ 87,906,092	\$ 41,212,454
Changes in the year:			
Service Cost	2,364,540	-	2,364,540
Interest on the total pension liability	9,116,962	-	9,116,962
Differences between expected and actual experience	831,035	-	831,035
Contributions from the employer	-	3,439,687	(3,439,687)
Contributions from the employee	-	1,033,035	(1,033,035)
Net investment income	-	5,712,467	(5,712,467)
Benefit payments, including refunds of employee contributions	(7,243,780)	(7,243,780)	-
Administrative expenses	-	(62,732)	62,732
Other miscellaneous income/(expense)	-	204	(204)
Net changes during measurement period	5,068,757	2,878,881	2,189,876
Balance at June 30, 2019	\$134,187,303	\$ 90,784,973	\$ 43,402,330

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

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

	Miscellaneous		
	1% Decrease (6.15%)	Current Discount rate (7.15%)	1% Increase (8.15%)
Net Pension Liability	\$ 59,475,554	\$ 43,402,330	\$ 29,973,786

Pension Plan Fiduciary Net Position

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

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Notes to Financial Statements

June 30, 2020

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

For the year ended June 30, 2020, SCAG recognized pension expense of \$7,390,741. At June 30, 2020, SCAG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ 196,880
Differences between expected and actual experiences	523,244	14,151
Net differences between projected and actual earnings on plan investments	-	563,353
Contributions subsequent to measurement date	4,147,545	-
Total	\$ 4,670,789	\$ 774,384

\$4,147,545 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	
2021	\$ 406,565
2022	(581,067)
2023	(163,705)
2024	87,067
Total	\$ (251,140)

Supplemental Defined Benefit Pension Plan – Public Agency Retirement System (PARS)

A. General Information about the Pension Plan

Plan Description

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

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

Benefits Provided

A participant is fully vested and eligible to receive benefits under the Plan, if designated by the plan administrator. There are 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. Distributions are paid consistent with the method of distribution by PERS, including an annual two-percent (2 percent) compounding cost-of-living adjustment effective each year on May 1st.

The Plan's provisions and benefits in effect at June 30, 2020 are summarized as follows:

Employees Covered

At June 30, 2020, all employees covered by the benefit terms for each Plan were inactive employees or beneficiaries currently receiving benefits. There were 10 covered employees.

Contributions

Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by the actuarial firm of Milliman. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits paid to retirees during the year on a pay-as-you-go basis. SCAG is not prefunding these benefits. SCAG's contributions to the Plan for the year ended June 30, 2020 were \$57,702.

The SCAG's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of that date. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

B. Net Pension Liability***Actuarial Assumptions***

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	2.21%
Inflation	0.00%
Payroll Growth	None (1)
Projected Salary Increases	None (1)
Investment Rate of Return	6.0% (2)
Mortality	Males: RP-2000 Males rate projected to 2020 using scale BB (as prescribed by PARS) Females: RP-2000 Females rate projected to 2020 using scale BB (as prescribed by PARS)

(1) Plan has no active members.

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

Discount Rate

The primary assumption in determining the sufficiency of a plan's fiduciary net position relates to expected employer contributions. As of June 30, 2020, the Plan is not being prefunded. Thus, the employer contributions are sufficient to cover only current benefit payments. Since there is a date of depletion, the discount rate is much lower than the current 6% investment return assumption. Projected benefit payments are discounted using the municipal bond index after the date that assets are expected to be depleted. SCAG chose the Bond Buyer GO 20-Bond Municipal Bond Index. The bond index decreased from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020. The Fiduciary Plan Net Position is \$29,581, leaving an unfunded liability, known as the Net Pension Liability of \$677,372.

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June 30, 2020

C. Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019	\$ 668,411	\$ 39,107	\$ 629,304
Service Cost	-	-	-
Interest on the total pension liability	22,278	-	22,278
Effect of economic/demographic gains or losses	21,057	-	21,057
Effect of assumption changes or inputs	59,559	-	59,559
Benefit payments	(64,352)	(64,352)	-
Contributions from the employer	-	57,702	(57,702)
Net investment income	-	390	(390)
Administrative expenses	-	(3,266)	3,266
Net changes during 2017-18	<u>38,542</u>	<u>(9,526)</u>	<u>48,068</u>
Balance at June 30, 2020	<u>\$ 706,953</u>	<u>\$ 29,581</u>	<u>\$ 677,372</u>

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

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

	1% Decrease (1.21%)	Current Discount rate (2.21%)	1% Increase (3.21%)
Net Pension Liability	\$ 730,353	\$ 677,372	\$ 630,424

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

For the year ended June 30, 2020, SCAG recognized a pension expense of \$47,805. At June 30, 2020, the SCAG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Deferred Inflows of Resources
Net differences between projected and actual earnings	\$ -	\$ 3,034

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

<u>Year ended June 30</u>		
2021	\$	1,160
2022		909
2023		634
2024		<u>331</u>
Total	\$	<u>3,034</u>

Note 13 - 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, 2020, plan assets totaling \$27,807,610 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 14 - Post Employment Healthcare Plan

A. Plan Description

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

B. Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2019, the most recent valuation date, the following current and former employees were covered by the benefit terms of the plan:

Inactive employees or beneficiaries currently receiving benefits	103
Inactive employees entitled to but not yet receiving benefits	14
Active employees	134
Total	<u><u>251</u></u>

Contributions

The annual contribution is based on the actuarially determined contribution. Employees are not required to contribute to the plan. Contributions recognized by the Plan from the employer for the year ended June 30, 2020 were \$782,082.

C. Net OPEB Liability

SCAG's net OPEB liability was measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability was measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2019. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
Payroll Growth	2.75%
Investment Rate of Return	6.75%
Mortality	(1)
Healthcare Trend Rate	PPO - 6.5% for 2021 HMO - 6.0% for 2021

(1) Derived using CalPERS Membership Data for all Funds

Mortality rates were based on the CalPERS 2017 Experience Study, which assumed future mortality improvements using Society of Actuaries (SOA) Scale BB. The Experience Study report can be obtained on the CalPERS website under Forms and Publications.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period.

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Notes to Financial Statements

June 30, 2020

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Rate of Return Expected Real
<i>CERBT</i>		
Global Equity	59%	5.50%
Global Debt Securities	25%	2.35%
Inflation Assets	5%	1.50%
Commodities	3%	1.75%
REITs	8%	3.65%
Total	100%	

D. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	\$ 9,908,089	\$ 5,645,079	\$ 4,263,010
Changes in the year:			
Service cost	257,950	-	257,950
Interest on the total OPEB liability	664,742	-	664,742
Changes in assumptions	(212,468)	-	(212,468)
Differences between expected and actual experience	(359,001)	-	(359,001)
Contributions - employer	-	956,076	(956,076)
Net investment income	-	370,167	(370,167)
Benefit payments, including refunds of member contributions	(636,009)	(636,009)	-
Administrative expenses	-	(2,858)	2,858
Net changes	(284,786)	687,376	(972,162)
Balance at June 30, 2020	\$ 9,623,303	\$ 6,332,455	\$ 3,290,848

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June 30, 2020

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

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 4,247,767	\$ 3,290,848	\$ 2,469,157

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of SCAG, as well as what the SCAG's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (HMO - 5 percent decreasing to 4 percent; PPO – 5.5 percent decreasing to 4 percent) or 1-percentage-point higher (HMO - 7 percent decreasing to 6 percent; PPO – 7.5 percent decreasing to 6 percent) than the current healthcare cost trend rates:

	1% Decrease (5.00% HMO/5.50% PPO decreasing to 4.00% HMO/4.00% PPO)	Healthcare Cost Trend Rates (6.00% HMO/6.50% PPO decreasing to 5.00% HMO/5.00% PPO)	1% Increase (7.00% HMO/7.50% PPO decreasing to 6.00% HMO/6.00% PPO)
Net OPEB Liability	\$ 3,017,825	\$ 3,290,848	\$ 3,635,023

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

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

For the year ended June 30, 2020, SCAG recognized OPEB expense of \$226,523. At June 30, 2020, SCAG reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 782,082	\$ -
Changes in assumptions	-	141,645
Differences between actual and expected experience	-	239,334
Net difference between projected and actual earnings on plan investments	-	81,369
Total	\$ 782,082	\$ 462,348

\$782,082 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	<u>Amortization</u>
2021	\$ (230,016)
2022	(230,015)
2023	(6,635)
2024	4,318
Total	<u>\$ (462,348)</u>

Note 15 - Recovery of Disallowed Grant Costs

On September 21, 2018, the California Department of Transportation (Caltrans) issued an Incurred Cost Audit Report which is available at: <https://ig.dot.ca.gov/audits/incurred-cost>. The audit was performed to determine whether costs claimed by, and reimbursed to, SCAG between April 2015 and June 2015 were adequately supported and in accordance with Caltrans agreement provisions and State and federal regulations. As a result of the audit, Caltrans recommended that SCAG repay \$2,510,015 of reimbursed costs.

On January 9, 2019, Caltrans issued an Indirect Cost Allocation Plan (ICAP) audit report, which is available at: <https://ig.dot.ca.gov/audits/icap>. The audit was performed to determine whether SCAG's FY 2016/17 ICAP was presented in accordance with Title 2 Code of Federal Regulations (CFR) Part 200 and Caltrans' Local Assistance Procedures Manual (LAPM). It was also performed to determine whether SCAG had a financial management system capable of accumulating and segregating costs that are reasonable, allowable, and can be allocated to projects. This audit of the financial management system also included testing of procurement and contract management systems to ensure compliance with State and federal regulations. As a result of the audit, Caltrans recommended that SCAG repay \$2,252,976 of reimbursed costs and required SCAG to restate the FY15 and FY17 ICAPs to exclude \$430,327 of costs previously included.

On May 8, 2019, Caltrans issued its determination of corrective actions regarding both audits. In that letter, Caltrans informed SCAG that it would not seek reimbursement of \$361,426 of the \$2,510,015 of costs disallowed in the Incurred Cost audit but instead address that audit finding with a programmatic solution requiring SCAG to update procurement and contract management procedures and to take training. That reduced the amount of repayment in the Incurred Cost audit to \$2,148,589.

As a result of these disallowances, in FY19, SCAG wrote off \$430,327 of indirect costs previously shown as a receivable from Caltrans. This amount represents the costs excluded from the restated ICAPs of FY15 and FY17. In FY19, SCAG also accrued a liability of \$4,401,565 in the General Fund to reflect the remaining Incurred Cost audit repayment amount of \$2,148,589 and the Indirect Cost Allocation Plan audit repayment amount of \$2,252,976.

On November 4, 2019, SCAG presented to Caltrans a Plan of Cost Substitutions which seeks to satisfy the repayment amount of \$4,401,565 by substituting eligible costs already paid from SCAG's local funding source (Transportation Development Act).

On January 23, 2020, Caltrans received the final submission of corrective actions to resolve the findings identified in the FY 2016/17 ICAP audit and on February 12, 2020, Caltrans issued a resolution letter concluding that SCAG has submitted documentation to support the reimbursement of disallowed costs via substitution.

On July 8, 2020, Caltrans received the final corrective action documentation to resolve the findings identified in the FY 2014/15 Incurred Cost audit and on August 12, 2020, Caltrans issued a resolution letter concluding that SCAG repaid disallowed costs of \$338,986 and submitted detailed financial reporting documentation to support SCAG's repayment of disallowed costs in the method of cost substitution.

Required Supplementary Information

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changed in Fund Balances –
Budget and Actual on a Budgetary Basis – General Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Membership assessments:				
Cities	\$ 1,690,277	\$ 1,690,277	\$ 1,689,338	\$ (939)
Counties	315,132	315,132	315,132	-
Commissions	88,500	88,500	88,500	-
Transportation corridor agency	10,000	10,000	10,000	-
Air districts	10,000	10,000	10,000	-
	<u>2,113,909</u>	<u>2,113,909</u>	<u>2,112,970</u>	<u>(939)</u>
General assembly	340,000	340,000	10,000	(330,000)
Recovery of previously disallowed costs	-	-	4,062,579	4,062,579
Interest and other	136,800	136,800	122,252	(14,548)
	<u>2,590,709</u>	<u>2,590,709</u>	<u>6,307,801</u>	<u>3,717,092</u>
Expenditures:				
Administration:				
Salaries and wages	301,314	301,314	269,049	32,265
Allocated fringe benefits	239,606	239,606	187,855	51,751
Allocated indirect costs	674,563	674,563	569,759	104,804
Contractual and professional services	411,400	521,600	368,360	153,240
Bank fees	12,500	12,500	14,626	(2,126)
Resources materials/subscription	2,000	7,500	5,754	1,746
Meetings and conferences	111,000	118,500	81,307	37,193
Scholarship	32,000	36,000	36,000	-
General assembly	672,000	672,000	59,534	612,466
SCAG memberships	116,000	116,000	106,009	9,991
Professional memberships	11,500	11,500	8,499	3,001
Office supplies	-	1,000	840	160
Reproduction and printing	30,000	30,000	302	29,698
Stipend-RC Mtg	210,485	207,485	201,430	6,055
RC sponsorships	200,000	200,000	94,995	105,005
Economic and labor summit	120,000	98,100	86,957	11,143
Demographic workshop	28,000	28,000	-	28,000
RHNA subregional delegation	500,000	432,000	-	432,000
Travel	171,000	176,800	147,017	29,783
Bad debts	-	-	205	(205)
Other	101,966	60,866	51,048	9,818
	<u>3,945,334</u>	<u>3,945,334</u>	<u>2,289,546</u>	<u>1,655,788</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changed in Fund Balances –
Budget and Actual on a Budgetary Basis – General Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Modeling:				
Resources materials/subscription	\$ -	\$ -	\$ 41	\$ (41)
Travel	-	-	11	(11)
Other	-	-	656	(656)
Total modeling	-	-	708	(708)
Public Involvement:				
RC sponsorships	-	-	45	(45)
Total public involvement	-	-	45	(45)
Sustainability:				
Resource materials/subscription	-	-	123	(123)
RC sponsorships	-	-	27	(27)
Travel	-	-	32	(32)
Other	-	-	1,968	(1,968)
Total sustainability	-	-	2,150	(2,150)
Transportation:				
Resource materials/subscription	-	-	41	(41)
RC sponsorships	-	-	18	(18)
Travel	-	-	11	(11)
Other	-	-	656	(656)
Total transportation	-	-	726	(1,452)
Total expenditures	3,945,334	3,945,334	2,293,175	1,652,204
Excess (deficiency) of revenues over (under) expenditures	(1,354,625)	(1,354,625)	4,014,626	2,064,888
Other financing sources (uses)				
Transfers out	-	-	(77,059)	(77,059)
Total other financing sources (uses)	-	-	(77,059)	(77,059)
Change in Fund Balance	(1,354,625)	(1,354,625)	3,937,567	1,987,829
Fund balances, Beginning of Year	2,756,377	2,756,377	2,756,377	-
Fund Balances, End of Year	\$ 1,401,752	\$ 1,401,752	\$ 6,693,944	\$ 1,987,829

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changed in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Transportation Administration 5303 – Major Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Federal grants	\$ 14,855,692	\$ 15,055,309	\$ 8,913,761	\$ (6,141,548)
Expenditures:				
Transportation:				
Salaries and wages	629,681	636,237	494,777	141,460
Allocated fringe benefits	500,628	505,783	333,740	172,043
Allocated indirect costs	1,409,463	1,423,984	1,033,160	390,824
Contractual and professional services	3,319,412	3,417,540	1,251,486	2,166,054
Non-profits	24,346	24,346	-	24,346
Resources material/subscription	24,769	24,769	1,278	23,491
Meetings and conferences	1,041	1,041	172	869
Travel	18,287	18,287	1,182	17,105
Other	6,467	6,467	-	6,467
Total transportation	5,934,094	6,058,454	3,115,795	2,942,659
Environmental:				
Salaries and wages	169,162	169,162	176,163	(7,001)
Allocated fringe benefits	134,492	134,492	123,000	11,492
Allocated indirect costs	378,650	378,650	373,057	5,593
Contractual and professional services	804,295	809,164	689,418	119,746
Non-profits	48,691	48,691	-	48,691
Resources material/subscription	-	-	1,378	(1,378)
Meetings and conferences	1,041	1,041	172	869
Travel	3,083	3,083	601	2,482
Other	10,877	10,877	62	10,815
Total environmental	1,550,291	1,555,160	1,363,851	191,309

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changed in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Transportation Administration 5303 – Major Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Modeling:				
Salaries and wages	\$ 312,825	\$ 310,203	\$ 303,726	\$ 6,477
Allocated fringe benefits	248,711	246,627	212,067	34,560
Allocated indirect costs	700,221	694,352	643,193	51,159
Contractual and professional services	2,175,471	2,177,423	1,228,772	948,651
Non-profits	33,199	33,907	9,207	24,700
Resources material/subscription	414,505	414,505	201,252	213,253
Meetings and conferences	1,041	1,041	172	869
Travel	10,678	10,678	662	10,016
Other	5,229	5,229	-	5,229
Total modeling	<u>3,901,880</u>	<u>3,893,965</u>	<u>2,599,051</u>	<u>1,294,914</u>
Public Involvement:				
Salaries and wages	263,234	263,234	264,035	(801)
Allocated fringe benefits	209,283	209,283	184,354	24,929
Allocated indirect costs	589,216	589,216	559,141	30,075
Contractual and professional services	525,100	544,577	208,266	336,311
Outreach/advertisement	15,688	15,688	-	15,688
Resource material/subscription	-	-	7,669	(7,669)
Meetings and conferences	2,777	2,777	459	2,318
Travel	4,114	4,114	1,602	2,512
Other	15,688	15,688	-	15,688
Total public involvement	<u>1,625,100</u>	<u>1,644,577</u>	<u>1,225,526</u>	<u>419,051</u>
Sustainability initiatives:				
Salaries and wages	66,243	66,243	67,888	(1,645)
Allocated fringe benefits	52,667	52,667	47,401	5,266
Allocated indirect costs	148,277	148,277	143,765	4,512
Contractual and professional services	1,533,915	1,589,908	311,605	1,278,303
Non-profits	35,412	38,245	36,828	1,417
Resources materials/subscription	-	-	1,278	(1,278)
Meetings and conferences	1,041	1,041	172	869
Travel	1,543	1,543	601	942
Other	5,229	5,229	-	5,229
Total sustainability initiatives	<u>1,844,327</u>	<u>1,903,153</u>	<u>609,538</u>	<u>1,293,615</u>
Total expenditures	<u>14,855,692</u>	<u>15,055,309</u>	<u>8,913,761</u>	<u>6,141,548</u>
Excess (deficiency) of revenues over/(under) expenditures	-	-	-	-
Fund balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changed in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Highway Administration PL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Federal grants	\$ 23,169,366	\$ 22,936,539	\$ 20,429,188	\$ (2,507,351)
Expenditures:				
Administration:				
Salaries and wages	95,364	95,364	115,826	(20,462)
Allocated fringe benefits	75,819	75,819	80,872	(5,053)
Allocated indirect costs	213,459	213,459	245,282	(31,823)
Other	-	60,558	-	60,558
	<u>384,642</u>	<u>445,200</u>	<u>441,980</u>	<u>3,220</u>
Transportation:				
Salaries and wages	2,035,802	2,010,377	1,969,978	40,399
Allocated fringe benefits	1,618,558	1,598,402	1,368,623	229,779
Allocated indirect costs	4,556,878	4,500,120	4,163,236	336,884
Outreach and advertisement	2,385	2,385	-	2,385
Resources material/subsorption	95,231	95,231	24,013	71,218
Meetings and conferences	3,034	3,034	980	2,054
Reproduction and printing	4,512	4,512	-	4,512
Travel	86,463	86,463	32,870	53,593
Other	2,385	55,800	3,072	52,728
	<u>8,405,248</u>	<u>8,356,324</u>	<u>7,562,772</u>	<u>793,552</u>
Environmental:				
Salaries and wages	499,296	493,834	505,680	(11,846)
Allocated fringe benefits	396,963	392,622	352,385	40,237
Allocated indirect costs	1,117,608	1,105,384	1,070,007	35,377
Contractual and professional services	97,305	97,305	64,799	32,506
Resources materials/subsorption	-	-	12	(12)
Meetings and conferences	1,384	1,384	640	744
Travel	21,092	21,092	3,783	17,309
Reproduction and printing	973	973	-	973
Other	9,150	21,261	30,934	(9,673)
	<u>2,143,771</u>	<u>2,133,855</u>	<u>2,028,240</u>	<u>105,615</u>
Modeling:				
Salaries and wages	2,001,040	1,950,326	1,991,534	(41,208)
Allocated fringe benefits	1,590,925	1,550,606	1,389,833	160,773
Allocated indirect costs	4,479,068	4,365,553	4,216,565	148,988
Contractual and professional services	250,000	250,000	130,576	119,424
Resource materials/subscriptions	399,950	399,950	41,166	358,784
Meetings and conferences	23,384	23,384	640	22,744
Reproduction and printing	6,500	6,500	63	6,437
Travel	69,622	69,622	23,840	45,782
Other	4,771	16,882	5,673	11,209
	<u>8,825,260</u>	<u>8,632,823</u>	<u>7,799,890</u>	<u>832,933</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changed in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Highway Administration PL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Public Involvement:				
Salaries and wages	\$ 411,508	\$ 411,508	\$ 359,826	\$ 51,682
Allocated fringe benefits	327,169	327,169	247,100	80,069
Allocated indirect costs	921,110	921,110	756,837	164,273
Resources materials/subscription	-	-	92	(92)
Meeting and conferences	7,723	7,723	2,160	5,563
Travel	5,486	5,486	3,366	2,120
Other	28,624	40,735	18,424	22,311
Total public involvement	<u>1,701,620</u>	<u>1,713,731</u>	<u>1,387,805</u>	<u>325,926</u>
Sustainability initiatives:				
Salaries and wages	415,997	399,552	313,413	86,139
Allocated fringe benefits	330,739	317,664	218,141	99,523
Allocated indirect costs	931,152	894,342	662,847	231,495
Outreach and advertisement	2,385	2,385	-	2,385
Resources materials/subscription	-	-	3,706	(3,706)
Meetings and conferences	3,034	3,034	1,321	1,713
Travel	14,882	14,882	3,618	11,264
Reproduction and printing	750	750	-	750
Other	9,886	21,997	5,455	16,542
Total sustainability initiatives	<u>1,708,825</u>	<u>1,654,606</u>	<u>1,208,501</u>	<u>446,105</u>
Total expenditures	<u>23,169,366</u>	<u>22,936,539</u>	<u>20,429,188</u>	<u>2,507,351</u>
Excess (deficiency) of revenues iover/ (under) expenditures	-	-	-	-
Fund balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Actual amount includes capital outlay in the *Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds*.

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changed in Fund Balances –
Budget and Actual on a Budgetary Basis – Transportation Development Act – Major Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Local grants and contracts	\$ 6,106,496	\$ 6,106,496	\$ 6,035,544	\$ (70,952)
Expenditures:				
Transportation:				
Salaries and wages	538,003	534,632	401,726	132,906
Allocated fringe benefits	380,264	377,556	264,190	113,366
Allocated indirect costs	1,156,930	1,194,831	862,999	331,832
Contractual and professional services	1,703,466	1,857,291	452,796	1,404,495
Non-profits	3,154	6,022	3,245	2,777
Meetings and conferences	275	275	23	252
Travel	10,120	11,120	1,098	10,022
Other	14,990	193,268	2,610	190,658
Total transportation	<u>3,807,202</u>	<u>4,174,995</u>	<u>1,988,687</u>	<u>2,186,308</u>
Environmental:				
Salaries and wages	132,762	147,898	106,848	41,050
Allocated fringe benefits	58,047	70,083	55,411	14,672
Allocated indirect costs	237,934	271,818	202,337	69,481
Contractual and professional services	35,757	95,789	35,051	60,738
Non-profits	13,764	20,764	4,028	16,736
Meetings and conferences	272	275	23	252
Travel	858	1,260	1,431	(171)
Other	51	36,039	489	35,550
Total environmental	<u>479,445</u>	<u>643,926</u>	<u>405,618</u>	<u>238,308</u>
Public Involvement:				
Salaries and wages	92,300	91,511	54,947	36,564
Allocated fringe benefits	25,878	25,251	22,063	3,188
Allocated indirect costs	147,365	145,600	96,031	49,569
Contractual and professional services	16,058	11,995	2,978	9,017
Travel	500	500	-	500
Other	-	-	2,934	(2,934)
Total public involvement	<u>282,101</u>	<u>274,857</u>	<u>178,953</u>	<u>95,904</u>
Sustainability initiatives:				
Salaries and wages	480,538	478,974	344,478	134,496
Allocated fringe benefits	334,552	333,302	223,805	109,497
Allocated indirect costs	1,019,363	1,027,226	716,800	310,426
Contractual and professional services	1,543,246	1,480,550	471,033	1,009,517
Non-profits	34,410	37,497	20,737	16,760
Meetings and conferences	275	275	617	(342)
Travel	16,689	11,746	975	10,771
Other	1,805	105,079	1,019	104,060
Total sustainability initiatives	<u>3,430,878</u>	<u>3,474,649</u>	<u>1,779,464</u>	<u>1,695,185</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changed in Fund Balances –
Budget and Actual on a Budgetary Basis – Transportation Development Act – Major Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Modeling:				
Salaries and wages	\$ 241,750	\$ 242,185	\$ 233,563	\$ 8,622
Allocated fringe benefits	144,698	145,044	145,950	(906)
Allocated indirect costs	481,886	482,861	473,252	9,609
Contractual and professional services	557,714	537,044	119,877	417,167
Non-profits	4,301	7,540	2,341	5,199
Meetings and conferences	550	550	46	504
Travel	6,432	6,547	1,029	5,518
Other	5,407	70,929	489	70,440
Total water	<u>1,442,738</u>	<u>1,492,700</u>	<u>976,547</u>	<u>516,153</u>
Administration:				
Salaries and wages	25,472	25,472	24,654	818
Allocated fringe benefits	20,252	20,252	17,214	3,038
Allocated indirect costs	57,016	57,016	52,209	4,807
Principal, interest and fees	407,656	407,656	407,656	-
Capital Outlay > \$5,000	300,000	300,000	26,232	273,768
Other	31,349	31,349	-	31,349
Total administration	<u>841,745</u>	<u>841,745</u>	<u>527,965</u>	<u>313,780</u>
Total expenditures	<u>10,284,109</u>	<u>10,902,872</u>	<u>5,857,234</u>	<u>5,045,638</u>
Excess (deficiency) of revenues over/(under) expenditures	-	-	178,310	178,310
Other financing uses				
Transfer in	-	-	77,059	77,059
Change in Fund Balance	-	-	255,369	255,369
Fund balances, Beginning of Year	<u>10,829,017</u>	<u>10,829,017</u>	<u>10,829,017</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 10,829,017</u>	<u>\$ 10,829,017</u>	<u>\$ 11,084,386</u>	<u>\$ 255,369</u>

Southern California Association of Governments
California Public Employees' Retirement System (CalPERS)
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Years*
Year Ended June 30, 2020

	2015	2016	2017	2018	2019	2020
Total Pension Liability						
Service cost	\$ 1,926,065	\$ 1,848,012	\$ 2,111,871	\$ 2,343,160	\$ 2,290,471	\$ 2,364,540
Interest on total pension liability	7,284,415	7,705,889	8,138,979	8,507,621	8,757,694	9,116,962
Differences between expected and actual experiences	-	1,664,721	1,778,383	1,846,790	(61,325)	831,035
Changes in assumptions	-	(1,702,023)	-	6,497,980	(853,150)	-
Benefit payments, including refunds of employee contributions	(5,397,736)	(5,660,486)	(5,945,299)	(6,285,626)	(6,539,230)	(7,243,780)
Net changes in total pension liability	3,812,744	3,856,113	6,083,934	12,909,925	3,594,460	5,068,757
Total pension liability - beginning	98,861,370	102,674,114	106,530,227	112,614,161	125,524,086	129,118,546
Total pension liability - ending (a)	<u>\$ 102,674,114</u>	<u>\$ 106,530,227</u>	<u>\$ 112,614,161</u>	<u>\$ 125,524,086</u>	<u>\$ 129,118,546</u>	<u>\$ 134,187,303</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 1,911,321	\$ 2,257,575	\$ 2,688,004	\$ 2,934,589	\$ 2,938,828	\$ 3,439,687
Contributions - employee	962,936	973,611	1,100,545	1,165,262	1,207,117	1,033,035
Net investment income	11,968,522	1,777,972	391,145	8,568,953	7,087,763	5,712,467
Plan to plan resource movement	-	(1,489)	(465)	-	(204)	-
Administrative expense	-	(89,199)	(48,228)	(114,158)	(130,255)	(62,732)
Benefit payments	(5,397,736)	(5,660,486)	(5,945,299)	(6,285,626)	(6,539,230)	(7,243,780)
Other miscellaneous income/(expense)	-	-	-	-	(247,357)	204
Net change in plan fiduciary net position	9,445,043	(742,016)	(1,814,298)	6,269,020	4,316,662	2,878,881
Plan fiduciary net position - beginning	70,431,681	79,876,724	79,134,708	77,320,410	83,589,430	87,906,092
Plan fiduciary net position - ending (b)	<u>\$ 79,876,724</u>	<u>\$ 79,134,708</u>	<u>\$ 77,320,410</u>	<u>\$ 83,589,430</u>	<u>\$ 87,906,092</u>	<u>\$ 90,784,973</u>
Net pension liability - ending (a)-(b)	22,797,390	27,395,519	35,293,751	41,934,656	41,212,454	43,402,330
Plan fiduciary net position as a percentage of total pension liability	77.80%	74.28%	68.66%	66.59%	68.08%	67.66%
Covered payroll	\$ 12,208,828	\$ 12,363,763	\$ 14,479,749	\$ 13,449,458	\$ 13,659,971	\$ 14,171,140
Net pension liability as a percentage of covered payroll	186.73%	221.58%	243.75%	311.79%	301.70%	306.27%

* Fiscal year 2015 was the first year of implementation.

Changes of Assumption

For the measurement period ended June 30, 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

Southern California Association of Governments
California Public Employees' Retirement System (CalPERS)
Schedule of Plan Contributions
Last Ten Years
As of June 30, 2020

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contribution	\$ 2,257,575	\$ 2,688,004	\$ 2,934,588	\$ 2,938,424	\$ 3,439,787	\$ 4,147,545
Contribution made	<u>(2,257,575)</u>	<u>(2,688,004)</u>	<u>(2,934,588)</u>	<u>(2,938,424)</u>	<u>(3,439,787)</u>	<u>(4,147,545)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 12,363,763</u>	<u>\$ 14,479,749</u>	<u>\$ 13,449,458</u>	<u>\$ 13,659,971</u>	<u>\$ 14,171,140</u>	<u>\$ 15,963,250</u>
Contributions as a percentage of covered payroll	18.26%	18.56%	21.82%	21.51%	24.27%	25.98%

Notes to Schedule

Valuation date: 6/30/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	Market Value of Assets
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3%
Investment rate of return	7.375%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Derived using CalPERS' membership data for all funds which included 20 years of mortality improvements using Society of Actuaries Scale BB.

Southern California Association of Governments
Public Agency Retirement System (PARS) Supplementary Retirement Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Years*
Year Ended June 30, 2020

	2015	2016	2017	2018	2019	2020
Total Pension Liability						
Interest on total pension liability	\$ 29,637	\$ 23,361	\$ 23,351	\$ 24,138	\$ 24,762	\$ 22,278
Effect of economic/demographic gains or losses	18,819	24,562	(63,489)	17,893	18,965	21,057
Effect of assumptions changes or inputs	25,827	139,540	(40,318)	(13,995)	16,695	59,559
Benefit payments	(65,430)	(66,738)	(67,444)	(61,853)	(63,090)	(64,352)
Net change in total pension liability	8,853	120,725	(147,900)	(33,817)	(2,668)	38,542
Total pension liability - beginning	723,218	732,071	852,796	704,896	671,079	668,411
Total pension liability - ending (a)	<u>\$ 732,071</u>	<u>\$ 852,796</u>	<u>\$ 704,896</u>	<u>\$ 671,079</u>	<u>\$ 668,411</u>	<u>\$ 706,953</u>
Plan Fiduciary Net Position						
Benefit payments	\$ (65,430)	\$ (66,738)	\$ (67,444)	\$ (61,853)	\$ (63,090)	\$ (64,352)
Administrative expense	(3,933)	(4,011)	(3,088)	(5,185)	(4,255)	(3,266)
Contributions - employer	69,953	71,352	72,779	74,235	75,719	57,702
Expected investment income (net of investment expenses)	1,175	-	-	-	-	-
Investment gains or losses	(1,175)	6	41	200	557	390
Net change in plan fiduciary net position	590	609	2,288	7,397	8,931	(9,526)
Plan fiduciary net position - beginning	19,292	19,882	20,491	22,779	30,176	39,107
Plan fiduciary net position - ending (b)	<u>\$ 19,882</u>	<u>\$ 20,491</u>	<u>\$ 22,779</u>	<u>\$ 30,176</u>	<u>\$ 39,107</u>	<u>\$ 29,581</u>
Net pension liability - ending (a)-(b)	\$ 712,189	\$ 832,305	\$ 682,117	\$ 640,903	\$ 629,304	\$ 677,372
Plan fiduciary net position as a percentage of total pension liability	2.72%	2.40%	3.23%	4.50%	5.85%	4.18%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

* Fiscal year 2015 was the first year of implementation.

Southern California Association of Governments
Public Agency Retirement System (PARS) Supplementary Retirement Plan
Schedule of Plan Contributions
Last Ten Years
Year Ended June 30, 2020

	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 69,953	\$ 71,352	\$ 72,779	\$ 74,235	\$ 75,719	\$ 57,702
Contribution made	<u>(69,953)</u>	<u>(71,352)</u>	<u>(72,779)</u>	<u>(74,235)</u>	<u>(75,719)</u>	<u>(57,702)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: 6/30/2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	1 year
Asset valuation method	Actuarial value of assets
Inflation	0%
Salary increases	N/A
Payroll growth	None
Investment rate of return	6.0%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Males: RF-2000 male rates projected to 2020 using Scale BB (As prescribed by PARS) Females: RP-2000 female rates projected to 2020 using Scale BB (As prescribed by PARS)

* Fiscal year 2015 was the first year of implementation.

Southern California Association of Governments
Schedule of Changes in the OPEB Liability and Related Ratios
Last Ten Years*
Year Ended June 30, 2020

	2018	2019	2020
Total OPEB Liability			
Service cost	\$ 234,601	\$ 250,437	\$ 257,950
Interest on the total OPEB liability	628,051	646,120	664,742
Differences between actual and expected experience	-	-	(359,001)
Changes in assumptions	-	-	(212,468)
Benefit payments, including refunds of member contributions	(601,224)	(620,372)	(636,009)
Net change in total OPEB liability	261,428	276,185	(284,786)
Total OPEB liability - beginning	9,370,476	9,631,904	9,908,089
Total OPEB liability - ending (a)	<u>\$ 9,631,904</u>	<u>\$ 9,908,089</u>	<u>\$ 9,623,303</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 1,033,199	\$ 938,099	\$ 956,076
Net investment income	452,722	398,485	370,167
Benefit payments, including refunds of member contributions	(601,224)	(620,372)	(636,009)
Administrative expenses	(2,287)	(2,713)	(2,858)
Other expense	-	(6,533)	-
Net change in plan fiduciary net position	882,410	706,966	687,376
Plan fiduciary net position - beginning	4,055,703	4,938,113	5,645,079
Plan fiduciary net position - ending (b)	4,938,113	5,645,079	6,332,455
Net OPEB liability - ending (a)-(b)	<u>\$ 4,693,791</u>	<u>\$ 4,263,010</u>	<u>\$ 3,290,848</u>
Plan fiduciary net position as a percentage of the total OPEB liability	51.27%	56.97%	65.80%
Covered-employee payroll	\$ 13,449,458	\$ 13,659,971	\$ 14,171,140
Net OPEB liability as a percentage of covered-employee payroll	34.90%	31.21%	23.22%

Notes to Schedule:

* Fiscal year 2018 was the first year of implementation.

Southern California Association of Governments

Schedule of OPEB Contributions

Last Ten Years*

Year Ended June 30, 2020

	2018	2019	2020
Actuarially determined contribution	\$ 853,217	\$ 878,814	\$ 782,082
Contributions in relation to the actuarially determined contributions	(853,217)	(878,814)	(782,082)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 13,659,971	\$ 14,171,140	\$ 15,963,250
Contributions as a percentage of covered-employee payroll	6.25%	6.20%	4.90%

Notes to Schedule

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Amortization period	10 years
Asset valuation method	Market value
Inflation	2.75%
Healthcare cost trend rates	PPO- 6.5% for 2021, decreasing 0.5% to an ultimate rate of 5% in 2024 and later years HMO- 6.0% for 2020, decreasing 0.5% to an ultimate rate of 5% in 2023 and later years
Salary increases	2.75%
Investment rate of return	6.75%
Retirement age	Based on CalPERS Experience Study
Mortality	Based on CalPERS Experience Study

* Fiscal year 2018 was the first year of implementation.

Southern California Association of Governments

Notes to Required Supplementary Information

Year Ended June 30, 2020

Budgetary Basis of Accounting

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

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

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

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

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

General Fund	Actual/budget as presented in the budget	Actual/GAAP as presented in the financial statements	Differences
Total revenues	\$ 6,307,801	\$ 6,307,801	\$ -
Total expenditures	<u>(2,293,175)</u>	<u>(2,048,824)</u>	<u>(244,351)</u>
Deficiency of revenues under expenditures	<u>\$ 4,014,626</u>	<u>\$ 4,258,977</u>	<u>\$ (244,351)</u>

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

FTA 5303 Fund	Actual/budget as presented in the budget	Actual/GAAP as presented in the financial statements	Differences
Total revenues	\$ 8,913,761	\$ 8,913,761	\$ -
Total expenditures	<u>(8,913,761)</u>	<u>(8,913,761)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Southern California Association of Governments
Notes to Required Supplementary Information
Year Ended June 30, 2020

FHWA PL Fund	Actual/budget as presented in the budget	Actual/GAAP as presented in the financial statements	Differences
Total revenues	\$ 20,429,188	\$ 20,429,188	\$ -
Total expenditures	<u>(20,429,188)</u>	<u>(20,429,188)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TDA Fund	Actual/budget as presented in the budget	Actual/GAAP as presented in the financial statements	Differences
Total revenues and transfers	\$ 6,035,544	\$ 6,035,544	\$ -
Total expenditures	<u>(5,857,234)</u>	<u>(5,857,234)</u>	<u>-</u>
Net change in fund balances	<u>\$ 178,310</u>	<u>\$ 178,310</u>	<u>\$ -</u>

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, 2020

	Federal Funds	State Funds	Local Funds	Total Nonmajor Funds
Assets				
Receivables:				
Federal grants	\$ 2,161,051	\$ -	\$ -	\$ 2,161,051
State grants and contracts	-	5,051,471	-	5,051,471
Local grants and contracts	-	-	64,195	64,195
Due from other funds	-	-	643,451	643,451
Total assets	<u>\$ 2,161,051</u>	<u>\$ 5,051,471</u>	<u>\$ 707,646</u>	<u>\$ 7,920,168</u>
Liabilities and Fund Balances				
Accounts and contracts payable	\$ 1,042,336	\$ 2,199,903	\$ 244,544	\$ 3,486,783
Advances from grantors	-	-	463,102	463,102
Due to other funds	1,118,715	2,851,568	-	3,970,283
Total liabilities	2,161,051	5,051,471	707,646	7,920,168
Fund balances - restricted	-	-	-	-
Total liabilities and fund balances	<u>\$ 2,161,051</u>	<u>\$ 5,051,471</u>	<u>\$ 707,646</u>	<u>\$ 7,920,168</u>

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Funds
Year Ended June 30, 2020

	Federal Funds	State Funds	Local Funds	Total Nonmajor Funds
Grant revenue, net	\$ 4,068,579	\$ 6,026,789	\$ 371,527	\$ 10,466,895
Expenditures:				
Transportation:				
Salaries and wages	21,886	47,354	-	69,240
Allocated fringe benefits	15,281	33,063	-	48,344
Allocated indirect costs	13,744	100,279	-	114,023
Contractual services	2,424,731	2,269,643	285,495	4,979,869
Pass-through payments	1,139,773	-	-	1,139,773
Other	4,000	16,280	-	20,280
Total Transportation	<u>3,619,415</u>	<u>2,466,619</u>	<u>285,495</u>	<u>6,371,529</u>
Environmental:				
Salaries and wages	-	151,852	-	151,852
Allocated fringe benefits	-	84,012	-	84,012
Allocated indirect costs	-	293,749	-	293,749
Contractual services	-	21,751	-	21,751
Other	-	28,082	-	28,082
Total transportation	<u>-</u>	<u>579,446</u>	<u>-</u>	<u>579,446</u>
Modeling:				
Salaries and wages	-	115,970	-	115,970
Allocated fringe benefits	-	74,596	-	74,596
Allocated indirect costs	-	237,637	-	237,637
Contractual services	-	369,161	12,105	381,266
Other	-	5,833	-	5,833
Total modeling	<u>-</u>	<u>803,197</u>	<u>12,105</u>	<u>815,302</u>
Public Involvement:				
Salaries and wages	-	2,775	-	2,775
Allocated fringe benefits	-	1,937	-	1,937
Allocated indirect costs	-	5,876	-	5,876
Contractual services	-	23,384	-	23,384
Total public involvement	<u>-</u>	<u>33,972</u>	<u>-</u>	<u>33,972</u>
Sustainability:				
Salaries and wages	26,963	73,276	-	100,239
Allocated fringe benefits	18,825	47,676	-	66,501
Allocated indirect costs	48,947	151,203	-	200,150
Contractual services	346,989	1,751,922	72,253	2,171,164
Other	7,440	119,478	1,674	128,592
Total sustainability	<u>449,164</u>	<u>2,143,555</u>	<u>73,927</u>	<u>2,666,646</u>
Total expenditures	<u>4,068,579</u>	<u>6,026,789</u>	<u>371,527</u>	<u>10,466,895</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

FTA 5336 – Bus and Bus Facilities:

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

FTA – SEC. 5312:

This fund is established to account for revenues from the Federal Transit Administration Sec. 5312 Public Transportation Innovation Program.

FTA – Sec. .5304:

This fund is established to account for revenues from the Federal Transit Administration Sec. 5304 Metropolitan Planning Program.

FHWA – ATP I:

This fund is established to account for revenues from the Federal Highway Administration for the Active Transportation Program.

OTS II:

This fund is established to account for revenues from the National Highway Traffic Safety Administration for pedestrian and bike safety federal fiscal year 2018.

OTS III:

This fund is established to account for revenues from the National Highway Traffic Safety Administration for pedestrian and bike safety federal fiscal year 2019.

Other Federal Funds:

These funds are established to account for the revenues from the FHWA for the Greenhouse Gas First Mile/Last Mile Demonstration Analysis; the FHWA for the Express Travel Choices Phase III study; from the Department of Energy for the Clean Cities programs; the FHWA for the Active Transportation Program and from the Federal Highway Administration for transportation partnership planning studies.

Southern California Association of Governments
Combining Balance Sheet – Federal Nonmajor Funds
June 30, 2020

	FTA		
	Sec. 5339	Sec. 5312	Sec. 5304
	20040	20041	20070
Assets			
Receivables - federal grants	\$ -	\$ 130,796	\$ 609,391
Liabilities and Fund Balances			
Accounts and contracts payable	\$ -	\$ 119,093	\$ 377,631
Due to other funds	-	11,703	231,760
Total liabilities	-	130,796	609,391
Fund balances - restricted	-	-	-
Total liabilities and fund balances	\$ -	\$ 130,796	\$ 609,391

Southern California Association of Governments
Combining Balance Sheet – Federal Nonmajor Funds
June 30, 2020

	FHWA		Other Federal Funds	Total Federal Nonmajor Funds
	OTS III	FY20 OTS	20038	
	20044	20045	20042, 20098	
Assets				
Receivables - federal grants	\$ 210	\$ 120,874	\$ 1,299,780	\$ 2,161,051
Liabilities and Fund Balances				
Accounts and contracts payable	\$ -	\$ 110,875	\$ 434,737	\$ 1,042,336
Due to other funds	210	9,999	865,043	1,118,715
Total liabilities	210	120,874	1,299,780	2,161,051
Fund balances - restricted	-	-	-	-
Total liabilities and fund balances	\$ 210	\$ 120,874	\$ 1,299,780	\$ 2,161,051

Southern California Association of Governments

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Federal Non Major Funds

Year Ended June 30, 2020

	FTA		
	Sec. 5339	Sec. 5312	Sec. 5304
	20040	20041	20070
Federal Grants and Services	<u>\$ 24,473</u>	<u>\$ 1,129,408</u>	<u>\$ 923,744</u>
Expenditures:			
Transportation:			
Salaries and wages	-	3,698	1,277
Allocated fringe benefits	-	2,581	892
Allocated indirect costs	-	7,829	2,704
Contractual services	-	-	823,886
Pass-through payments	24,473	1,115,300	-
Other	-	-	-
Total transportation	<u>24,473</u>	<u>1,129,408</u>	<u>828,759</u>
Sustainability:			
Salaries and wages	-	-	-
Allocated fringe benefits	-	-	-
Allocated indirect costs	-	-	-
Contractual services	-	-	94,985
Other	-	-	-
Total sustainability	<u>-</u>	<u>-</u>	<u>94,985</u>
Total expenditures	<u>24,473</u>	<u>1,129,408</u>	<u>923,744</u>
Net Change in Fund Balance	-	-	-
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Federal Non Major Funds
Year Ended June 30, 2020

	FHWA		Other Federal Funds	Total Federal Nonmajor Funds
	OTS III	FY20 OTS		
	20044	20045	20038 20042, 20098	
Federal Grants and Services	\$ 345,197	\$ 123,994	\$ 1,521,763	\$ 4,068,579
Expenditures:				
Transportation:				
Salaries and wages	9,215	6,180	1,516	21,886
Allocated fringe benefits	6,434	4,315	1,059	15,281
Allocated indirect costs	-	-	3,211	13,744
Contractual services	256,509	88,700	1,255,636	2,424,731
Pass-through payments	-	-	-	1,139,773
Other	4,000	-	-	4,000
Total transportation	276,158	99,195	1,261,422	3,619,415
Sustainability:				
Salaries and wages	2,304	1,545	23,114	26,963
Allocated fringe benefits	1,608	1,079	16,138	18,825
Allocated indirect costs	-	-	48,947	48,947
Contractual services	64,127	22,175	165,702	346,989
Other	1,000	-	6,440	7,440
Total sustainability	69,039	24,799	260,341	449,164
Total expenditures	345,197	123,994	1,521,763	4,068,579
Net Change in Fund Balance	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

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

SGVCOG – ATP:

SCAG has agreed to administer these funds which were awarded by Caltrans to the San Gabriel Valley Council of Governments to develop the SGV Regional Active Transportation Planning Initiative.

MSRC – SP, GH:

This is California Assembly Bill 2766 funding for the Regional Active Transportation Planning Partnership Planning Program.

SB1 SCFG:

This is the fiscal year 2018 California Senate Bill 1 Sustainable Communities Formula Grant Program.

SB1 CF:

This is the fiscal year 2018 California Senate Bill 1 Sustainable Communities Formula Grant Program.

SB1 FF:

This is the fiscal year 2019 California Senate Bill 1 Sustainable Communities Formula Grant Program.

SB1 ADPTN:

This is the fiscal year 2018 California Senate Bill 1 Climate Change Adaptation Planning Grant Program.

SB1, SCF:

This is the fiscal year 2020 California Senate Bill 1 Sustainable Communities Formula Grant Program.

FY20 SHA SCC:

This is the fiscal year 2020 State Highway Account Sustainable Communities Competitive Grant Program.

MSAPR, MSRC:

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

ATP DCP:

These are Active Transportation Planning monies earmarked for plans in disadvantage communities.

ATP SE P2:

These are Active Transportation Planning monies earmarked for safety and encouragement.

ATP LPI:

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

ATP C4:

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

FY20 ATP IMCP RWL:

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

Southern California Association of Governments
 Combining Balance Sheet – State Nonmajor Funds
 June 30, 2020

	<u>SGVCOG</u>	<u>MSRC SP GH</u>	<u>SB 1 SCFG</u>	<u>SB1 CF</u>
	<u>30210</u>	<u>30211</u>	<u>30212</u>	<u>30213</u>
Assets				
Receivables - state grants	<u>\$ -</u>	<u>\$ 1,489,159</u>	<u>\$ 912,734</u>	<u>\$ 75,277</u>
Liabilities and Fund Balances				
Accounts and contracts payable	\$ -	\$ 161,606	\$ 447,068	\$ 62,341
Due to other funds	<u>-</u>	<u>1,327,553</u>	<u>465,666</u>	<u>12,936</u>
Total liabilities	<u>-</u>	<u>1,489,159</u>	<u>912,734</u>	<u>75,277</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1,489,159</u>	<u>\$ 912,734</u>	<u>\$ 75,277</u>

Southern California Association of Governments
 Combining Balance Sheet – State Nonmajor Funds
 June 30, 2020

	SB1 FF	SB1 ADPTN	SB1, SCF	FY20 SHA SCC
	30214	30215	30216	30217
Assets				
Receivables - state grants	\$ 298,359	\$ 433,866	\$ 265,821	\$ 31,559
Liabilities and Fund Balances				
Accounts and contracts payable	\$ 167,651	\$ 303,499	\$ 148,614	\$ -
Due to other funds	130,708	130,367	117,207	31,559
Total liabilities	298,359	433,866	265,821	31,559
Total liabilities and fund balances	\$ 298,359	\$ 433,866	\$ 265,821	\$ 31,559

Southern California Association of Governments
 Combining Balance Sheet – State Nonmajor Funds
 June 30, 2020

	MSAPR, MSRC	ATP DCP	ATP SE P2	ATP LPI
	30300	30400	30401	30402
Assets				
Receivables - state grants	\$ 314,368	\$ 761,033	\$ 94,441	\$ 183,021
Liabilities and Fund Balances				
Accounts and contracts payable	\$ 314,368	\$ 209,259	\$ 90,452	\$ 109,229
Due to other funds	-	551,774	3,989	73,792
Total liabilities	314,368	761,033	94,441	183,021
Total liabilities and fund balances	\$ 314,368	\$ 761,033	\$ 94,441	\$ 183,021

Southern California Association of Governments
 Combining Balance Sheet – State Nonmajor Funds
 June 30, 2020

	ATP C4	FY20 ATP IMCP RWL	Total State Nonmajor Funds
	30403	30405	
Assets			
Receivables - state grants	\$ 189,853	\$ 1,980	\$ 5,051,471
Liabilities and Fund Balances			
Accounts and contracts payable	\$ 183,836	\$ 1,980	\$ 2,199,903
Due to other funds	6,017	-	2,851,568
Total liabilities	189,853	1,980	5,051,471
Total liabilities and fund balances	\$ 189,853	\$ 1,980	\$ 5,051,471

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – State Nonmajor Funds
Year Ended June 30, 2020

	MSRC SP GH	SB 1 SCFG	SB1 CF	SB1 FF
	30211	30212	30213	30214
State grants and contracts	\$ 454,841	\$ 1,992,700	\$ 136,541	\$ 465,159
Expenditures:				
Transportation:				
Salaries and wages	-	5,659	-	17,715
Allocated fringe benefits	-	3,951	-	12,369
Allocated indirect costs	-	11,983	-	37,515
Contractual services	361,270	609,500	136,541	78,439
Other	2,602	-	-	13,501
Total transportation	<u>363,872</u>	<u>631,093</u>	<u>136,541</u>	<u>159,539</u>
Environmental:				
Salaries and wages	-	82,715	-	-
Allocated fringe benefits	-	43,285	-	-
Allocated indirect costs	-	157,122	-	-
Contractual services	-	21,034	-	-
Other	-	278	-	27,627
Total environmental	<u>-</u>	<u>304,434</u>	<u>-</u>	<u>27,627</u>
Modeling:				
Salaries and wages	-	36,742	-	3,045
Allocated fringe benefits	-	21,520	-	2,126
Allocated indirect costs	-	72,653	-	6,449
Contractual services	-	232,853	-	1,925
Other	-	79	-	5,400
Total housing	<u>-</u>	<u>363,847</u>	<u>-</u>	<u>18,945</u>
Public Involvement:				
Salaries and wages	-	2,775	-	-
Allocated fringe benefits	-	1,937	-	-
Allocated indirect costs	-	5,876	-	-
Contractual services	-	22,988	-	-
Total housing	<u>-</u>	<u>33,576</u>	<u>-</u>	<u>-</u>
Sustainability:				
Salaries and wages	-	23,438	-	7,105
Allocated fringe benefits	-	14,298	-	4,961
Allocated indirect costs	-	47,057	-	15,046
Contractual services	90,319	574,917	-	113,325
Other	650	40	-	118,611
Total sustainability	<u>90,969</u>	<u>659,750</u>	<u>-</u>	<u>259,048</u>
Total expenditures	<u>454,841</u>	<u>1,992,700</u>	<u>136,541</u>	<u>465,159</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – State Nonmajor Funds
Year Ended June 30, 2020

	SB1 ADPTN	SB1, SCF	FY20 SHA SCC	MSAPR, MSRC
	30215	30216	30217	30300
State grants and contracts	\$ 668,262	\$ 887,245	\$ 31,559	\$ 314,368
Expenditures:				
Transportation:				
Salaries and wages	-	20,614	-	-
Allocated fringe benefits	-	14,393	-	-
Allocated indirect costs	-	43,653	-	-
Contractual services	-	79,257	-	157,184
Other	-	177	-	-
Total transportation	-	158,094	-	157,184
Environmental:				
Salaries and wages	-	62,521	6,616	-
Allocated fringe benefits	-	35,807	4,920	-
Allocated indirect costs	-	122,616	14,011	-
Contractual services	-	717	-	-
Other	-	177	-	-
Total environmental	-	221,838	25,547	-
Modeling:				
Salaries and wages	-	76,183	-	-
Allocated fringe benefits	-	50,950	-	-
Allocated indirect costs	-	158,535	-	-
Contractual services	-	71,509	-	62,874
Other	-	354	-	-
Total housing	-	357,531	-	62,874
Public Involvement:				
Salaries and wages	-	-	-	-
Allocated fringe benefits	-	-	-	-
Allocated indirect costs	-	-	-	-
Contractual services	-	-	-	-
Total housing	-	-	-	-
Sustainability:				
Salaries and wages	1,500	38,738	1,654	-
Allocated fringe benefits	1,047	25,927	855	-
Allocated indirect costs	3,177	80,637	3,503	-
Contractual services	662,538	4,303	-	94,310
Other	-	177	-	-
Total sustainability	668,262	149,782	6,012	94,310
Total expenditures	668,262	887,245	31,559	314,368
Excess of revenues over expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – State Nonmajor Funds
Year Ended June 30, 2020

	ATP DCP	ATP SE P2	ATP LPI	ATP C4
	30400	30401	30402	30403
State grants and contracts	\$ 614,839	\$ 94,441	\$ 175,001	\$ 189,853
Expenditures:				
Transportation:				
Salaries and wages	-	836	2,530	-
Allocated fringe benefits	-	584	1,766	-
Allocated indirect costs	-	1,771	5,357	-
Contractual services	491,871	72,362	130,347	151,882
Other	-	-	-	-
Total transportation	491,871	75,553	140,000	151,882
Environmental:				
Salaries and wages	-	-	-	-
Allocated fringe benefits	-	-	-	-
Allocated indirect costs	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Total environmental	-	-	-	-
Modeling:				
Salaries and wages	-	-	-	-
Allocated fringe benefits	-	-	-	-
Allocated indirect costs	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Total housing	-	-	-	-
Public Involvement:				
Salaries and wages	-	-	-	-
Allocated fringe benefits	-	-	-	-
Allocated indirect costs	-	-	-	-
Contractual services	-	-	-	-
Total housing	-	-	-	-
Sustainability:				
Salaries and wages	-	209	632	-
Allocated fringe benefits	-	146	442	-
Allocated indirect costs	-	443	1,340	-
Contractual services	122,968	18,090	32,587	37,971
Other	-	-	-	-
Total sustainability	122,968	18,888	35,001	37,971
Total expenditures	614,839	94,441	175,001	189,853
Excess of revenues over expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – State Nonmajor Funds
Year Ended June 30, 2020

	IMCP RWL 30405	Total State Nonmajor Funds
State grants and contracts	\$ 1,980	\$ 6,026,789
Expenditures:		
Transportation:		
Salaries and wages	-	47,354
Allocated fringe benefits	-	33,063
Allocated indirect costs	-	100,279
Contractual services	990	2,269,643
Other	-	16,280
Total transportation	990	2,466,619
Environmental:		
Salaries and wages	-	151,852
Allocated fringe benefits	-	84,012
Allocated indirect costs	-	293,749
Contractual services	-	21,751
Other	-	28,082
Total environmental	-	579,446
Modeling:		
Salaries and wages	-	115,970
Allocated fringe benefits	-	74,596
Allocated indirect costs	-	237,637
Contractual services	-	369,161
Other	-	5,833
Total housing	-	803,197
Public Involvement:		
Salaries and wages	-	2,775
Allocated fringe benefits	-	1,937
Allocated indirect costs	-	5,876
Contractual services	396	23,384
Total housing	396	33,972
Sustainability:		
Salaries and wages	-	73,276
Allocated fringe benefits	-	47,676
Allocated indirect costs	-	151,203
Contractual services	594	1,751,922
Other	-	119,478
Total sustainability	594	2,143,555
Total expenditures	1,980	6,026,789
Excess of revenues over expenditures	-	-
Net Change in Fund Balance	-	-
Fund Balances, Beginning of Year	-	-
Fund Balances, End of Year	\$ -	\$ -

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

VCTC and Riverside:

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

Combined Other Accounts:

These funds are established to account for revenues from the City of Vernon, Los Angeles County Metropolitan Transportation Authority, San Bernardino County Transportation Authority, Gold Coast Transit, and Gail and Rice. These funds accounts for the cash match from participating agencies for various SCAG projects.

Southern California Association of Governments
Combining Balance Sheet – Local Nonmajor Funds
June 30, 2020

	<u>VCTC & Riverside</u>	<u>Other Local Funds</u>	
	60053, 60060	60042, 60043, 60045, 60047, 60048, 60050, 60051, 60052	Total Local Nonmajor Funds
Assets			
Receivables - local grants	\$ 40,195	\$ 24,000	\$ 64,195
Due from other funds	179,869	463,582	643,451
Total assets	\$ 220,064	\$ 487,582	\$ 707,646
Liabilities and Fund Balances			
Accounts and contracts payable	\$ 200,589	\$ 43,955	\$ 244,544
Advances from grantors	19,475	443,627	463,102
Due to other funds	-	-	-
Total liabilities	220,064	487,582	707,646
Fund Balances - Restricted	-	-	-
Total Liabilities and Fund Balances	\$ 220,064	\$ 487,582	\$ 707,646

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Local Nonmajor Funds
Year Ended June 30, 2020

	<u>VCTC & Riverside</u>	<u>Other Local Funds</u>	<u>Total Local</u>
	<u>60053, 60060</u>	<u>60042, 60043, 60048, 60050, 60051, 60052</u>	<u>Nonmajor</u>
			<u>Funds</u>
Local grants and services	\$ 289,570	\$ 81,957	\$ 371,527
Expenditures:			
Transportation:			
Salaries and wages	-	-	-
Allocated fringe benefits	-	-	-
Allocated indirect costs	-	-	-
Contractual services	226,255	59,240	285,495
Other	-	-	-
Total transportation	<u>226,255</u>	<u>59,240</u>	<u>285,495</u>
Sustainability:			
Contractual services	63,315	8,938	72,253
Other	-	1,674	1,674
Total sustainability	<u>63,315</u>	<u>10,612</u>	<u>73,927</u>
Total expenditures	289,570	81,957	371,527
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Supplemental Schedules

Southern California Association of Governments

Supplemental Schedule of Indirect Costs

Year Ended June 30, 2020

Indirect costs:	
Salaries and wages	\$ 6,439,114
Temporary help	34,036
Fringe benefits	4,419,079
Consultants	608,535
Legal services	77,929
Computer support	1,027,242
Equipment repairs and maintenance	56,218
Office space leases	1,722,567
Equipment lease	62,977
Security services	42,265
Insurance	300,142
Interest	31,348
Taxes	901
Bank fees	11,214
Office purchases under \$5,000	4,401
Office and graphic supplies	48,869
Telephone	153,719
Postage and delivery	4,393
Memberships	96,886
Depreciation and amortization	244,353
Recruitment costs	71,417
Staff training	60,966
Resource materials & subscriptions	45,912
Conference registration	5,758
Printing	9,400
Travel	38,392
Other	500
Total indirect costs	<u>15,618,533</u>
Indirect costs recovered	
General fund	569,759
Federal Transportation Administration	2,752,316
Federal Highway Administration	11,114,773
Transportation Development Act	2,403,628
Nonmajor Funds	851,435
Total indirect costs recovered	<u>17,691,911</u>
Over (under) recovered	2,073,378
Over (Under) Recovered Indirect Costs, Beginning of Year	<u>(3,582,342)</u>
Over (Under) Recovered Indirect Costs, End of Year	<u><u>\$ (1,508,964)</u></u>

Southern California Association of Governments

Supplemental Schedule of Fringe Benefits

Year Ended June 30, 2020

Fringe benefits:	
Employee leave and other salary benefits	\$ 1,925,873
PERS/Other Retirement Plans	4,989,239
Life insurance	94,337
Health insurance	2,288,589
Medicare and social security taxes - employer share	255,692
Tuition reimbursement	26,573
Transit passes	116,642
Worker's compensation/unemployment insurance	197,669
Deferred compensaton employer match	113,455
Other	<u>160,401</u>
Total Fringe Benefits	<u>10,168,470</u>
Fringe benefits recovered:	
Allocated to indirect costs	4,419,079
General Fund	187,855
Federal Transportation Administration	900,561
Federal Highway Administration	3,656,953
Transportation Development Act	728,632
Nonmajor Funds	<u>275,390</u>
Total Fringe Benefits Recovered	<u>10,168,470</u>
Over (under) recovered	-
Over (Under) Recovered Indirect Costs, Beginning of Year	<u>-</u>
Over (Under) Recovered Indirect Costs, End of Year	<u><u>\$ -</u></u>

Southern California Association of Governments
 Supplemental Schedule of Distribution of Salaries and Fringe Benefits by Project Type
 Year Ended June 30, 2020

	Salaries and Wages	Fringe Benefits	Salaries, Wages and Fringe
Charges to Direct projects	\$ 8,169,139	\$ 5,561,536	\$ 13,730,675
Charges to General Fund projects	269,049	187,855	456,904
Charges to Indirect projects	6,439,114	4,419,079	10,858,193
Totals	\$ 14,877,302	\$ 10,168,470	\$ 25,045,772

Statistical Section

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

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

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

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

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

Sources:

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

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Invested in capital assets	\$ 1,536,963	1,615,120	1,954,455	2,766,741	2,251,523	1,626,539	1,231,475	4,859,839	128,748	287,694
Restricted	1,417,565	3,547,633	4,408,177	8,195,221	9,857,806	8,834,336	9,306,432	9,327,440	10,829,017	11,084,386
Unrestricted	<u>3,173,237</u>	<u>3,228,709</u>	<u>3,205,903</u>	<u>2,856,658</u>	<u>(22,772,623)</u>	<u>(21,432,913)</u>	<u>(22,519,075)</u>	<u>(35,184,659)</u>	<u>(39,056,497)</u>	<u>(37,917,543)</u>
Total governmental activities										
Net position	\$ <u>6,127,765</u>	<u>8,391,462</u>	<u>9,568,535</u>	<u>13,818,620</u>	<u>(10,663,294)</u>	<u>(10,972,038)</u>	<u>(11,981,168)</u>	<u>(20,997,380)</u>	<u>(28,098,732)</u>	<u>(26,545,463)</u>

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

	Fiscal Year									
	2011	2012 ⁴	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Expenses:										
Transportation	\$ 27,318,795	30,615,654	24,518,174	23,153,109	31,710,847	30,851,350	20,838,392	14,792,393	16,150,392	19,039,509
Modeling								10,582,018	10,768,740	12,191,498
High speed rail	87,980	135,882	196,200	305,054	281,500	290,497	339,370	-	-	-
Aviation	845,705	472,799	357,539	303,773	585,322	575,716	267,597	-	-	-
Environmental	1,809,901	2,626,070	320,850	1,403,147	1,450,795	1,459,853	7,054,453	5,164,861	3,179,830	4,377,155
Housing	1,194,623	665,008	1,993,419	1,505,232	1,128,200	981,416	3,222,728	-	-	-
Public Involvement	-	-	-	-	-	-	-	2,180,608	2,219,085	2,826,301
Sustainability Initiatives	1,342,674	1,678,605	5,473,095	2,173,803	5,463,860	7,506,301	7,521,696	8,642,100	5,820,909	6,266,299
Administration	-	-	1,560,377	2,005,412	1,864,232	2,138,873	3,871,454	8,147,226	12,243,851	5,899,158
Total expenses	<u>32,599,678</u>	<u>36,194,018</u>	<u>34,419,654</u>	<u>30,849,530</u>	<u>42,484,756</u>	<u>43,804,006</u>	<u>43,115,690</u>	<u>49,509,206</u>	<u>50,382,807</u>	<u>50,599,920</u>
Program revenues:										
Charges for services - member dues	1,566,006	1,759,631	1,779,184	1,834,522	1,871,720	1,900,950	1,939,700	1,986,186	2,053,962	2,112,970
Operating grants and contributions	<u>30,949,013</u>	<u>36,245,424</u>	<u>33,510,829</u>	<u>32,833,285</u>	<u>42,318,755</u>	<u>40,616,883</u>	<u>39,672,312</u>	<u>42,253,899</u>	<u>40,576,290</u>	<u>49,907,967</u>
Total program revenues	<u>32,515,019</u>	<u>38,005,055</u>	<u>35,290,013</u>	<u>34,667,807</u>	<u>44,190,475</u>	<u>42,517,833</u>	<u>41,612,012</u>	<u>44,240,085</u>	<u>42,630,252</u>	<u>52,020,937</u>
Net revenues (expenses)	(84,659)	1,811,037	870,359	3,818,277	1,705,719	(1,286,173)	(1,503,678)	(5,269,121)	(7,752,555)	1,421,017
General revenues and other changes in net assets:										
Interest income	51,647	46,580	26,479	53,149	75,652	92,093	114,318	142,388	271,058	122,252
Other income	¹ 579,971	² 406,080	³ 278,235	⁵ 378,659	407,156	885,336	380,230	392,095	380,145	10,000
	<u>631,618</u>	<u>452,660</u>	<u>304,714</u>	<u>431,808</u>	<u>482,808</u>	<u>977,429</u>	<u>494,548</u>	<u>534,483</u>	<u>651,203</u>	<u>132,252</u>
Changes in net position	\$ <u>546,959</u>	<u>2,263,697</u>	<u>1,175,073</u>	<u>4,250,085</u>	<u>2,188,527</u>	<u>(308,744)</u>	<u>(1,009,130)</u>	<u>(4,734,638)</u>	<u>(7,101,352)</u>	<u>1,553,269</u>

¹ Other income for the year ended June 30, 2010 includes the refund from the JPIA amounting to \$307,281.

² Other income for the year ended June 30, 2012 includes the refund from the JPIA amounting to \$155,750.

³ Other income for the year ended June 30, 2010 includes the refund from the JPIA amounting to \$307,281.

⁴ Certain amounts in 2012 have been reclassified to conform with the 2013 presentation.

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

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

	Fiscal Year									
	2011*	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund:										
Reserved	\$ -	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	317,801	502,200	262,658	652,453	580,163	763,655	927,324	779,552	867,144	876,033
Unassigned	<u>4,357,692</u>	<u>4,444,550</u>	<u>4,546,068</u>	<u>4,126,906</u>	<u>4,716,559</u>	<u>5,649,117</u>	<u>5,725,487</u>	<u>7,073,814</u>	<u>1,889,233</u>	<u>6,062,262</u>
Total general fund	<u>\$ 4,675,493</u>	<u>4,946,750</u>	<u>4,808,726</u>	<u>4,779,359</u>	<u>5,296,722</u>	<u>6,412,772</u>	<u>6,652,811</u>	<u>7,853,366</u>	<u>2,756,377</u>	<u>6,938,295</u>
All other governmental funds:										
Reserved	\$ -	-	-	-	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Restricted	<u>1,417,565</u>	<u>3,547,633</u>	<u>4,408,177</u>	<u>4,408,177</u>	<u>9,857,806</u>	<u>8,834,336</u>	<u>9,306,432</u>	<u>9,327,440</u>	<u>10,829,017</u>	<u>11,084,386</u>
Total all other governmental funds	<u>\$ 1,417,565</u>	<u>3,547,633</u>	<u>4,408,177</u>	<u>4,408,177</u>	<u>9,857,806</u>	<u>8,834,336</u>	<u>9,306,432</u>	<u>9,327,440</u>	<u>10,829,017</u>	<u>11,084,386</u>

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

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Federal grants	\$ 29,131,559	30,204,434	27,849,710	26,845,417	35,850,884	33,900,754	32,703,938	34,829,246	30,602,350	33,411,528
State grants and contracts	582,123	1,682,599	798,043	489,803	639,123	932,566	994,427	1,476,542	3,878,174	6,026,789
Local grants and contracts	1,235,331	4,358,391	4,863,076	5,498,065	5,828,748	5,783,563	5,973,947	5,948,111	6,095,766	6,407,071
Membership assessments	1,566,006	1,759,631	1,779,184	1,834,522	1,871,720	1,900,950	1,939,700	1,986,186	2,053,962	2,112,970
Recovery of disallowed grant costs										4,062,579
General Assembly										10,000
Interest and other	324,337	731,702	306,714	431,808	482,808	977,429	494,548	534,483	651,203	122,252
Total revenues	32,839,356	38,736,757	35,596,727	35,099,615	44,673,283	43,495,262	42,106,560	44,774,568	43,281,455	52,153,189
Expenditures:										
Current:										
Transportation	28,601,593	31,672,376	26,662,798	24,726,670	33,556,910	30,739,916	20,838,392	15,323,497	16,150,392	19,039,509
Modeling								10,047,322	10,768,740	12,191,498
Public Involvement								2,184,200	2,219,085	2,826,301
Aviation	636,484	277,796	176,017	174,845	451,493	573,374	267,597	-	-	-
Water	-	-	-	-	-	-	-	-	-	-
High speed rail	44,538	68,460	96,590	140,800	161,423	290,595	339,370	-	-	-
Housing	746,686	342,391	1,180,258	922,718	706,129	980,086	3,222,728	-	-	-
Energy	-	-	-	-	-	-	-	-	-	-
Environmental	1,090,079	1,598,322	158,345	887,807	969,338	1,448,295	7,054,453	5,164,861	3,179,830	4,377,155
Sustainability Initiatives	1,196,508	1,727,671	3,959,891	1,325,204	4,524,338	7,403,783	7,521,696	8,642,100	5,820,909	6,266,299
Administration			1,646,163	1,685,534	1,841,987	1,543,263	2,138,062	2,322,029	3,325,282	2,581,252
Disallowed Grant Costs									4,832,192	-
Debt service:										
Principal								130,788	355,208	373,630
Interest								25,490	83,796	34,026
Capital outlay	471,909	648,416	994,145	1,478,360	281,717	423,370	12,127	1,656,202	141,433	26,232
Total expenditures	32,787,797	36,335,432	34,874,207	31,341,938	42,493,335	43,402,682	41,394,425	45,496,489	46,876,867	47,715,902
Excess (deficiency) of revenues over (under) expenditures	51,559	2,401,325	722,520	3,757,677	2,179,948	92,580	712,135	(721,921)	(3,595,412)	4,437,287
Other financing sources (uses)										
Transfers in	10,442,938	10,168,814	10,987,675	10,093,426	10,085,526	-	7,198	-	78,995	77,059
Transfers out	(10,442,938)	(10,168,814)	(10,987,675)	(10,093,426)	(10,085,526)	-	(7,198)	-	(78,995)	(77,059)
Proceeds from financing								1,943,484		
Total other financing sources (uses)	-	-	-	-	-	-	-	1,943,484	-	-
Net change in fund balances	\$ 51,559	2,401,325	722,520	3,757,677	2,179,948	92,580	712,135	1,221,563	(3,595,412)	4,437,287
Total Debt Service Expenditures	\$ -	-	-	-	-	-	-	156,278	439,004	407,656
Total Non-Capital Expenditures	\$ 32,315,888	35,687,016	33,880,062	29,863,578	42,211,618	42,979,312	41,382,298	43,840,287	46,735,434	47,689,670
Ratio of Debt Service to Non-Capital	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.36%	0.94%	0.85%

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

Southern California Association of Governments

Table 5 – Indirect and Fringe Benefit Costs

Last Ten Fiscal Years

Fiscal Year	Indirect cost	Fringe benefits	Totals
2011	11,021,062	6,446,777	17,467,839
2012	10,892,283	6,993,925	17,886,208
2013	10,625,503	7,291,029	17,916,532
2014	9,870,796	7,406,943	17,277,739
2015	10,858,012	8,082,809	18,940,821
2016	11,613,300	8,891,915	20,505,215
2017	12,586,074	9,311,132	21,897,206
2018	15,165,346	9,009,745	24,175,091
2019	12,365,958	9,574,971	21,940,929
2020	15,618,533	10,168,470	25,787,003

Source: SCAG Finance Department.

Southern California Association of Governments

Table 6 – Member Dues

Last Ten Fiscal Years

	<u>Cities & Indian Tribes</u>			<u>Counties</u>			<u>Commissions</u>	
	<u>No. of Members</u>	<u>Population</u>	<u>Annual Dues</u>	<u>No. of Members</u>	<u>Population</u>	<u>Annual Dues</u>	<u>No. of Members</u>	<u>Annual Dues</u>
2011	182	16,097,577	1,209,583	6	2,101,655	261,423	5	95,000
2012	190	16,035,831	1,373,766	6	2,115,074	290,865	5	95,000
2013	191	16,377,980	1,411,942	6	2,066,588	290,942	5	95,000
2014	191	15,764,229	1,444,701	6	1,967,621	293,146	5	95,000
2015	189	16,304,097	1,484,363	6	1,950,310	292,357	5	95,000
2016	189	16,368,268	1,511,946	6	1,963,578	294,004	5	95,000
2017	189	16,476,665	1,543,468	6	1,973,786	297,899	5	95,000
2018	189	16,686,338	1,577,575	6	1,989,806	300,111	6	98,500
2019	189	16,836,783	1,634,861	6	1,999,994	307,523	6	98,500
2020	189	16,904,173	1,690,277	6	2,021,924	315,132	6	108,500

Southern California Association of Governments

Table 7 – Principal Members
Current Year and Five Years Ago

<u>City/County</u>	<u>2020</u>		<u>2015</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	\$ 385,514	18%	\$ 335,778	18%
County of Los Angeles	135,195	6%	125,076	7%
County of Riverside	61,579	3%	56,067	3%
County of San Bernardino	54,538	3%	50,675	3%
City of Long Beach	46,107	2%	41,238	2%
County of Orange	37,253	2%	35,424	2%
City of Anaheim	34,593	2%	30,720	2%
City of Santa Ana	32,808	2%	29,314	2%
City of Riverside	31,634	1%	27,759	1%
SBCTA (SANBAG)	25,000	1%	25,000	1%
RCTC	25,000	1%	25,000	1%
OCTA	25,000	1%	25,000	1%
City of Irvine	26,925	1%	20,760	1%
County of Ventura	19,275	1%	18,360	1%
City of Glendale	20,230	1%	17,516	1%
City of San Bernardino	21,708	1%	19,160	1%
City of Santa Clarita	21,278	1%	18,494	1%
	<u>\$ 1,003,637</u>	<u>47%</u>	<u>901,341</u>	<u>48%</u>

Southern California Association of Governments

Table 8 – Population by County in the SCAG Region

Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2011	176,518	9,879,298	3,036,412	2,216,250	2,055,671	829,790	18,193,939
2012	179,106	9,956,882	3,072,381	2,244,472	2,071,326	834,960	18,359,127
2013	180,099	10,025,712	3,103,018	2,268,660	2,084,443	840,637	18,502,569
2014	181,699	10,078,930	3,122,962	2,290,907	2,094,951	845,279	18,614,728
2015	183,867	10,126,423	3,145,029	2,315,706	2,112,344	848,532	18,731,901
2016	184,938	10,158,196	3,162,789	2,343,785	2,123,677	849,831	18,823,216
2017	186,815	10,193,753	3,184,229	2,376,580	2,141,391	849,057	18,931,825
2018	188,273	10,209,676	3,192,092	2,400,762	2,152,845	849,324	18,992,972
2019	188,821	10,184,378	3,192,987	2,422,146	2,168,964	846,050	19,003,346
2020	188,777	10,172,951	3,194,332	2,442,304	2,180,537	842,886	19,021,787

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2020, with 2010 Benchmark (Released: May, 2020)

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

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2011	49,164	3,244,072	993,840	690,101	613,585	267,422	5,858,184
2012	49,201	3,249,723	995,888	693,681	616,018	267,981	5,872,492
2013	49,285	3,259,596	1,000,772	701,016	620,118	268,443	5,899,230
2014	49,432	3,270,074	1,007,612	706,011	622,671	269,565	5,925,365
2015	49,614	3,282,619	1,013,841	711,395	625,640	270,647	5,953,756
2016	49,760	3,298,147	1,020,340	718,548	629,443	272,031	5,988,269
2017	49,916	3,316,817	1,028,321	724,905	634,051	272,902	6,026,912
2018	50,126	3,331,745	1,037,628	732,367	638,675	273,343	6,063,884
2019	50,332	3,351,823	1,047,197	739,545	643,519	274,571	6,106,987
2020	50,597	3,370,663	1,053,731	746,160	646,226	276,161	6,143,538

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

Southern California Association of Governments

Table 10 – Wage and Salary Employment by County in the SCAG Region
Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2011	58,100	3,954,600	1,391,700	561,800	607,500	303,300	6,877,000
2012	59,400	4,044,700	1,428,200	573,600	626,600	310,100	7,042,600
2013	61,000	4,123,500	1,467,000	599,500	648,300	317,000	7,216,300
2014	62,800	4,200,300	1,500,700	628,100	675,600	320,200	7,387,700
2015	63,300	4,293,500	1,548,300	657,900	710,100	322,800	7,595,900
2016	62,100	4,403,000	1,588,300	688,400	727,100	325,700	7,794,600
2017	63,400	4,456,700	1,620,800	718,400	750,900	329,200	7,939,400
2018	63,600	4,522,700	1,653,200	748,400	770,300	333,400	8,091,600
2019	64,000	4,571,400	1,674,400	767,200	789,700	336,500	8,203,200
2020	61,750	4,297,600	1,550,000	722,900	744,100	316,600	7,692,950

Source: Processed by SCAG Staff; CA EDD - March 2019 Benchmark
Employment by Industry Data

Historical Annual Average Data: 2011 - 2019 (Total, All Industries=Wage and Salary Employment)
2020 figures are estimated by calculating the average from January 2020 to June 2020

Southern California Association of Governments

Table 11 – Labor Force by County in the SCAG Region

Last Ten Calendar Years

Calendar year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2011	79,500	4,928,500	1,546,400	978,500	888,500	431,700	8,853,100
2012	79,300	4,915,300	1,562,100	987,100	892,200	434,700	8,870,700
2013	78,300	4,967,200	1,565,300	996,400	896,700	433,900	8,937,800
2014	78,300	4,992,600	1,569,000	1,011,100	905,400	430,100	8,986,500
2015	76,650	4,980,300	1,584,258	1,033,292	919,183	427,192	9,020,875
2016	75,150	5,030,500	1,597,250	1,051,433	930,083	425,283	9,109,699
2017	72,067	5,084,000	1,607,783	1,072,158	943,150	424,158	9,203,316
2018	71,250	5,095,500	1,617,867	1,091,383	956,083	423,567	9,255,650
2019	71,300	5,121,600	1,623,400	1,104,000	967,700	423,400	9,311,400
2020	72,483	4,965,500	1,586,100	1,096,650	954,750	416,583	9,092,066

Source: Processed by SCAG Staff; CA EDD - March 2019 Benchmark

Employment by Industry Data

Historical Annual Average Data: 2011 - 2019 (Civilian Labor Force=Labor Force)

2020 figures are estimated by calculating the average from January 2020 to June 2020

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
2011	22,900	600,500	140,000	128,900	114,300	44,200	1,050,800
2012	21,700	536,900	122,900	114,800	101,800	39,500	937,600
2013	19,600	484,600	103,100	98,700	87,600	34,100	827,700
2014	18,800	412,300	86,100	82,900	72,500	28,600	701,200
2015	18,775	329,600	70,775	69,192	59,200	24,117	571,659
2016	18,133	264,600	64,542	64,250	53,700	22,208	487,433
2017	14,092	242,200	56,342	56,292	46,450	19,058	434,434
2018	13,442	235,200	48,117	48,692	39,375	16,283	401,109
2019	13,000	227,300	45,100	46,100	37,000	15,200	383,700
2020	16,783	617,517	134,800	109,367	85,633	36,167	1,000,267

Source: Processed by SCAG Staff; CA EDD - March 2019 Benchmark
 Employment by Industry Data
 Historical Annual Average Data: 2011 - 2019 (Civilian Unemployment=Unemployment)

Southern California Association of Governments

Table 13 – Largest Employer County in the SCAG Region

Current Year

	Employees	Type of Business		Employees	Type of Business
Imperial			Riverside		
1 Imperial Irrigation District	3,030	Harvesting	1 County of Riverside	22,038	Government
2 Calipatria State Prison	1,200	Correctional Institution	2 March Air Reserve Base	9,000	Military Reserve Base
3 Centinela State Prison	1,200	Correctional Institution	3 University of California, Riverside	8,829	Education
4 Walmart Supercenter	1,160	Retail	4 Kaiser Permanente Riverside Medical Center	5,500	Hospital
5 El Centro Regional Medical Ctr	860	Hospital	5 Corona-Norco Unified School District	5,478	Education
6 Jjall Lc	800	Correctional Institution	6 Pechanga Resort & Casino	4,750	Resort Casino
7 El Centro Naval Air Facility	780	Military	7 Riverside Unified School District	4,200	Education
8 Pioneers Memorial Hosp-Doctors	630	Hospital	8 Hemet Unified School District	4,058	Education
9 Imperial County Office-Educ	600	Education	9 Riverside University Health System-Medical C	3,965	Hospital
10 Us Border Patrol	540	Government	10 Morongo Casino, Resort & Spa	3,800	Resort Casino
Los Angeles			San Bernardino		
1 County of Los Angeles	107,400	Government	1 Arrowhead Regional Medical Center	18,000	Hospital
2 Los Angeles Unified School District	104,300	Education	2 Stater Bros. Markets	18,000	Retail
3 University of California, Los Angeles	65,600	Education	3 County Of San Bernardino	17,400	Government
4 City of Los Angeles (including DWP)	61,900	Government	4 San Bernardino City Unified School District	8,570	Education
5 Federal Government (non-Defense)	43,600	Government	5 Ontario International Airport	7,510	Airport
6 Kaiser Permanente	37,400	Hospital	6 Kaiser Medical Center	5,680	Hospital
7 State of California (non-education)	29,800	Government	7 Loma Linda University Medical Center	4,680	Hospital
8 University of Southern California	21,000	Education	8 Fontana Unified School Distric	3,950	Education
9 Northrop Grumman Corp.	16,600	Aerospace and Defense	9 Loma Linda University	3,910	Education
10 Providence Health & Services	15,900	Hospital	10 San Manuel Band Of Mission Indians	3,260	Government
Orange			Ventura		
1 Walt Disney Co	30,000	Hospitality and Entertainment	1 Naval Base Ventura County	18,776	Government
2 University of California, Irvine	23,884	Education	2 County of Ventura	8,435	Government
3 County of Orange	17,271	Government	3 Amgen Inc	5,500	Biomedical
4 St. Joseph Health	14,000	Hospital	4 Wellpoint	2,860	Hospital
5 Kiaser Permanente	8,178	Hospital	5 Simi Valley Unified School District	2,740	Education
6 Albertsons	7,670	Retail	6 Community Memorial Hospital	2,300	Hospital
7 Target Corp.	6,300	Retail	7 Conejo Valley Unified School District	2,050	Education
8 Walmart	6,200	Retail	8 Dignity Health	2,016	Hospital
9 Hoag Memorial Hospital Presbyterian	6,100	Hospital	9 Ventura Unified School District	1,835	Education
10 The Boeing Company	6,000	Aerospace	10 Los Robles Regional Med Center	1,500	Hospital

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

Southern California Association of Governments

Table 14 – Housing Units by County in the SCAG Region

Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2011	56,124	3,448,204	1,050,157	804,913	701,443	282,268	6,343,109
2012	56,222	3,454,131	1,052,346	807,970	702,911	282,923	6,356,503
2013	56,524	3,463,492	1,056,222	812,234	704,540	283,575	6,376,587
2014	56,731	3,474,246	1,063,093	817,008	706,314	284,489	6,401,881
2015	57,174	3,504,173	1,076,199	828,383	711,781	287,080	6,464,790
2016	57,174	3,504,173	1,076,199	828,383	711,781	287,080	6,464,790
2017	57,401	3,527,368	1,084,476	834,652	715,634	288,074	6,507,605
2018	57,737	3,546,864	1,094,256	840,904	719,911	288,579	6,548,251
2019	58,002	3,568,900	1,104,275	847,851	723,783	289,647	6,592,458
2020	58,311	3,590,574	1,111,421	856,124	726,680	291,210	6,634,320

Source: Processed by SCAG Staff based on State of California, Department of Finance, E-5 City/County Population and Housing Estimates, May 2020

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

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Average
2011	150,000	380,000	480,000	220,000	190,000	400,000	350,000
2012	140,000	380,000	480,000	230,000	190,000	380,000	350,000
2013	150,000	440,000	570,000	270,000	220,000	450,000	410,000
2014	170,000	490,000	610,000	300,000	260,000	500,000	460,000
2015	200,000	510,000	630,000	320,000	280,000	510,000	480,000
2016	210,000	550,000	670,000	330,000	300,000	540,000	510,000
2017	220,000	590,000	700,000	360,000	320,000	570,000	540,000
2018	230,000	630,000	740,000	380,000	350,000	600,000	580,000
2019	240,000	640,000	740,000	390,000	360,000	600,000	590,000
2020	250,000	660,000	760,000	400,000	370,000	610,000	610,000

Source: Zillow.com

2020 Data: Estimation Based on Average Between Jan 2020 and June 2020

Note: Average is Weighted by Housing Units from Table 14

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

Southern California Association of Governments

Table 16 – Land Area by County in the SCAG Region

Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2011	4,175	4,060	790	7,208	20,062	1,846	38,141
2012	4,175	4,060	790	7,208	20,062	1,846	38,141
2013	4,175	4,060	790	7,208	20,062	1,846	38,141
2014	4,175	4,060	790	7,208	20,062	1,846	38,141
2015	4,175	4,060	790	7,208	20,062	1,846	38,141
2016	4,175	4,060	790	7,208	20,062	1,846	38,141
2017	4,175	4,060	790	7,208	20,062	1,846	38,141
2018	4,175	4,060	790	7,208	20,062	1,846	38,141
2019	4,175	4,060	790	7,208	20,062	1,846	38,141
2020	4,175	4,060	790	7,208	20,062	1,846	38,141

Source: Census Bureau Tiger File

<https://www.census.gov/programs-surveys/geography.html>

Southern California Association of Governments
Table 17 – Assessed Valuation by County in the SCAG Region
Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2011	\$ 10,636,065,947	1,055,470,089,596	417,961,898,748	205,709,223,529	166,489,324,697	104,382,110,478	1,960,648,712,995
2012	\$ 10,335,759,824	1,070,532,689,445	422,054,150,027	203,143,376,088	165,720,121,024	104,392,245,689	1,976,178,342,097
2013	\$ 10,393,345,085	1,093,886,934,773	429,315,145,388	202,209,185,045	166,970,746,909	105,066,235,097	2,007,841,592,297
2014	\$ 11,230,818,021	1,145,256,478,683	445,068,356,853	210,726,246,610	172,112,462,762	108,574,635,076	2,092,968,998,005
2015	\$ 11,648,369,468	1,207,856,228,771	473,782,781,168	228,233,802,746	182,705,725,334	114,663,397,481	2,218,890,304,968
2016	\$ 12,400,979,037	1,282,508,084,556	507,799,267,525	240,933,731,456	192,319,791,501	119,407,609,899	2,355,369,463,974
2017	\$ 12,689,982,548	1,354,458,674,851	528,711,072,636	253,658,272,351	200,564,761,328	123,951,233,364	2,474,033,997,078
2018	\$ 12,984,173,804	1,435,385,941,470	561,278,774,948	266,916,802,097	214,878,403,179	129,987,341,366	2,621,431,436,864
2019	\$ 13,487,316,919	1,529,882,494,903	596,783,437,256	283,283,510,304	227,946,672,512	135,744,679,058	2,787,128,110,952
2020	\$ 13,510,481,408	1,640,578,043,117	637,267,187,553	305,924,215,017	250,687,610,322	143,992,025,789	2,991,959,563,206

Source: State of California – Controller’s Office.

Note: Assessed Valuations Show Total State and County Assessed Valuation
2020 values are estimated by using 2020 net secured and unsecured valuation and 2019 state assessed valuation.
<https://bythenumbers.sco.ca.gov/Raw-Data/Assessed-Valuation-Raw-Data-for-Fiscal-Years-2003-f2m4>
<https://bythenumbers.sco.ca.gov/Raw-Data/Property-Tax-Raw-Data-for-Fiscal-Years-2019-20/cigd-fqva>

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

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

Fiscal Year	Transportation	Modeling	High Speed Rail	Aviation	Environmental	Housing	Public Involvement	Sustainability	Administration	Total
2011	48		1	1	3	2			55	110
2012	60		1	1	3	2			61	128
2013	55		1	1	2	1			67	127
2014	57		1	1	2	1			58	120
2015	61		1	1	1	1			66	131
2016	58		1	1	3	1			67	131
2017	60		1	0	3	1			60	125
2018	44	15	0	1	1	0	15	7	46	129
2019	39	16	0	1	1	0	16	6	48	127
2020	41	16	0	1	1	2	19	9	58	147

Source: SCAG HR Department.

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

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Transportation											
No. of projects undertaken	55	50	48	49	82	85	89	80	27	71	67
Grants & Contracts Revenue	\$ 33,664,593	29,354,637	23,819,826	23,880,028	23,120,187	25,928,208	26,127,909	21,402,960	10,227,859	18,068,335	17,390,426
Modeling											
No. of projects undertaken									36	33	36
Grants & Contracts Revenue	\$								12,546,320	11,872,339	12,503,509
High Speed Rail											
No. of projects undertaken	1	1	1	1	1	1	1	1			
Grants & Contracts Revenue	\$ 42,594	98,354	137,330	21,200	263,579	281,779	290,593	339,370			
Aviation											
No. of projects undertaken	3	3	2	1	1	1	1	1			
Grants & Contracts Revenue	\$ 266,702	884,816	461,819	347,880	196,948	579,242	550,584	267,597			
Environmental											
No. of projects undertaken		7	9	6	13	1	5	20	17	8	10
Grants & Contracts Revenue	\$	2,401,731	2,881,315	587,435	1,601,570	1,587,158	1,448,295	6,592,728	5,144,977	3,358,447	4,322,956
Public Involvement											
No. of projects undertaken									4	4	4
Grants & Contracts Revenue	\$								2,600,060	2,445,350	2,894,305
Housing											
No. of projects undertaken		2	2	2	3	3	2	9	9		
Grants & Contracts Revenue	\$	1,306,547	1,345,833	2,088,856	1,599,668	1,176,694	960,528	3,187,930	2,032,313		
Sustainability Initiatives											
No. of projects undertaken			6	9	12	14	25	28	41	8	27
Grants & Contracts Revenue	\$		6,200,905	6,089,132	2,511,049	5,457,158	7,345,383	7,098,027	8,719,261	6,142,700	5,090,102
Expenditure classifications were changed in FY19 to better reflect the changing mix in SCAG's initiatives.											
FY18 expenditures were restated to be comparable to FY19. Fiscal years before FY18 were not restated.											
T No. of projects undertaken											
									134	124	144
Grants & Contracts Revenue									41,270,790	41,887,171	42,201,298

Southern California Association of Governments
Table 20 – Capital Assets Statistics by Function
Last Ten Fiscal Years

No capital assets indicators are available to SCAG.

Southern California Association of Governments

Table 21 – Outstanding Debt

Last Ten Fiscal Years

Fiscal Year	Claims Payable	Financing Agreements	Tenant Improvement Allowance	Total Outstanding Debt	Program Revenues	Ratio of Debt to Revenues
2010	\$ 496,076		\$ 244,431	\$ 740,507	\$ 35,328,693	2.1%
2011			217,285	217,285	32,515,019	0.7%
2012			509,174	509,174	38,005,055	1.3%
2013			162,993	162,993	35,290,013	0.5%
2014			135,846	135,846	34,667,807	0.4%
2015			108,700	108,700	44,190,475	0.2%
2016			81,553	81,553	42,517,833	0.2%
2017			54,406	54,406	41,612,012	0.1%
2018		\$ 1,812,696	4,682,709	6,495,405	44,240,085	14.7%
2019		1,457,488	4,371,379	5,828,867	42,630,252	13.7%
2020		1,083,858	4,062,393	5,146,251	52,020,937	9.9%



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern California Association of Governments (SCAG), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SCAG’s basic financial statements, and have issued our report thereon dated December 18, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Rancho Cucamonga, California
December 18, 2020