

# COMPREHENSIVE ANNUAL FINANCIAL REPORT 2012

FINANCE DEPARTMENT  
BASIL PANAS, ACTING CHIEF FINANCIAL OFFICER  
ADMINISTRATION DIVISION

YEAR ENDED  
JUNE 30, 2012



SOUTHERN CALIFORNIA  
ASSOCIATION of GOVERNMENTS

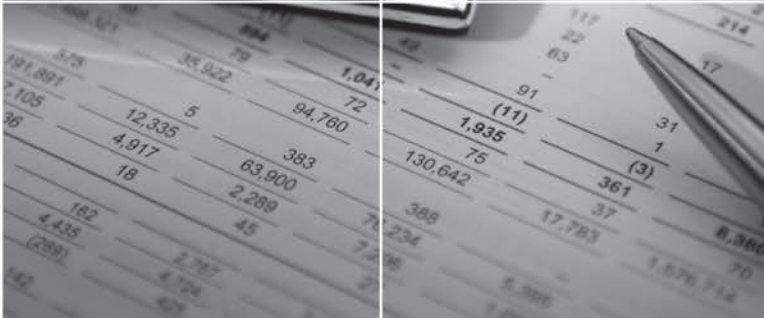


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FINANCE DEPARTMENT  
BASIL PANAS, ACTING CHIEF FINANCIAL OFFICER  
ADMINISTRATION DIVISION



YEAR ENDED  
JUNE 30, 2012



SOUTHERN CALIFORNIA  
ASSOCIATION of GOVERNMENTS



**Comprehensive Annual Financial Report**  
**Southern California Association of Governments**  
*Year ended June 30, 2012*  
*with Report of Independent Auditors*



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



SOUTHERN CALIFORNIA



**ASSOCIATION OF  
GOVERNMENTS**

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**Officers**

President  
Glen Becerra, Simi Valley

First Vice President  
Greg Pettis, Cathedral City

Second Vice President  
Carl Morehouse, San Buenaventura

Immediate Past President  
Pam O'Connor, Santa Monica

**Executive/Administration  
Committee Chair**

Glen Becerra, Simi Valley

**Policy Committee Chairs**

Community, Economic and  
Human Development  
Paula Lantz, Pomona

Energy & Environment  
Cheryl Viegas-Walker, El Centro

Transportation  
Keith Millhouse, Ventura County  
Transportation Commission

December 14, 2012

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

*Subject: SCAG's Comprehensive Annual Financial Report for Fiscal Year  
2011-12*

Dear President Becerra and Members of the Regional Council:

As Executive Director and Acting Chief Financial Officer for the Southern California Association of Governments (SCAG), we hereby submit to you SCAG's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012.

This Letter of Transmittal is the first item in the introductory section of the CAFR. Its purpose is firstly to provide readers with general financial information about the basic financial statements in the CAFR and to give some general comments to assist the reader in assessing SCAG and its financial condition. The second purpose is to give readers a profile of SCAG, including its governance, organization, planning mandates and requirements, and at the same time, to highlight several significant planning programs mandated by Federal and State requirements, which were successfully managed in 2011-2012.

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

The introductory section of the CAFR includes this Letter of Transmittal and the following attachments:

- Listing of the Officers and Members of the Regional Council,
- The SCAG Organizational Chart,
- The SCAG Finance Division Organizational Chart, and
- The Certificate of Achievement for Excellence in Financial Reporting awarded to SCAG by the Government Finance Officers Association in recognition of our FY11 CAFR.

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

We are pleased to report that the Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to SCAG for its CAFR for the fiscal year ended June 30, 2011. This was the ninth consecutive year that SCAG has received this prestigious award. The award is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment.

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

### **The Comprehensive Annual Financial Report**

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

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

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

## **Independent Audit**

SCAG's basic financial statements have been audited by Vasquez & Company LLP, a certified public accounting firm, licensed and qualified to perform audits in the State of California. The goal of the independent audit is to provide reasonable assurance that the financial statements of SCAG for the fiscal year ended June 30, 2012 are free of material misstatement. The Report of the Independent Auditors is also included in the CAFR.

## **The Single Audit Report**

The independent audit of the financial statements in this CAFR is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards applied in the Single Audit require consideration of internal controls, and compliance with legal and federal requirements in the administration of federal awards. There were no findings reported by Vasquez & Company LLP. The Single Audit report for the year ended June 30, 2012 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 FY12 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 FY12-13**

- Implement the Sustainable Communities Strategy included in the adopted 2012 Regional Transportation Plan (RTP)/Sustainable Communities Strategy (SCS). As required by Senate Bill 375, the 2012 RTP/SCS integrates transportation, land use, housing, and environmental planning with the goal of reducing regional greenhouse emissions from private automobile and light duty trucks.
- Complete the Fifth Cycle of the Regional Housing Needs Assessment in order for local jurisdictions to prepare updated General Plan Housing Elements.
- Strategically deploy SCAG's additional TDA funding to maximize its leverage as primary or match funding for critical projects.
- Aggressively pursue additional grants consistent with SCAG's vision to develop sustainable plans and policies for its region.

## **Profile of SCAG**

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

SCAG closely coordinates its efforts with a number of partners at the local, state and federal levels. In addition to its federal and state funding partners, SCAG's planning efforts are also closely coordinated with 14 sub-regional organizations, six county transportation commissions, representatives from the tribal government planning boards, the business community and the public at large.

SCAG is the largest regional planning agency in the nation, functioning as the Metropolitan Planning Organization (MPO) for six counties. SCAG represents:

- Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties
- 191 cities
- 2 tribal governments
- 38,000 square miles
- 18 million people
- 16th largest economy in the world.

## **Governing Body of SCAG**

The Regional Council is SCAG's main governing body. The membership is comprised of elected representatives representing 67 Districts who represent the 191 cities in the SCAG region; county elected supervisors; representatives from four of the six transportation commissions in the SCAG region; one Tribal Government representative; one representative from the air districts in the region; one representative from the Transportation Corridor Agency; and the Mayor of Los Angeles, as the City-at-large representative. All are elected from within the six-county region. All policy-making, the annual Overall Work Program, project budgets, and all material financial matters are discussed and acted upon through the Regional Council. A listing of each member and the city, county and tribal government representatives is included in the introductory section.

The Regional Council's policy-making process and operational oversight are guided by the work of an Executive/Administration Committee (EAC), made up of the SCAG officers (President, First Vice President, Second Vice President and the Immediate Past President); the three policy committee chairs and vice-chairs; and other Regional Council members appointed by the SCAG President. There are three main policy Committees: Transportation; Community, Economic and Human Development; and Energy and



Environment. In addition, all financial operations are reviewed and managed by the EAC.

### **SCAG's Mandates**

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

#### **(a) Development of the Regional Transportation Plan**

The Regional Transportation Plan (RTP) must be prepared every four years. It is a comprehensive 20-year plan that provides a vision for the region's transportation future and addresses air quality attainment and financial commitments. The RTP serves as a basis for transportation infrastructure investments and policy decision-making in the region. The RTP includes projections for socioeconomic growth in SCAG's region to establish a basis for developing needs and strategies for future investments. Major transportation projects of regional significance seeking federal or state funding must be consistent with the RTP. SCAG is also responsible for reviewing all Congestion Management Plans for consistency with the RTP.

As the RTP sets a framework for the region's future transportation investments, various studies are undertaken to support the development of the RTP. Transportation studies encompassing all modes of mobility (highway, transit, goods movement, capacity enhancements, etc.), policy analysis, corridor studies, and land use studies are undertaken in consultation with numerous stakeholders and project sponsors. Land use studies and environmental analysis are also undertaken to comply with various state and federal requirements. Modeling analysis encompasses a major portion of the RTP effort. All of the major components of the RTP are subject to performance criteria that assess and measure project performance, and define benefits and impacts of proposed projects and initiatives. Modeling studies and analysis form the basis of this type of RTP work. A major modeling component is air quality and conformity analysis, which ensures that all required federal and state air quality requirements are met. The RTP is also required to be "financially constrained". This requirement ensures that the projects proposed in the RTP have realistic funding streams and ensures the integrity of the RTP.

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

The 2012 RTP/SCS was adopted in April 2012, and was the culmination of a multi-year effort that involved transportation, land use and housing stakeholders from across the region. It represents the most comprehensive long-term vision for the future of our transportation system as well as urban forms that best complement our current and future transportation system, while supporting the objectives of SB 375. Given the size and complexity of our region, by necessity the RTP/SCS is a living document that must be adjusted on a regular basis to keep it valid, relevant, and in sync with new challenges and

opportunities. Accordingly, it must be amended occasionally between major updates, to ensure major projects being planned and implemented in the region remain consistent with the prevailing RTP/SCS. SCAG anticipates initiating at least one amendment to the 2012 RTP/SCS in FY13. In addition to putting forth bold transportation initiatives, including an unprecedented level of emphasis on system preservation, the 2012 RTP evaluates and presents some of the most innovative funding strategies to meet funding challenges in the near-term as well as the long-term. The next full update of the RTP/SCS is scheduled for 2016.

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

The Federal Transportation Improvement Program (FTIP) is the short-range program that includes a multi-modal list of capital improvement projects to be implemented over a six-year period and is the program that implements the Regional Transportation Plan (RTP). SCAG is responsible for developing the FTIP in cooperation with the State (Caltrans), the County Transportation Commissions (CTCs) and public transit operators every two years. The FTIP must include all federally funded transportation projects in the region, as well as all regionally significant transportation projects which require approval from federal funding agencies regardless of the funding sources. The current 2011 FTIP was federally approved on December 14, 2010. Most recently, the Transportation Committee approved the release of the Draft 2013 FTIP for Public Review and Comment. The Final 2013 FTIP was adopted in September 2012 by the Regional Council. Final conformity determination by the state and federal agencies is expected in December 2012.

#### **(c) Maintenance of Federal Air Quality Standards**

In developing the RTP and FTIP, SCAG is responsible for ensuring that the projects included in these transportation plans help the region maintain conformity with federal air quality standards as required by the Clean Air Act. Failure to conform to federal air quality standards could result in the federal agencies rejecting the RTP and FTIP, and consequently withholding funding for Southern California's critical transportation needs.

#### **(d) Integrated Growth Forecast**

With policy direction from the SCAG Community, Economic and Human Development (CEHD) Policy Committee, and working closely with the Plans and Programs Technical Advisory Committee (P&P TAC), the California Department of Finance (DOF), subregions, local jurisdictions, County Transportation Commissions, the public and other major stakeholders, SCAG is responsible for producing socio-economic estimates and projections at multiple geographic levels and in multiple years.

The socio-economic estimates and projections are used for federal and state mandated long-range planning efforts such as the Regional Transportation Plan (RTP), the Air Quality Management Plan (AQMP), the Federal Transportation Improvement Program (FTIP), and the Regional Housing Needs Assessment (RHNA).

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

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

To ensure integration of regional plans under SB 375, a Regional Housing Needs Assessment (RHNA) is developed every eight years in conjunction with every other RTP process. The RHNA Allocation Plan sets each jurisdiction's share of the region's future housing needs for all income groups and serves as the housing need goal for the local housing element update process. SCAG has prepared the 5<sup>th</sup> cycle RHNA Allocation Plan for the planning period from October 2013 to October 2021, which was adopted by the Regional Council in October 2012.

**(b) Development of a Portion of the Air Quality Management Plan**

SCAG is responsible for developing a portion of the Air Quality Management Plan (AQMP) prepared by the South Coast Air Quality Management District (SCAQMD). Specifically, SCAG develops the demographic projections and the integrated land use housing, employment, transportation measures and strategies portions of the AQMP every three years. SCAG prepared its portion of the AQMP for Particulate Matter (PM 2.5) pollutants and submitted it to SCAQMD for inclusion in the AQMP. The SCAQMD Governing Board is scheduled to adopt the AQMP in December 2012, after concluding the public review and comment process.

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

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

**(d) Development of a Regional Waste Management Plan**

Under state law, SCAG (along with the Association of Bay Area Governments, the Sacramento Area Council of Governments, and the Association of Monterey Bay Area Governments), may prepare a regional hazardous waste management plan to serve as a document to identify hazardous waste management issues, needs and solutions at the regional level. This role is consistent with SCAG's responsibility under federal law to serve as the Southern California area-wide waste management planning agency for the purpose of improving water quality in the region.

**Overall Work Program**

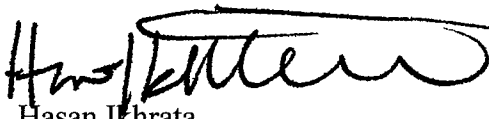
SCAG's Overall Work Program (OWP) is the foundation for annual financial planning and internal administrative control. It consists of all projects and budgets allocated and necessary to perform the planning work to be accomplished in the following year, and identifies the funding source(s) for each project.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

**Acknowledgements**

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

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

Sincerely,



Hasan Ikhrata

*Executive Director*



Basil Panas

*Acting Chief Financial Officer*

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## Our VISION

An international and regional planning forum trusted for its leadership and inclusiveness in developing plans and policies for a sustainable Southern California.

## Our MISSION

Under the guidance of the Regional Council and in collaboration with our partners, our mission is to facilitate a forum to develop and foster the realization of regional plans that improve the quality of life for Southern Californians.

**Funding:** The preparation of this report was financed in part through grants from the United States Department of Transportation – Federal Highway Administration and the Federal Transit Administration – under provisions of the “Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users” (SAFETEA-LU). Additional financial assistance was provided by the California State Department of Transportation.

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

## REGIONAL COUNCIL MEMBERS

### OFFICERS

**President:** Glen Becerra, Simi Valley

**First Vice President:** Greg Pettis, Cathedral City

**Second Vice President:** Carl Morehouse, San Buenaventura

**Immediate Past President:** Pam O’Connor, Santa Monica

### MEMBERS

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

**Los Angeles County:** Mike Antonovich, Los Angeles County | Mark Ridley-Thomas, Los Angeles County | Richard Alarcón, Los Angeles | Bruce Barrows, Cerritos | Joe Buscaino, Los Angeles | Tony Cardenas, Los Angeles | Stan Carroll, La Habra Heights | Margaret Clark, Rosemead | Gene Daniels, Paramount | Mitchell Englander, Los Angeles | Margaret E. Finlay, Duarte | David Gafin, Downey | Eric Garcetti, Los Angeles | James Gazeley, Lomita | Frank Gurulé, Cudahy | Keith W. Hanks, Azusa | Mario F. Hernandez, San Fernando | Carol Herrera, Diamond Bar | Steven Hofbauer, Palmdale | José Huizar, Los Angeles | James Johnson, Long Beach | Paul Koretz, Los Angeles | Paul Krekorian, Los Angeles | Tom LaBonge, Los Angeles | Paula Lantz, Pomona | Dan Medina, Gardena | Barbara Messina, Alhambra | Judy Mitchell, Rolling Hills Estates | Jim Morton, Lynwood | Steven Neal, Long Beach | Pam O’Connor, Santa Monica | Bernard Parks, Los Angeles | Jan Perry, Los Angeles | Frank Quintero, Glendale | Ed P. Reyes, Los Angeles | Bill Rosendahl, Los Angeles | Mark Rutherford, Westlake Village | Antonio Villaraigosa, Los Angeles | Donald Voss, La Cañada Flintridge | Herb J. Wesson, Jr., Los Angeles | Dennis Zine, Los Angeles

**Orange County:** Shawn Nelson, Orange County | Leslie Daigle, Newport Beach | Paul Glaab, Laguna Niguel | Matthew Harper, Huntington Beach | Sukhee Kang, Irvine | Joel Lautenschleger, Laguna Hills | Michele Martinez, Santa Ana | Leroy Mills, Cypress | Brett Murdock, Brea | Kris Murray, Anaheim | John Nielsen, Tustin | Andy Quach, Westminster | Sharon Quirk-Silva, Fullerton

**Riverside County:** Jeff Stone, Riverside County | Jim Hyatt, Calimesa | Darcy Kuenzi, Menifee | Ron Loveridge, Riverside | Greg Pettis, Cathedral City | Lupe Ramos Watson, Indio | Ron Roberts, Temecula

**San Bernardino County:** Gary Ovitt, San Bernardino County | Ginger Coleman, Apple Valley | Paul Eaton, Montclair | Ed Graham, Chino Hills | Jon Harrison, Redlands | Bill Jahn, Big Bear Lake | Larry McCallon, Highland | Deborah Robertson, Rialto

**Ventura County:** Linda Parks, Ventura County | Glen Becerra, Simi Valley | Bryan A. MacDonald, Oxnard | Carl Morehouse, San Buenaventura

**Tribal Government Representative:** Mark Calac, Pechanga Band of Luiseño Indians

**Orange County Transportation Authority:** Jerry Amante, Tustin

**Riverside County Transportation Commission:** Mary Craton, Canyon Lake

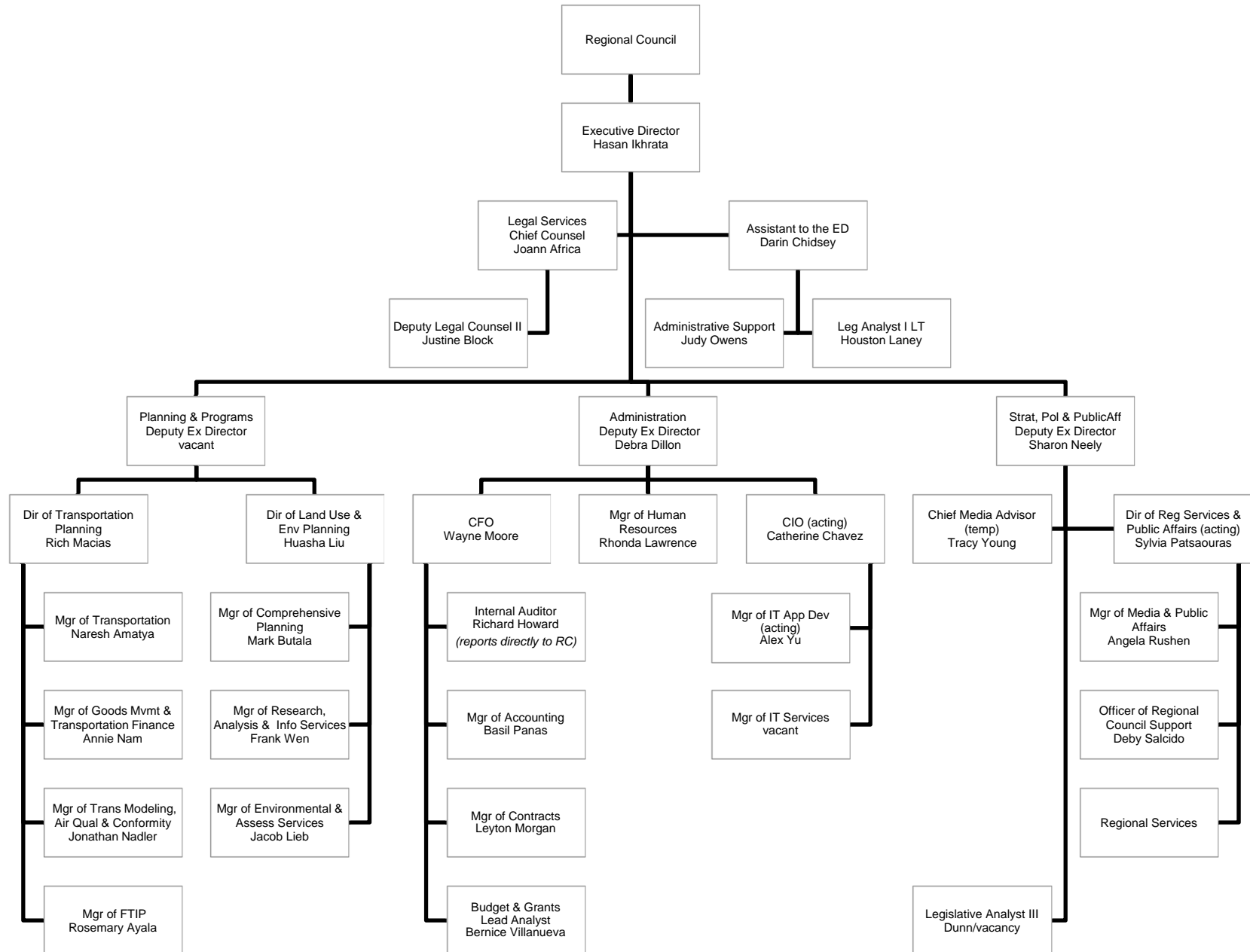
**San Bernardino Associated Governments:** Alan Wapner, Ontario

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



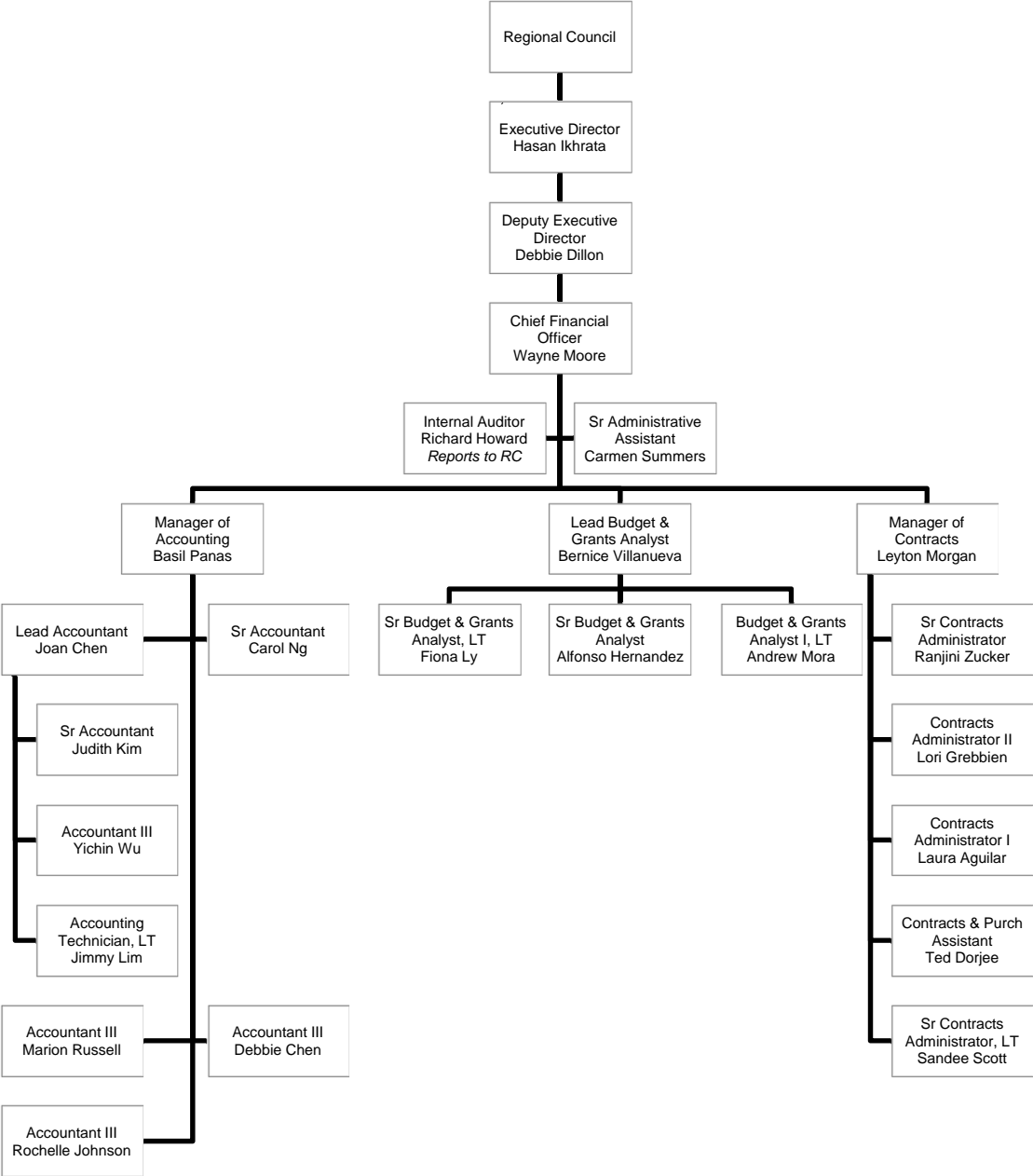


# SCAG Organization Chart – June 30, 2012





# Finance Organization Chart – June 30, 2012





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Southern California Association of Governments

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director



FINANCIAL  
SECTION





## Report of Independent Auditors

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

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 as of and for the year ended June 30, 2012, which collectively comprise the Southern California Association of Governments' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Southern California Association of Governments' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Southern California Association of Governments' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the Southern California Association of Governments as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2012 on our consideration of the Southern California Association of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southern California Association of Governments' financial statements. The supplemental combining financial statements and supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southern California Association of Governments' basic financial statements. The introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

*Vergara + Company LLP*

Los Angeles, California  
December 14, 2012

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, 2012. 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 Assets and the individual accounts, which comprise total assets and liabilities, are discussed and analyzed for the reader. Specific information about the functional areas of grant revenues reported in the Statement of Activities is also provided. Revenue and expenditure information about transportation, railroad, aviation, high speed rail, housing, and other grants is reviewed. Finally, there is summary information about project work undertaken and completed by SCAG in FY12.

## **FINANCIAL HIGHLIGHTS**

- Revenues increase to \$38.5 million in FY12 from \$33.1 million in FY11, an increase of \$5.3 million, or 16%.
- Federal revenues increased by \$1.1 million; state revenues increased by \$1.1 million; local revenues increased by \$3.1 million; and General Fund revenues increased by \$0.5 million.
- Net assets increased by \$2.1 million to \$8.4 million. The increase was attributable to the surpluses in the General and Transportation Development Act Funds.
- Cash increased by \$0.3 million; receivables increased by \$2.6 million; and accounts payable and contracts payable increased by \$0.6 million, all compared to FY11.
- Cash balances were adequate to support operations. There were no draws on SCAG's line of credit in FY12.
- Receivables increased \$2.6 million to \$10.2 million. No receivables are past due at year end.
- Accounts and contracts payable (AP) payments to vendors are disbursed on a current basis. AP balances increased \$0.6 million to \$5.2 million. All AP obligations are current.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

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

## **FUND-BASED REPORTING**

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

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

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Management's Discussion and Analysis**  
**June 30, 2012**

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**Notes to the Basic Financial Statements**

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

**Statement of Net Assets**

The Statement of Net Assets is prepared using accrual accounting since its measurement focus is total economic resources. Thus, it reports both long-term and short-term assets and liabilities. At the end of FY12, assets exceeded liabilities by \$8,391,462, an increase of \$2,263,697 from FY11. This results from the increases in the General and TDA fund balances. No other funds have a fund balance.

The following is a summary of net assets as of June 30, 2012 and 2011:

|                            | <b>June 30</b>       |               |
|----------------------------|----------------------|---------------|
|                            | <b>2012</b>          | <b>2011</b>   |
| Current and other assets   | \$ <b>15,081,412</b> | \$ 11,938,790 |
| Capital assets, net        | <b>1,615,120</b>     | 1,536,963     |
| Total assets               | <b>16,696,532</b>    | 13,475,753    |
| <br>                       |                      |               |
| Current liabilities        | <b>6,239,755</b>     | 5,538,451     |
| Noncurrent liabilities     | <b>2,065,315</b>     | 1,595,971     |
| Total liabilities          | <b>8,305,070</b>     | 7,134,422     |
| <br>                       |                      |               |
| Net Assets                 |                      |               |
| Invested in capital assets | <b>1,615,120</b>     | 1,536,963     |
| Restricted                 | <b>3,547,633</b>     | 1,417,565     |
| Unrestricted               | <b>3,228,709</b>     | 3,173,237     |
| Total net assets           | <b>\$ 8,391,462</b>  | \$ 6,127,765  |

**Cash and Cash Equivalents**

Over the last year, cash has increased \$0.3 million to \$4.4 million. During that same period, cash as a percentage of total assets decreased from 30% to 26% due to increase in receivables during that period.

Included in cash were \$4.2 million of TDA, which remained available for future years, and \$0.4 million of member dues for FY13 received in FY12.

**Accounts Receivable (AR)**

ARs from federal, state, local and other agencies at the end of FY12 were \$10.2 million compared to \$7.5 million the year before. AR balances represented 61% of total assets compared to 56% in FY11.

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. SCAG uses the rapid pay option offered by Caltrans.

Federal ARs at \$8.5 million were \$1.6 million more than last year. State receivables rose by \$0.5 million to \$0.7 million. Other receivables increased from \$0.4 million to \$0.7 million due to receivables from the California JPIA.

**Accounts and Contracts Payable (AP)**

During FY12, SCAG met its goal of paying 95% of invoices within 30 days in seven of twelve months. While this was partly due to vacancies in the Accounting section, the Finance Department has been streamlining its processes to improve on this record. The AP balance increased from \$4.6 million to \$5.2 million.

**Line of Credit (LOC)**

During FY12, SCAG did not draw on its LOC.

The LOC is a \$5.0 million credit line with an independent financial institution, which expires on February 28, 2013. 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% with a 4% minimum. LIBOR advances incur a fixed rate of interest for a fixed period. The rate is 2.5% above the bank's LIBOR rate.



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
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**Capital Assets**

Investment in net capital assets of \$1,615,120 represents about 19% of net assets. 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 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:

|                                      | <b>June 30</b> |              |
|--------------------------------------|----------------|--------------|
|                                      | <b>2012</b>    | <b>2011</b>  |
| Computer equipment and software, net | \$ 1,471,742   | \$ 1,313,023 |
| Leasehold improvements, net          | 48,721         | 57,388       |
| Furniture and fixtures, net          | 94,657         | 166,552      |
|                                      | \$ 1,615,120   | \$ 1,536,963 |

**Statements of Activities**

|                                    | <b>Years ended June 30</b> |              |
|------------------------------------|----------------------------|--------------|
|                                    | <b>2012</b>                | <b>2011</b>  |
| <b>REVENUES</b>                    |                            |              |
| Charges for services - member dues | \$ 1,759,631               | \$ 1,566,006 |
| Operating grants and contributions | 36,245,424                 | 30,949,013   |
| General revenues:                  |                            |              |
| Interest income                    | 46,580                     | 51,647       |
| Other revenue                      | 406,080                    | 579,971      |
|                                    | 38,457,715                 | 33,146,637   |
| <b>EXPENSES</b>                    |                            |              |
| Transportation                     | 30,615,654                 | 27,318,795   |
| Aviation                           | 472,799                    | 845,705      |
| Environmental                      | 2,626,070                  | 1,809,901    |
| High speed rail                    | 135,882                    | 87,980       |
| Housing                            | 665,008                    | 1,194,623    |
| Administration                     | 1,678,605                  | 1,342,674    |
|                                    | 36,194,018                 | 32,599,678   |
| Change in net assets               | 2,263,697                  | 546,959      |
| Net assets - beginning             | 6,127,765                  | 5,580,806    |
| Net assets - ending                | \$ 8,391,462               | \$ 6,127,765 |

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

Total revenues in FY12 were \$38.5 million compared to \$33.1 million last year. This is an increase of \$5.3 million or about 16%.

The increase in net assets is primarily due to unspent TDA Fund revenues. TDA is a potential funding source for SCAG's unmet needs (i.e. local match for CPG-funded projects or replacement of federal appropriations cut from already approved CPG-funded projects).

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

### **Major Expenses**

In FY12, salary expenses were \$12.2 million which included \$1.5 million of non-worktime. The comparable amounts in FY11 were \$11.7 million and \$1.5 million, respectively. Salaries, including non-worktime, represent about 34% of total expenses.

Consultant expenses are the next largest expense line item. They increased \$2.6 million, or 29%, to \$11.7 million in FY12 from \$9.1 million in FY11. They represent about 32% of total expenses. The increase in the level of consultant expenditures partially accounts for the increase in overall revenues in FY12. Detailed information concerning specific consultant activities is analyzed below in the discussion about major revenues and expenses of federal, state and local grants and the General Fund.

### **Federal Transportation Grants**

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

On annual basis, SCAG receives two major federal grants for Metropolitan Planning from the Federal Highway Administration (FHWA) and Section 5303 from the Federal Transit Administration (FTA). These two federal grants are used to develop regional plans for transportation, integrated planning, air quality and other regionally significant transportation related issues. In accordance with federal and state laws, SCAG develops a long-range Regional Transportation Plan (RTP) every four years and a Federal Transportation Improvement Program (FTIP) every two years. The RTP lays out the framework for investments in transportation infrastructure and maintaining it over the long-term.

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

These two grants were billed \$28.7 million in FY12 compared to \$28.6 million in FY11. FHWA revenues amounted to \$21.4 million and FTA \$7.3 million in FY12. Salaries and fringe benefits accounted for \$10.5 million, consultant expenses were \$7.0 million and the balance consisted of indirect overhead of \$9.7 million and other direct project costs of \$1.5 million. Other direct project expenses include professional services, travel, printing and other non-labor costs.

### **Other Federal Grants**

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

The total FTA Section 5304 budget was \$0.9 million. The total amount expended from Section 5304 was about \$0.4 million. The unused grant balance will be carried forward to FY13 and future years, if needed, subject to authorization from Caltrans. In August, SCAG was awarded six new grants amounting to approximately \$0.6 million for FY13.

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

As for federal agencies other than FTA, SCAG received a grant award in the amount of \$3.2 million from FHWA for the Value Pricing Pilot Program. Caltrans will be the Direct Recipient of the funds from FHWA and SCAG will be responsible for managing the program. In addition, the program will be completed within a 36 month time frame from the date the Co-Op Agreement is signed by FHWA, Caltrans and SCAG. It is anticipated the agreement will be executed in early FY13.

SCAG also has a Scenic Byways Grant for the Arroyo Seco Corridor Management Plan. The project is funded by a total of four sources, two from FHWA (FY06 Scenic Byways Funds and SAFETEA-LU Earmark) and two from Caltrans (State PTA Funds and State Planning Funds). The total amount is \$761,488. The grant was extended from FY12 to FY14.

As for the Department of Energy (DOE) grants, SCAG has a total of six pass-through grants funded by DOE. All six grants are related to the Clean Cities Coalitions for a total of \$0.6 million. Three of the six grants are a pass-through with the South Coast Air Quality Management District (AQMD). As for the remaining three grants, one is a pass-through with American Society for Engineering Education (ASEE) and Argonne National Laboratory (ANL) for a Clean Cities Internship for the 2012 Summer. The second to last grant is a pass-through with Leonardo Technologies, Inc (LTI) for Clean Cities Coalition Programmatic Support. The last grant is a pass-through with San Bernardino Association of Governments (SANBAG) for the Alternative Fuel Project.

### **State Grants**

State revenues this year were \$1.7 million from three state grants compared to \$0.6 million in FY11. Each grant was awarded to SCAG to fund specific project activities.

The California Energy Commission (CEC) awarded SCAG with a \$0.2 million grant in FY12 from the Alternative and Renewable Fuel and Vehicle Technology Program. The funds will support the Southern California Plug-In Electric Vehicle (PEV) Readiness Plan, which will develop a regional EV strategy based on planning factors to develop a regional readiness program with subregional focus studies. It is also financially supported by the DOE-AQMD Clean Cities Community Readiness and Planning for PEVs and Charging Infrastructure grant.

A total of \$1 million was awarded at the start of FY11 from the Proposition 84 Modeling grant by the Strategic Growth Council (SGC). It is the intent of the SGC to expedite the development of regional transportation and land use modeling by supporting the data gathering and model development necessary to comply with SB 375 and promote the objectives of the SGC. The grant is managed by Caltrans and part of SCAG's Overall Work Program Agreement (OWPA). In FY12, approximately \$0.8 million was programmed in SCAG's OWP.

In addition, a total of \$2 million was awarded in FY12 from the SGC for two Proposition 84 Sustainable Communities Planning Grants. The Round One grant was awarded and executed in early FY12. The Round Two grant was awarded in May 2012. Each grant is intended to expand the technical capacity and knowledge base to facilitate the development of sustainable communities in Southern California.

### **Local Revenues**

Local revenues were \$4.4 million compared to \$1.2 million in FY11, consisting of local match, mostly of Transportation Development Act (TDA) funding. The TDA fund, a major fund, had revenues of \$4.3 million. TDA funds are primarily used to meet the local match requirement for federal grants. FY11 was the first year in which SCAG's TDA revenues were not subject to the \$1 million cap. Under the terms of AB1403, SCAG received \$4.3 million from the four Transportation Commissions in its region in FY12.

### **General Fund**

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

The comparative summary statement of revenues, expenditures, and changes in fund balances of the GF shown below is reported on a modified accrual basis. In FY12, fund balance increased by \$271,257. The reader is referred to page 27, which presents the statement of activities on a government-wide basis and reports an increase in net assets of \$2,263,697.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Management's Discussion and Analysis**  
**June 30, 2012**

|  | <u>Years ended June 30</u> |                            |
|--|----------------------------|----------------------------|
|  | <u>2012</u>                | <u>2011</u>                |
| <b>Revenues:</b>                         |                            |                            |
| Membership assessments                   | \$ 1,759,631               | \$ 1,566,006               |
| General assembly                         | 194,000                    | 179,650                    |
| Interest and other                       | 537,702                    | 144,687                    |
| Total revenues                           | <u>2,491,333</u>           | <u>1,890,343</u>           |
| <b>Expenditures:</b>                     |                            |                            |
| Transportation                           | 10,451,638                 | 10,599,277                 |
| Administration                           | 1,727,671                  | 1,196,508                  |
| Capital outlay                           | 143,923                    | 368,581                    |
| Total expenditures                       | <u>12,323,232</u>          | <u>12,164,366</u>          |
| Deficiency of revenues over expenditures | <b>(9,831,899)</b>         | (10,274,023)               |
| <b>Other financing sources:</b>          |                            |                            |
| Transfer in                              | 10,135,985                 | 10,442,938                 |
| Transfer out                             | <u>(32,829)</u>            | <u>-</u>                   |
| Change in fund balance                   | 271,257                    | 168,915                    |
| Fund balance, beginning of year          | <u>4,675,493</u>           | <u>4,506,578</u>           |
| Fund balance, end of year                | <b>\$ <u>4,946,750</u></b> | <b>\$ <u>4,675,493</u></b> |

**Dues assessed to member jurisdictions**

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

The RC has implemented formal policies to retain members and grow dues collections. By-law amendments have been approved to permit increases in dues equal to the consumer price index. Member dues collections rose in FY12 to \$1,759,631 from \$1,566,006 in FY11, an increase of about 12.4%. This resulted partially from a dues increase equivalent to the Consumer Price Index and partially from increased membership. In FY12, SCAG welcomed the following new members: Palos Verdes Estates, Stanton, Temple City, and Villa Park.

**Other GF revenues and interest income**

Total other revenues increased in FY12 to \$537,702 from \$144,687 in FY11. SCAG's GF received reimbursements amounting to \$319,035 from its landlord for staff costs in FY11 and FY12 associated with the remodeling effort in accordance with downtown Los Angeles office lease terms. SCAG also received reimbursements amounting to \$20,621 from the Imperial County Transportation Commission in accordance with a cost sharing arrangement for a shared employee in the SCAG's El Centro office.

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 \$2.4 million compared to the budget of \$3.3 million, a positive variance of \$0.9 million. The GF budget includes RC expenditures including member stipends, travel, monthly RC meeting expenses, and annual meetings. It also includes contracted federal and state lobbying, and legal fees. Most of the positive variance resulted from savings in professional services contracts.

**Next Year's Budgets**

SCAG's aggregate grant budget, called the Overall Work Program (OWP), for FY13 is \$43.7 million compared to the grant budget in FY12 of \$35.3 million, a net increase of \$8.4 million or 23.8%. Most FY13 OWP funding comes from the Federal government (80%), 13% comes from local sources, and 7% from the State of California.

**Requests for Information**

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

BASIC  
FINANCIAL  
STATEMENTS





**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Statement of Net Assets**  
**June 30, 2012**

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**ASSETS**

|                            |    |                   |
|----------------------------|----|-------------------|
| Cash and cash equivalents  | \$ | 4,381,760         |
| Receivables:               |    |                   |
| Federal grants             |    | 8,543,176         |
| State grants and contracts |    | 711,270           |
| Local grants and contracts |    | 203,682           |
| Other                      |    | 721,074           |
| Prepays                    |    | 502,200           |
| Other assets               |    | 13,646            |
| Indirect cost recovery     |    | 4,604             |
| Capital assets, net        |    | <u>1,615,120</u>  |
| Total assets               |    | <u>16,696,532</u> |

**LIABILITIES**

|                                |  |                  |
|--------------------------------|--|------------------|
| Accounts and contracts payable |  | 5,188,455        |
| Accrued liabilities            |  | 493,209          |
| Deferred revenues              |  | 558,091          |
| Noncurrent liabilities:        |  |                  |
| Due within one year            |  | 696,619          |
| Due in more than one year      |  | <u>1,368,696</u> |
| Total liabilities              |  | <u>8,305,070</u> |

**NET ASSETS**

|                            |    |                         |
|----------------------------|----|-------------------------|
| Invested in capital assets |    | 1,615,120               |
| Restricted for:            |    |                         |
| Transportation projects    |    | 3,547,633               |
| Unrestricted               |    | <u>3,228,709</u>        |
| Total net assets           | \$ | <u><u>8,391,462</u></u> |

*See notes to basic financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Statement of Activities**  
**Year ended June 30, 2012**

|                                  |               |                                 | Program revenues                            |  |  |
|----------------------------------|---------------|---------------------------------|---|--|--|
|                                  | Expenses      | Indirect<br>cost<br>allocations | Charges for<br>services –<br>member<br>dues | Operating<br>grants and<br>contributions | Net<br>(expenses)<br>revenues and<br>change in<br>net assets<br>2012 |
| Functions/programs:              |               |                                 |   |  |  |
| Transportation                   | \$ 22,002,630 | \$ 8,613,024                    | \$ -  | \$ 32,435,494                            | \$ 1,819,840   |
| Aviation                         | 288,776       | 184,023                         | -   | 461,819                                  | (10,980)   |
| Environmental                    | 1,655,359     | 970,711                         | -   | 2,569,033                                | (57,037)   |
| High speed rail                  | 72,256        | 63,626                          | -   | 132,086                                  | (3,796)  |
| Housing                          | 360,407       | 304,601                         | -   | 646,992                                  | (18,016)   |
| Administration                   | 11,814,590    | (10,135,985)                    | 1,759,631                                   | -  | 81,026   |
| Total governmental<br>activities | \$ 36,194,018 | \$ -                            | \$ 1,759,631                                | \$ 36,245,424                            | 1,811,037  |
| General revenues:                |               |                                 |   |  |  |
| Interest income                  |               |                                 |   |  | 46,580   |
| Other revenue                    |               |                                 |   |  | 406,080  |
| Total general revenues           |               |                                 |   |  | 452,660  |
| Change in net assets             |               |                                 |   |  | 2,263,697  |
| Net assets at beginning of year  |               |                                 |   |  | 6,127,765  |
| Net assets at end of the year    |               |                                 |   |  | \$ 8,391,462   |

*See notes to basic financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

| <b>Assets</b>                        | <b>General<br/>Fund</b> | <b>FTA<br/>Fund</b> | <b>FHWA<br/>Fund</b> | <b>TDA<br/>Fund</b> | <b>Nonmajor<br/>Funds</b> | <b>Total</b>         |
|--------------------------------------|-------------------------|---------------------|----------------------|---------------------|---------------------------|----------------------|
| Cash and cash equivalents            | \$ 4,381,760            | \$ -                | \$ -                 | \$ -                | \$ -                      | \$ 4,381,760         |
| Receivables:                         |                         |                     |                      |                     |                           |                      |
| Federal grants                       | -                       | 3,327,819           | 4,427,987            | -                   | 787,370                   | 8,543,176            |
| State grants and contracts           | -                       | -                   | -                    | -                   | 711,270                   | 711,270              |
| Local grants and contracts           | -                       | -                   | -                    | 162,193             | 41,489                    | 203,682              |
| Other                                | 721,074                 | -                   | -                    | -                   | -                         | 721,074              |
| Due from other funds                 | 1,209,645               | -                   | -                    | 4,018,389           | 97,749                    | 5,325,783            |
| Prepays                              | 502,200                 | -                   | -                    | -                   | -                         | 502,200              |
| Other assets                         | 13,646                  | -                   | -                    | -                   | -                         | 13,646               |
| Indirect cost recovery               | 4,604                   | -                   | -                    | -                   | -                         | 4,604                |
| Total assets                         | <u>\$ 6,832,929</u>     | <u>\$ 3,327,819</u> | <u>\$ 4,427,987</u>  | <u>\$ 4,180,582</u> | <u>\$ 1,637,878</u>       | <u>\$ 20,407,195</u> |
| <b>Liabilities and Fund Balances</b> |                         |                     |                      |                     |                           |                      |
| Accounts and contracts payable       | \$ 581,842              | \$ 2,056,568        | \$ 1,251,331         | \$ 632,949          | \$ 665,765                | \$ 5,188,455         |
| Accrued liabilities                  | 493,209                 | -                   | -                    | -                   | -                         | 493,209              |
| Due to other funds                   | -                       | 1,271,251           | 3,176,656            | -                   | 877,876                   | 5,325,783            |
| Deferred revenues                    | 811,128                 | -                   | -                    | -                   | 94,237                    | 905,365              |
| Total liabilities                    | <u>1,886,179</u>        | <u>3,327,819</u>    | <u>4,427,987</u>     | <u>632,949</u>      | <u>1,637,878</u>          | <u>11,912,812</u>    |
| <b>Fund balances</b>                 |                         |                     |                      |                     |                           |                      |
| Nonspendable for:                    |                         |                     |                      |                     |                           |                      |
| Prepays                              | 502,200                 | -                   | -                    | -                   | -                         | 502,200              |
| Restricted:                          |                         |                     |                      |                     |                           |                      |
| Transportation                       | -                       | -                   | -                    | 3,547,633           | -                         | 3,547,633            |
| Unassigned:                          |                         |                     |                      |                     |                           |                      |
| General Fund                         | 4,444,550               | -                   | -                    | -                   | -                         | 4,444,550            |
| Total fund balances                  | <u>4,946,750</u>        | <u>-</u>            | <u>-</u>             | <u>3,547,633</u>    | <u>-</u>                  | <u>8,494,383</u>     |
| Total liabilities and fund balances  | <u>\$ 6,832,929</u>     | <u>\$ 3,327,819</u> | <u>\$ 4,427,987</u>  | <u>\$ 4,180,582</u> | <u>\$ 1,637,878</u>       | <u>\$ 20,407,195</u> |

*See notes to basic financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets in the Statement of Net Assets**  
**June 30, 2012**

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|   |    |                         |
|---|----|-------------------------|
| Total governmental fund balances  | \$ | 8,494,383               |
| Amounts reported for governmental activities in the accompanying statement of net assets are different because:   |    |                         |
| Capital assets, net of accumulated depreciation of \$3,076,708 used in governmental activities are not financial resources; they are therefore not reported in the governmental fund financial statements |    | 1,615,120               |
| Deferred credits recorded on the statement of net assets are not considered to be fund liabilities as they are not expected to be liquidated with current financial resources                             |    | (509,174)               |
| Compensated absences liabilities are not due and payable at year end; they are therefore not reported in the governmental fund financial statements   |    | (1,142,088)             |
| Net pension obligations are not due and payable at year end; they are therefore not reported in the governmental fund financial statements  |    | (414,053)               |
| Claim receivables from California JPIA are not available on a current basis; they are therefore not reported in the governmental fund financial statements  |    | <u>347,274</u>          |
| Net assets  | \$ | <u><u>8,391,462</u></u> |

*See notes to basic financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year ended June 30, 2012**

|   | <u>General<br/>Fund</u> | <u>FTA<br/>Fund</u> | <u>FHWA</u>       | <u>TDA<br/>Fund</u> | <u>Nonmajor<br/>Funds</u> | <u>Total</u>        |
|---|-------------------------|---------------------|-------------------|---------------------|---------------------------|---------------------|
| <b>Revenues:</b>  |                         |                     |                   |                     |                           |                     |
| Federal grants  | \$ -                    | \$ 7,336,388        | \$ 21,352,979     | \$ -                | \$ 1,515,067              | \$ 30,204,434       |
| State grants and contracts                              | -                       | -                   | -                 | -                   | 1,682,599                 | 1,682,599           |
| Local grants and contracts                              | -                       | -                   | -                 | 4,280,731           | 77,660                    | 4,358,391           |
| Membership assessments:                                 |                         |                     |                   |                     |                           |                     |
| Cities  | 1,373,766               | -                   | -                 | -                   | -                         | 1,373,766           |
| Counties  | 290,865                 | -                   | -                 | -                   | -                         | 290,865             |
| Commission  | 95,000                  | -                   | -                 | -                   | -                         | 95,000              |
| General assembly  | 194,000                 | -                   | -                 | -                   | -                         | 194,000             |
| Interest and other                                      | 537,702                 | -                   | -                 | -                   | -                         | 537,702             |
| Total revenues  | <u>2,491,333</u>        | <u>7,336,388</u>    | <u>21,352,979</u> | <u>4,280,731</u>    | <u>3,275,326</u>          | <u>38,736,757</u>   |
| <b>Expenditures:</b>                                    |                         |                     |                   |                     |                           |                     |
| Transportation  | 10,451,638              | 5,485,106           | 10,980,401        | 1,584,924           | 3,170,307                 | 31,672,376          |
| Aviation  | -                       | 268,759             | -                 | 9,037               | -                         | 277,796             |
| Environmental   | -                       | 479,793             | 898,305           | 220,224             | -                         | 1,598,322           |
| High speed rail   | -                       | 68,460              | -                 | -                   | -                         | 68,460              |
| Housing   | -                       | -                   | 342,391           | -                   | -                         | 342,391             |
| Administration  | 1,727,671               | -                   | -                 | -                   | -                         | 1,727,671           |
| Capital outlay  | 143,923                 | -                   | 504,493           | -                   | -                         | 648,416             |
| Total expenditures                                      | <u>12,323,232</u>       | <u>6,302,118</u>    | <u>12,725,590</u> | <u>1,814,185</u>    | <u>3,170,307</u>          | <u>36,335,432</u>   |
| Excess (deficiency)<br>of revenues over<br>expenditures | (9,831,899)             | 1,034,270           | 8,627,389         | 2,466,546           | 105,019                   | 2,401,325           |
| <b>Other financing sources (uses):</b>                  |                         |                     |                   |                     |                           |                     |
| Transfers in  | 10,135,985              | -                   | -                 | -                   | 32,829                    | 10,168,814          |
| Transfers out   | (32,829)                | (1,034,270)         | (8,627,389)       | (336,478)           | (137,848)                 | (10,168,814)        |
| Change in fund balance                                  | 271,257                 | -                   | -                 | 2,130,068           | -                         | 2,401,325           |
| Fund balances at beginning of year                      | 4,675,493               | -                   | -                 | 1,417,565           | -                         | 6,093,058           |
| Fund balances at end of year                            | <u>\$ 4,946,750</u>     | <u>\$ -</u>         | <u>\$ -</u>       | <u>\$ 3,547,633</u> | <u>\$ -</u>               | <u>\$ 8,494,383</u> |

*See notes to basic financial statements.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**Year ended June 30, 2012**

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Change in fund balances – total governmental funds \$ 2,401,325

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

Net California JPIA insurance coverage refund is not recorded in the governmental funds and the changes in these balances are not reflected. 39,993

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       | \$ 648,416       |        |
| Depreciation expense | <u>(570,259)</u> | 78,157 |

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

|                                  |           |
|----------------------------------|-----------|
| Deferred credits                 | (291,889) |
| Compensated absences liabilities | (113,880) |

Expenses reported in the statement of activities which do not require the use of current financial resources are not reported as expenditures in governmental funds:

|   |                            |
|---|----------------------------|
| Decrease in net pension obligation              | <u>149,991</u>             |
| Change in net assets of governmental activities | <u><u>\$ 2,263,697</u></u> |

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) General Background**

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

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

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

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

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

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

**Government-wide Financial Statements**

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

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

**(b) Government-wide and Fund Financial Statements (continued)**

**Government-wide Financial Statements (continued)**

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

In general, expenses related to a predetermined fixed rate percentage applied to direct labor and fringe benefits are reported as indirect costs. Indirect costs are initially recorded as administrative expenses in the statement of activities and then allocated out to other functions in a separate column titled "indirect cost allocations." SCAG policy for the allocation of indirect costs states they are allocated equitably to projects using the guidance, standards, and objectives contained in federal and state regulations, specifically, the Federal Office of Management and Budget, 2 CFR Part 225, *Cost Principles for State and Local, and Indian Tribal Governments (OMB Circular A-87)*, is the primary reference, and the *Local Assistance Procedure Manual* is the State of California reference.

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

**Governmental Funds Financial Statements**

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

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



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

**(b) Government-wide and Fund Financial Statements (continued)**

**Governmental Funds Financial Statements (continued)**

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

**(c) Major Funds**

SCAG considers the following funds as major governmental funds:

**Governmental Funds**

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

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

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

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

**(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. Unallowed costs, if any, associated with grant expenditures submitted for reimbursement in the current fiscal year are funded by transfers from the General Fund. Disallowed costs, if any, related to grant programs already completed and closed out by SCAG are recorded as administration expenditures of the General Fund.

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

**(e) *Deferred Revenue and Advances***

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

**(f) *Deferred Credits***

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

SCAG also received a benefit from certain tenant improvement allowances granted at the inception of its lease, which were recorded as deferred lease credits and are amortized on a straight-line basis over the lease term. The related deferred credits are not, however, reported in the accompanying fund financial statements as they are not expected to be liquidated with current financial resources. They are reported in the Statement of Net Assets as noncurrent liabilities (Note 9).

**(g) *Capital Assets***

Capital assets, which include furniture and fixtures, computer equipment and leasehold improvements, are reported in the governmental activities in the accompanying government-wide financial statements. Capital assets are defined by SCAG as assets with an initial individual cost of more than \$5,000 (\$100,000 for intangible assets) and an estimated useful life in excess of one year. Such assets are recorded at cost if purchased or constructed. Donated capital assets, if any, are recorded at estimated fair value at the date of donation.

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

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

**(h) *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.

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

**(h) *Compensated Absences (continued)***

There is no accrued liability reported in governmental funds for vested or accumulated vacation leave of employees as of June 30, 2012.

**(i) *Cash and Cash Equivalents***

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

**(j) *Use of Estimates***

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

**(k) *Fund Balance Reporting***

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

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

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

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

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2012**

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

**(k) Fund Balance Reporting (continued)**

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

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

The Regional Council, as SCAG's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken. Committed amounts cannot be used for any other purpose unless the Regional Council removes or changes the specific use through the same type of formal action taken to establish the commitment. SCAG does not have any fund balance that meet this classification as of June 30, 2012.

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

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

**NOTE 2 CASH AND CASH EQUIVALENTS**

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

|   |                     |
|---|---------------------|
| Book balance of deposits with financial institutions        | \$ 374,414          |
| Cash and cash equivalents in County of Los Angeles Treasury | 4,006,646           |
| Petty cash  | 700                 |
|   | <u>\$ 4,381,760</u> |

**(a) Deposits**

At June 30, 2012 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.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2012**

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

**(a) Deposits (continued)**

**Independent Financial Institution**

At June 30, 2012 SCAG's carrying amount of cash in checking and payroll accounts was \$374,414 while the bank balance was \$1,264,538; the difference is attributable to outstanding checks.

On November 9, 2010, the FDIC issued a Final Rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage of noninterest-bearing transaction accounts. Beginning December 31, 2010, through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account, at all FDIC-insured institutions.

As of June 30, 2012, SCAG's cash in bank balance of \$1,264,538 is deposited in a non-interest bearing account, thus, is fully insured.

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

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

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

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2012**

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

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

At June 30, 2012 and as permitted by California Government Code Section 53635, a portion of SCAG's cash balance totaling \$4,006,646 was on deposit in the County Pool. Such investments are stated at fair value. SCAG's investments in the County Pool represent less than 1% of the County Pool's investments. The County Treasurer prepares an *Investment Policy Statement* (policy) annually, which is presented to the Board of Supervisors for approval. The policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the California Government Code, and in general, the Treasurer's policy is more restrictive than state law. The County Pool is not rated, and the following is a summary of the maturity ranges of the County Pool's investments:

| Description                        | Weighted<br>average<br>maturity<br>in years | Relative %<br>of total pool |
|------------------------------------|---|-----------------------------|
| U.S. government securities         | 1.36  | 44%                         |
| Negotiable certificates of deposit | 0.30  | 18                          |
| Commercial paper                   | 0.05  | 34                          |
| Corporate and deposit notes        | 0.83  | 4                           |

**NOTE 3 INDIRECT OVERHEAD**

Indirect costs are budgeted and actual costs are allocated and recovered from all grantors based on a predetermined fixed rate percentage applied to the sum of actual direct labor and fringe benefit cost incurred. The annual budget and the calculations of the fixed rate percentage are reviewed, negotiated, and approved annually by the California Department of Transportation (Caltrans). A cost allocation plan is prepared and submitted to Caltrans in accordance with procedures of the Office of Management and Budget, 2 CFR Part 225, *Cost Principles for State and Local, and Indian Tribal Governments (OMB Circular A-87)*. Variations between actual indirect costs incurred and the allocated and recovered amounts are recorded as receivables or liabilities, as the case may be, and are allowed by Caltrans to be carried forward to future years' indirect cost allocation plan.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2012

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**NOTE 3    INDIRECT OVERHEAD (Continued)**

An over-recovery of \$115,235 was carried forward from fiscal year 2011 and the remaining under-recovered indirect costs for fiscal year 2012 are included in the General Fund as other assets. The fixed percentage rate that was approved by Caltrans and used for fiscal 2012 was 92.94% of salaries plus fringe benefits. A reconciliation of the carryforward to fiscal year 2013 follows:

|   |    | <b>Indirect<br/>costs</b> |
|---|----|---------------------------|
| Indirect costs  | \$ | 10,892,282                |
| Indirect costs recovered                                    |    | 10,772,443                |
| (Over) under-recovered indirect costs                       |    | <u>119,839</u>            |
| (Over) under-recovered indirect costs,<br>beginning of year |    | (115,235)                 |
| (Over) under-recovered indirect costs, end of year          | \$ | <u><u>4,604</u></u>       |

The balance of under-recovered indirect costs at June 30, 2012 amounting to \$4,604 will be carried forward as an adjustment to the calculation of the indirect cost rate for the fiscal year 2013-2014.

**NOTE 4    DEFERRED/UNEARNED REVENUE**

Deferred/unearned revenue consisted of the following:

**(a)    *Membership Dues***

Cash received as of June 30, 2012 for member dues for the following year amounted to \$463,854.

**(b)    *Grant Advances***

Cash advances received from various grantees and not yet expended at June 30, 2012 amounted to \$94,237. The amount is reported as deferred revenue in the governmental funds financial statements.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2012**

**NOTE 5 CAPITAL ASSETS**

SCAG's capital asset activity for the year ended June 30, 2012 was as follows:

|   | <u>Balance</u><br><u>July 1, 2011</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u><br><u>June 30, 2012</u> |
|---|---------------------------------------|------------------|------------------|--|
| Capital assets being depreciated:               |                                       |                  |                  |  |
| Computer equipment and software                 | \$ 3,719,494                          | \$ 623,036       | \$ (166,339)     | \$ 4,176,191                           |
| Leasehold improvements                          | 231,599                               | 8,589            | (46,979)         | 193,209                                |
| Furniture and fixtures                          | 305,637                               | 16,791           | -                | 322,428                                |
| Total capital assets being depreciated          | <u>4,256,730</u>                      | <u>648,416</u>   | <u>(213,318)</u> | <u>4,691,828</u>                       |
| Less accumulated depreciation and amortization: |                                       |                  |                  |  |
| Computer equipment and software                 | (2,406,471)                           | (464,317)        | 166,339          | (2,704,449)                            |
| Leasehold improvements                          | (174,211)                             | (17,256)         | 46,979           | (144,488)                              |
| Furniture and fixtures                          | (139,085)                             | (88,686)         | -                | (227,771)                              |
| Total accumulated depreciation and amortization | <u>(2,719,767)</u>                    | <u>(570,259)</u> | <u>213,318</u>   | <u>(3,076,708)</u>                     |
| Capital assets, net                             | <u>\$ 1,536,963</u>                   | <u>\$ 78,157</u> | <u>\$ -</u>      | <u>\$ 1,615,120</u>                    |

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

|                 |                   |
|-----------------|-------------------|
| Transportation  | \$ 466,239        |
| Aviation        | 10,980            |
| Environmental   | 57,037            |
| High speed rail | 3,796             |
| Housing         | 18,016            |
| Administration  | 14,191            |
|                 | <u>\$ 570,259</u> |



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2012**

**NOTE 6 INTERFUND BALANCES**

The interfund due to/from amounts at June 30, 2012 were as follows:

|                           | Due from<br>Other Funds |    | Due to Other<br>Funds |
|---------------------------|-------------------------|----|-----------------------|
| Major governmental funds: |                         |    |                       |
| General Fund              | \$ 1,209,645            | \$ | -                     |
| FTA Fund                  | -                       |    | 1,271,251             |
| FHWA Fund                 | -                       |    | 3,176,656             |
| TDA Fund                  | 4,018,389               |    | -                     |
| Total                     | 5,228,034               |    | 4,447,907             |
| <br>Nonmajor funds        |                         |    |                       |
|                           | 97,749                  |    | 877,876               |
|                           | \$ 5,325,783            | \$ | 5,325,783             |

SCAG's General Fund is the organization's main operating fund and all cash receipts and disbursements are processed through the General Fund. Interfund due to/from transactions are used to account for the other funds' portion of these transactions. Interfund balances have been eliminated in the government-wide financial statements.

Following is a summary of transfers between funds during the year ended June 30, 2012:

| Transfers In | Transfers Out  | Amount        | Purpose                           |
|--------------|----------------|---------------|-----------------------------------|
| General Fund | FHWA Fund      | \$ 8,627,389  | Allocation of indirect cost       |
|              | FTA Fund       | 1,034,270     | Allocation of indirect cost       |
|              | TDA Fund       | 336,478       | Allocation of indirect cost       |
|              | Nonmajor Funds | 137,848       | Allocation of indirect cost       |
|              | General Fund   | 32,829        | To pay for nonmajor fund expenses |
|              |                | \$ 10,168,814 |                                   |

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

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2012**

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**NOTE 7 COMMITMENTS AND CONTINGENCIES**

**(a) Grants**

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

**(b) Contract Commitments**

At June 30, 2012, SCAG is contractually committed to pay for certain future transportation, technical, and other planning consulting services aggregating \$15,024,673.

**(c) Lease Commitments**

At June 30, 2012, minimum lease commitments under noncancelable operating leases with initial terms of one year or more are as follows:

|           |                      |
|-----------|----------------------|
| 2013      | \$ 1,804,445         |
| 2014      | 1,770,125            |
| 2015      | 1,807,858            |
| 2016      | 1,870,841            |
| 2017      | 2,017,738            |
| 2018-2021 | 6,089,057            |
|           | <u>\$ 15,360,064</u> |

**(d) Contingent Liabilities**

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

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

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

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

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

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

**Self-Insurance Programs of the Authority**

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

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

**Liability**

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2011-12 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

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

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

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

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

Workers' Compensation

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

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

**Purchased Insurance**

Property Insurance

The Southern California Association of Governments participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. Southern California Association of Governments property is currently insured according to a schedule of covered property submitted by the Southern California Association of Governments to the Authority. Southern California Association of Governments property currently has all-risk property insurance protection in the amount of \$4,002,871. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

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

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

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

**Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2011-12.

During the year ended June 30, 2012, the premium for general liability coverage was \$249,103 and for workers' compensation it was \$76,802. A retroactive adjustment totaling to \$102,427 was applied against the premium payment. At June 30, 2012, the cumulative retrospective refunds for general liability and workers' compensation were \$134,890 and \$212,383, respectively.

**(f) *Risk Management***

SCAG also provides health insurance, vision, and dental benefits to employees under fully insured plans. The benefits are funded on a pay-as-you-go basis in which SCAG pays premiums up to a maximum amount to cover the employees who participate in the program or payments are made directly to employees who have elected not to participate in the program. During the year ended June 30, 2012, SCAG paid \$1,316,160 of health insurance premiums and \$115,754 of vision and dental insurance premiums, as well as \$564,563 to employees who had no health insurance elections.

**NOTE 8 LINE OF CREDIT**

SCAG has a \$5.0 million line of credit arrangement with an independent financial institution, which expires on February 28, 2013. 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, 2012 and at June 30, 2012, no liability was outstanding.

The line of credit agreement contains certain covenants regarding timely repayment, maintenance of certain levels of financial position, and other criteria. At June 30, 2012, SCAG management believes it was in compliance with the financial covenants.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2012**

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**NOTE 9 LONG-TERM LIABILITIES**

Long-term liabilities activity for the year ended June 30, 2012 was as follows:

|                         | Balance<br>June 30, 2011 | Additions           | Deletions         | Balance<br>June 30, 2012 | Due within<br>one year |
|-------------------------|--------------------------|---------------------|-------------------|--------------------------|------------------------|
| Compensated absences    | \$ 1,028,208             | \$ 640,678          | \$ 526,798        | \$ 1,142,088             | \$ 669,473             |
| Deferred credits        | 217,285                  | 319,035             | 27,146            | 509,174                  | 27,146                 |
| Net pension obligations | 564,044                  | 256,348             | 406,339           | 414,053                  | -                      |
|                         | <u>\$ 1,809,537</u>      | <u>\$ 1,216,061</u> | <u>\$ 960,283</u> | <u>\$ 2,065,315</u>      | <u>\$ 696,619</u>      |

**NOTE 10 RELATED PARTY TRANSACTIONS**

For the year ended June 30, 2012, SCAG recorded \$1,759,631 as membership revenue. These revenues are received from member cities, counties, Transportation Commissions and two Indian tribes whose representatives also serve on the Regional Council of SCAG. Such revenues are shown as membership assessments in the accompanying basic financial statements. The individual member assessments are calculated by a variable fixed base amount dependent on population plus a pro-rata allocation based on population. The bylaws of SCAG specify the method of calculation for the annual member assessments.

**NOTE 11 RETIREMENT PLANS**

**CALIFORNIA PUBLIC EMPLOYEES' PENSION REFORM ACT**

After spending close to a year exploring and debating reforms to public pension systems in California, lawmakers in Sacramento passed Assembly Bill 340 (AB 340) on August 31, 2012. AB 340 known as the California Public Employees' Pension Reform Act of 2013 (PEPRA) which amends various provisions of the Public Employees' Retirement Law (PERL) and County Employee's Retirement Law of 1937 (CERL), was signed into law by the Governor on September 12, 2012. PEPRA will take effect on January 1, 2013. SCAG will be working with CalPERS to thoroughly analyze the complex legislation's impact on SCAG and its employees. Management asserts that PEPRA will not have a significant impact on the SCAG June 30, 2012 financial statements.

**NOTE 11 RETIREMENT PLANS (Continued)**

***Defined Benefit Pension Plan***

**(a) *Plan Description***

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

**(b) *Funding Policy***

The retirement contribution by active employees is 7% of their eligible salary; however SCAG has elected to pay this amount on behalf of the employee. SCAG also contributes an additional amount based on the actuarially-required amounts determined by CalPERS to fund the retirement benefits. The employer contribution rate for the year ended June 30, 2012 was 14.727% of the total annual eligible payroll. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by state statute, and the employer contribution rate is established and may be amended by CalPERS.

**(c) *Annual Pension***

For the fiscal year ended June 30, 2012, SCAG's annual required contribution (ARC) was \$1,559,638. The required contribution for fiscal year 2011-2012 was determined as part of the June 30, 2009 annual valuation report. It uses the entry-age-normal-actuarial-cost method and the contributions are determined as a level percent of payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.25% to 14.45% depending on age, service and type of employment, (c) an assumed annual inflation rate of 3.00% and (d) an overall payroll growth rate of 3.25%. The valuation of the plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period, depending on the size of investment gains and/or losses. The plan's unfunded actuarial accrued liability is being amortized over a closed average remaining period of twenty two years as of the valuation date. The amortization method is a level percent of payroll. The amortization payment may not be lower than the payment calculated over a thirty year period.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2012

NOTE 11 RETIREMENT PLANS (Continued)

*Defined Benefit Pension Plan (Continued)*

(d) *Three-Year Trend Information*

|                            | Annual<br>pension cost<br>(APC) | Percentage<br>of APC<br>contributed | Net pension<br>obligation |
|----------------------------|---------------------------------|-------------------------------------|---------------------------|
| Fiscal year ended June 30: |                                 |                                     |                           |
| 2010                       | \$ 1,198,736                    | 100%                                | \$ —                      |
| 2011                       | 1,446,833                       | 100%                                | —                         |
| 2012                       | 1,559,638                       | 100%                                | —                         |

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

| Actuarial<br>valuation<br>date | Actuarial<br>accrued<br>liability | Actuarial<br>value of<br>assets | Unfunded<br>actuarial<br>accrued<br>liability<br>(UAAL) | Funded<br>ratio | Annual<br>covered<br>payroll | UAAL as a<br>percentage<br>of payroll |
|--------------------------------|-----------------------------------|---------------------------------|---|-----------------|------------------------------|---------------------------------------|
| 6/30/08                        | \$ 72,031,690                     | \$ 67,485,562                   | \$ 4,546,128  | 93.7%           | \$ 11,633,452                | 39.1%                                 |
| 6/30/09                        | 77,642,469                        | 69,463,062                      | 8,179,407   | 89.5%           | 9,621,518                    | 85.0%                                 |
| 6/30/10                        | 81,710,300                        | 71,663,123                      | 10,047,177  | 87.7%           | 11,202,368                   | 89.7%                                 |

**Supplemental Defined Benefit Pension Plan**

(a) *Plan Description*

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



**NOTE 11 RETIREMENT PLANS (Continued)**

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

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

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

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

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

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

***(b) Funding Policy***

Through June 30, 2012, SCAG has contributed to PARS an amount sufficient only to pay the actual required retirement benefit to each of the retirees. The Plan contributions are on a pay-as-you-go basis determined exclusively by the monthly benefit due to each retiree. The amount calculated to be paid to each retiree is stated in the Plan agreement and changes only for the 2% annual cost-of-living adjustment. SCAG has paid the quarterly contributions to PARS at the end of the preceding quarter, and the actual supplemental distributions are paid monthly to each retiree by PARS. The Plan contributions were not calculated based on the results of an actuarial valuation.

An actuarial valuation was performed by an independent actuary as of June 30, 2012. The actuarial methods and assumptions used were determined by the actuary based on a closed plan where no new members will be added in the future.

The amount of the ARC was determined by an actuarial valuation as of June 30, 2012. The net pension obligation (NPO) at June 30, 2012 was calculated based on the ARC of \$235,319, less the payments of \$61,656 made on the pay-as-you-go method, plus interest at 6% on the prior year NPO (\$21,029). An adjustment to the annual required contribution was recorded during the year amounting to \$344,683. The unfunded amount is reported as a liability of \$414,053 in the *Statement of Net Assets* in long-term liabilities.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Notes to Financial Statements  
Year ended June 30, 2012

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**NOTE 11 RETIREMENT PLANS (Continued)**

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

**(c) Annual Pension**

For the fiscal year 2011–2012, SCAG’s annual actuarially determined pension cost was \$235,319. It was calculated as part of the actuarial valuations using the actual retirement benefits due to each retiree. The actuarial method used for valuing plan assets is market value. The actuarial assumptions were (a) a 6% investment rate of return, (b) an annual 2% cost-of-living increase, and (c) the Group Actuarial Mortality Statistics. There is no additional post retirement benefit increase. All members are retired and therefore there is no covered payroll cost. The actuarial value of the plan’s assets was determined by the actual fund balance in the Plan. Amortization is computed on a 5-year level dollar with beginning of year payments. The amortization period is closed.

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

|                            |    | <u>Annual<br/>pension cost<br/>(APC)</u> | <u>Percentage<br/>of APC<br/>contributed</u> |    | <u>Net pension<br/>obligation</u> |
|----------------------------|----|--|--|----|-----------------------------------|
| Fiscal year ended June 30: |    |  |  |    |                                   |
| 2010                       | \$ | 111,172                                  | 57.0%  | \$ | 293,534                           |
| 2011                       |    | 117,391                                  | 30.9%  |    | 350,478                           |
| 2012                       |    | 125,231                                  | 52.6%  |    | 414,053                           |

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

| <u>Actuarial<br/>valuation<br/>date</u> | <u>Actuarial<br/>accrued<br/>liability</u> | <u>Actuarial<br/>value of<br/>assets</u> | <u>Unfunded<br/>actuarial<br/>accrued<br/>liability<br/>(UAAL)</u> | <u>Funded<br/>ratio</u> | <u>Annual<br/>covered<br/>payroll</u> | <u>UAAL as a<br/>percentage<br/>payroll</u> |
|---|--|--|--|-------------------------|---------------------------------------|---|
| June 30, 2010                           | \$ 704,823                                 | \$ 17,036                                | \$ 687,787   | 2.42%                   | N/A                                   | N/A   |
| June 30, 2011                           | 695,216                                    | 17,583                                   | 677,633  | 2.53%                   | N/A                                   | N/A   |
| June 30, 2012                           | 684,894                                    | 18,142                                   | 666,752  | 2.65%                   | N/A                                   | N/A   |

**NOTE 11 RETIREMENT PLANS (Continued)**

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

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

|  |                     |                       |
|--|---------------------|-----------------------|
| Actuarially determined contribution        | \$                  | 235,319               |
| Interest on NPO                            |                     | 21,029                |
| Adjustment to annual required contribution |                     | <u>(344,683)</u>      |
|  | Annual pension cost | (88,335)              |
| Contributions made                         |                     | <u>(61,656)</u>       |
|  | Increase in NPO     | (149,991)             |
| NPO beginning of year                      |                     | <u>564,044</u>        |
|  | NPO end of year \$  | <u><u>414,053</u></u> |

**NOTE 12 DEFERRED COMPENSATION**

SCAG has a deferred compensation plan that is available to substantially all employees. The plan allows employees to defer a portion of their current income from state and federal taxation. Employees may withdraw their participation at any time by giving written notice at least 30 days prior to the effective date of withdrawal. At June 30, 2012, plan assets totaling \$12,169,795 were held by independent trustees and, as such, are not reflected in the accompanying basic financial statements.

All amounts of compensation deferred under the plans are solely the property and rights of each beneficiary (pursuant to legislative changes effective in 1998 to the Internal Revenue Code Section 457, this includes all property and rights purchased and income attributable to these amounts until paid or made available to the employee or other beneficiary).

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

**(a) Plan Description**

On August 30, 2007, SCAG elected to participate in the CalPERS California Employer's Retiree Benefit Trust Program to prefund ("Prefunding Plan") healthcare benefits for retirees through CalPERS. The Prefunding Plan was established to assist SCAG in prefunding payments of healthcare costs to retirees. CalPERS has sole and exclusive control and power over the administration and investment of the Prefunding Plan. CalPERS required SCAG to provide them with an acceptable actuarial report on the basis of the prescribed actuarial assumptions and methods. The first actuarial report was prepared by an independent actuary engaged by SCAG. A biennial actuarial report is required.

The Prefunding Plan is an agent multiple employer plan and CalPERS will publish aggregated GASB 45 results for the Schedule of Funding Progress and Employer contributions and publish them in its financial statements. It will not publish individual reports for an agency. CalPERS, however, will provide audited statements about SCAG contributions made to the Prefunding Plan, asset balances, and investment returns to each individual participating agency. GASB 45 was issued in 2004 and it provided standards on accounting and financial reporting for other postemployment benefits (OPEB), including health benefits.

A retiree is fully vested and eligible to receive healthcare benefits under the Prefunding Plan, if designated by SCAG. At the end of the fiscal year 2011-2012, the actual number of retirees was 86. Retirees are eligible for this benefit if they are 50 years of age or over, have completed 5 years of employment, or they have taken disability retirement. Healthcare benefit payments are made monthly for each retired employee up to a maximum of \$550 and future increases are capped at 2% every 3 years. Retirees can select a healthcare plan from only among the plans available through CalPERS. All of the retiree health benefit continues to the surviving spouse.

If SCAG's participation in the Prefunding Plan terminates for reasons specified in the trust, all assets shall remain in the Prefunding Plan and will continue to be invested and accrue income. The Prefunding Plan will continue to provide healthcare benefits only so long as there are SCAG assets remaining. After 36 months have elapsed, SCAG may request the transfer of the assets in the Prefunding Plan account. The transfer will be made if the transfer will satisfy applicable requirements of the Internal Revenue Code and the CalPERS fiduciary duties.

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

**(b) Funding Policy**

During the fiscal year 2011-2012, SCAG has paid to CalPERS the amount of \$755,000, sufficient to meet the Annual Required Contribution. During the year, retirees received the health benefit up to the monthly benefit maximum of \$550. The aggregate amount paid to retirees in the fiscal year was \$490,963. Any health premium over the \$550 is paid by the retiree directly to CalPERS. The method of calculating the annual required contribution (ARC) has been changed from a pay-as-you-go method to an advance funded plan based on an actuarial valuation. Accordingly, an actuarial valuation was performed by an independent actuary as of June 30, 2011. The actuarial methods and assumptions used were determined by the actuary.

**(c) Annual Postemployment Healthcare Cost**

The amount of the actuarially determined annual postemployment healthcare cost for the year ended June 30, 2012 was \$755,000. It was calculated by using the June 30, 2011 actuarial valuation. There is no net OPEB obligation at the end of the year because 100% of the ARC was paid in 2012. The actuarial cost method used for determining the benefit obligation is the Entry Age Normal Cost Method. The actuarial assumptions included using a 7% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11 to 12 1/2 percent initially, reduced by decrements of approximately 1% per year to an ultimate rate of 4 1/2 percent after the sixth year. Both rates included a 2 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 20-years. The amortization period used is closed. Normal cost and the amortization of the unfunded liability were both calculated as a level percent of payroll. The ARC is fully funded. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far in the future, reflecting a long-term prospective. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Financial Statements**  
**Year ended June 30, 2012**

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

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

| Actuarial valuation date | Actuarial accrued liability | Actuarial value of assets | Unfunded actuarial accrued liability (UAAL) | Funded ratio | Annual covered payroll | UAAL as a percentage payroll |
|--------------------------|-----------------------------|---------------------------|---|--------------|------------------------|------------------------------|
| June 30, 2008            | \$ 6,787,000                | \$ 295,000                | \$ 6,492,000                                | 4.35%        | \$ 8,894,000           | 73.0%                        |
| June 30, 2010            | 7,053,000                   | 966,000                   | 6,087,000                                   | 13.70%       | 9,278,000              | 65.6%                        |
| June 30, 2011            | 7,981,000                   | 1,344,000                 | 6,637,000                                   | 16.84%       | 9,580,000              | 69.3%                        |

**(e) Schedule of Last Three Years of ARC and Contributions**

SCAG's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year and the two preceding years are as follows:

| Year ended | Annual OPEB cost | Annual OPEB cost contributed | OPEB obligation |
|------------|------------------|------------------------------|-----------------|
| 6/30/2010  | \$ 767,000       | 100%                         | \$ —            |
| 6/30/2011  | 791,000          | 100%                         | —               |
| 6/30/2012  | 755,000          | 100%                         | —               |

**NOTE 14 SUBSEQUENT EVENTS**

SCAG has evaluated events subsequent to June 30, 2012 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 14, 2012, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

REQUIRED  
SUPPLEMENTARY  
INFORMATION





**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual on a Budgetary Basis – General Fund**  
**Year ended June 30, 2012**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|---------------------|---------------------------|---|
|  | <u>Original</u>         | <u>Final</u>        |                           |   |
| <b>Revenues:</b>                                     |                         |                     |                           |   |
| Membership assessments:                              |                         |                     |                           |   |
| Cities   | \$ 1,356,808            | \$ 1,356,808        | \$ 1,373,766              | \$ 16,958   |
| Counties   | 288,697                 | 288,697             | 290,865                   | 2,168   |
| Commissions  | 85,000                  | 85,000              | 85,000                    | -   |
| Transportation corridor agency                       | 10,000                  | 10,000              | 10,000                    | -   |
| Air districts  | 25,000                  | 25,000              | -                         | (25,000)  |
|  | <u>1,765,505</u>        | <u>1,765,505</u>    | <u>1,759,631</u>          | <u>(5,874)</u>  |
| Leasehold improvement reimbursement                  | 1,050,000               | 1,050,000           | 319,035                   | (730,965)   |
| General assembly                                     | 205,000                 | 205,000             | 194,000                   | (11,000)  |
| Regional Housing Needs Assessment                    | 120,000                 | 120,000             | -                         | (120,000)   |
| Interest and other                                   | 60,000                  | 60,000              | 218,667                   | 158,667   |
| Total revenues                                       | <u>3,200,505</u>        | <u>3,200,505</u>    | <u>2,491,333</u>          | <u>(709,172)</u>  |
| <b>Expenditures:</b>                                 |                         |                     |                           |   |
| Administration:                                      |                         |                     |                           |   |
| Salaries and wages                                   | 281,047                 | 408,281             | 381,929                   | 26,352  |
| Allocated fringe benefits                            | 137,486                 | 247,721             | 235,076                   | 12,645  |
| Allocated indirect costs                             | 332,470                 | 609,711             | 573,444                   | 36,267  |
| Contractual services                                 | 336,000                 | 109,010             | 121,947                   | (12,937)  |
| Capital outlay                                       | 1,049,833               | 981,104             | 143,923                   | 837,181   |
| Interest and fees                                    | 4,332                   | 8,832               | 12,956                    | (4,124)   |
| Professional services and other                      | 100,000                 | 12,250              | 4,298                     | 7,952   |
| Subregional Staff                                    | 300,000                 | 6,713               | -                         | 6,713   |
| Hardware, software support & equipment <\$5,000      | -                       | 22,874              | 20,089                    | 2,785   |
| Training   | -                       | 250                 | 250                       | -   |
| Meetings & conferences                               | 249,637                 | 369,810             | 391,239                   | (21,429)  |
| General assembly                                     | 205,000                 | 275,872             | 265,395                   | 10,477  |
| Memberships  | 59,000                  | 110,000             | 98,205                    | 11,795  |
| Travel   | 57,500                  | 70,674              | 83,541                    | (12,867)  |
| Other  | 66,400                  | 99,639              | 112,746                   | (13,107)  |
| Total expenditures                                   | <u>3,178,705</u>        | <u>3,332,741</u>    | <u>2,445,038</u>          | <u>887,703</u>  |
| Excess (deficiency) of revenues<br>over expenditures | 21,800                  | (132,236)           | 46,295                    | 178,531   |
| Other financing sources (uses)                       |                         |                     |                           |   |
| Transfer out   | -                       | -                   | (32,829)                  | (32,829)  |
| Change in fund balance                               | 21,800                  | (132,236)           | 13,466                    | 145,702   |
| Fund balance at beginning of year                    | 3,724,771               | 3,724,771           | 3,662,111                 | -   |
| Fund balance at end of year                          | <u>\$ 3,746,571</u>     | <u>\$ 3,592,535</u> | <u>\$ 3,675,577</u>       | <u>\$ 145,702</u>   |

*See notes to required supplementary information.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual on a Budgetary Basis – Federal Transportation Administration**  
**Year ended June 30, 2012**

|                                      | <u>Budgeted Amounts</u> |                   | <u>Actual</u><br><u>Amounts</u> | <u>Variance</u><br><u>with Final</u><br><u>Budget</u><br><u>Positive</u><br><u>(Negative)</u> |
|--------------------------------------|-------------------------|-------------------|---------------------------------|---|
|                                      | <u>Original</u>         | <u>Final</u>      |                                 |   |
| Revenues:                            |                         |                   |                                 |   |
| Federal grants                       | \$ 7,869,339            | \$ 10,079,508     | \$ 7,336,388                    | \$ (2,743,120)  |
| Expenditures:                        |                         |                   |                                 |   |
| Transportation:                      |                         |                   |                                 |   |
| Salaries and wages                   | 526,873                 | 520,437           | 510,809                         | 9,628   |
| Allocated fringe benefits            | 352,484                 | 348,179           | 335,565                         | 12,614  |
| Allocated indirect costs             | 817,307                 | 807,322           | 786,621                         | 20,701  |
| Contractual services                 | 5,260,432               | 7,283,620         | 4,631,568                       | 2,652,052   |
| Subregional Staff                    | -                       | 15,500            | -                               | 15,500  |
| Other meetings                       | -                       | 303               | -                               | 303   |
| Reproduction and printing            | 2,000                   | 2,000             | 811                             | 1,189   |
| Travel                               | 8,704                   | 8,897             | 6,354                           | 2,543   |
| Other                                | -                       | -                 | -                               | -   |
| Total transportation                 | <u>6,967,800</u>        | <u>8,986,258</u>  | <u>6,271,728</u>                | <u>2,714,530</u>  |
| Aviation:                            |                         |                   |                                 |   |
| Salaries and wages                   | 113,909                 | 113,909           | 117,862                         | (3,953)   |
| Allocated fringe benefits            | 76,207                  | 76,207            | 80,141                          | (3,934)   |
| Allocated indirect costs             | 176,701                 | 176,701           | 184,023                         | (7,322)   |
| Contractual services                 | 70,824                  | 70,824            | 69,752                          | 1,072   |
| Travel                               | -                       | -                 | 1,003                           | (1,003)   |
| Other                                | 20,000                  | 20,000            | -                               | 20,000  |
| Total aviation                       | <u>457,641</u>          | <u>457,641</u>    | <u>452,781</u>                  | <u>4,860</u>  |
| Environmental:                       |                         |                   |                                 |   |
| Contractual services                 | 324,020                 | 515,731           | 479,793                         | 35,938  |
| Total environmental                  | <u>324,020</u>          | <u>515,731</u>    | <u>479,793</u>                  | <u>35,938</u>   |
| High speed rail:                     |                         |                   |                                 |   |
| Salaries and wages                   | 37,226                  | 37,226            | 40,751                          | (3,525)   |
| Allocated fringe benefits            | 24,905                  | 24,905            | 27,709                          | (2,804)   |
| Allocated indirect costs             | 57,747                  | 57,747            | 63,626                          | (5,879)   |
| Total high speed rail                | <u>119,878</u>          | <u>119,878</u>    | <u>132,086</u>                  | <u>(12,208)</u>   |
| Total expenditures                   | <u>7,869,339</u>        | <u>10,079,508</u> | <u>7,336,388</u>                | <u>2,743,120</u>  |
| Excess of revenues over expenditures | -                       | -                 | -                               | -   |
| Fund balance at beginning of year    | -                       | -                 | -                               | -   |
| Fund balance at end of year          | <u>\$ -</u>             | <u>\$ -</u>       | <u>\$ -</u>                     | <u>\$ -</u>   |

*See notes to required supplementary information.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual on a Budgetary Basis – Federal Highway Administration**  
**Year ended June 30, 2012**

|   | <u>Budgeted Amounts</u> |                   | <u>Actual<br/>Amounts</u> | <u>Variance<br/>with Final<br/>Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-------------------|---------------------------|---|
|   | <u>Original</u>         | <u>Final</u>      |                           |   |
| Revenues:                                       |                         |                   |                           |   |
| Federal grants                                  | \$ 19,796,273           | \$ 23,773,094     | \$ 21,352,979             | \$ (2,420,115)  |
| Expenditures:                                   |                         |                   |                           |   |
| Transportation:                                 |                         |                   |                           |   |
| Salaries and wages                              | 4,965,681               | 4,897,922         | 4,901,796                 | (3,874)   |
| Allocated fringe benefits                       | 3,322,087               | 3,276,755         | 3,234,575                 | 42,180  |
| Allocated indirect costs                        | 7,702,959               | 7,714,028         | 7,561,944                 | 152,084   |
| Temporary help                                  | -                       | 125,000           | 141,148                   | (16,148)  |
| Contractual services                            | 939,348                 | 2,981,253         | 1,832,092                 | 1,149,161   |
| Hardware, software support & equipment <\$5,000 | 30,000                  | 234,000           | 477,318                   | (243,318)   |
| Reproduction and printing                       | 104,830                 | 119,830           | 3,967                     | 115,863   |
| Professional services and other                 | 226,000                 | 651,000           | 516,065                   | 134,935   |
| Travel  | 92,252                  | 107,059           | 91,889                    | 15,170  |
| Other   | 144,025                 | 885,186           | 223,031                   | 662,155   |
| Total transportation                            | <u>17,527,182</u>       | <u>20,992,033</u> | <u>18,983,825</u>         | <u>2,008,208</u>  |
| Environmental:                                  |                         |                   |                           |   |
| Salaries and wages                              | 481,771                 | 535,000           | 564,724                   | (29,724)  |
| Allocated fringe benefits                       | 322,309                 | 357,920           | 321,718                   | 36,202  |
| Allocated indirect costs                        | 793,813                 | 829,913           | 823,859                   | 6,054   |
| Temporary help                                  | 50,000                  | -                 | -                         | -   |
| Contractual services                            | -                       | 436,030           | -                         | 436,030   |
| Reproduction and printing                       | 15,000                  | -                 | -                         | -   |
| Professional services and other                 | -                       | -                 | 895                       | (895)   |
| Travel  | 8,250                   | 14,250            | 7,347                     | 6,903   |
| Other   | -                       | -                 | 3,621                     | (3,621)   |
| Total environmental                             | <u>1,671,143</u>        | <u>2,173,113</u>  | <u>1,722,164</u>          | <u>450,949</u>  |
| Housing:  |                         |                   |                           |   |
| Salaries and wages                              | 183,665                 | 183,665           | 195,088                   | (11,423)  |
| Allocated fringe benefits                       | 122,874                 | 122,874           | 132,651                   | (9,777)   |
| Allocated indirect costs                        | 284,909                 | 284,909           | 304,600                   | (19,691)  |
| Reproduction and printing                       | 1,000                   | 1,000             | -                         | 1,000   |
| Travel  | 5,000                   | 15,000            | 14,127                    | 873   |
| Other   | 500                     | 500               | 524                       | (24)  |
| Total housing                                   | <u>597,948</u>          | <u>607,948</u>    | <u>646,990</u>            | <u>(39,042)</u>   |
| Total expenditures                              | <u>19,796,273</u>       | <u>23,773,094</u> | <u>21,352,979</u>         | <u>2,420,115</u>  |
| Excess of revenues over expenditures            | -                       | -                 | -                         | -   |
| Fund balance at beginning of year               | -                       | -                 | -                         | -   |
| Fund balance at end of year                     | <u>\$ -</u>             | <u>\$ -</u>       | <u>\$ -</u>               | <u>\$ -</u>   |

*See notes to required supplementary information.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual on a Budgetary Basis – Transportation Development Act**  
**Year ended June 30, 2012**

|                                      | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts</u> | <u>Variance<br/>with Final<br/>Budget<br/>Positive<br/>(Negative)</u> |
|--------------------------------------|-------------------------|---------------------|---------------------------|---|
|                                      | <u>Original</u>         | <u>Final</u>        |                           |   |
| <b>Revenues:</b>                     |                         |                     |                           |   |
| Local grants and contracts           | \$ 4,128,101            | \$ 4,128,101        | \$ 4,280,731              | \$ 152,630  |
| <b>Expenditures:</b>                 |                         |                     |                           |   |
| <b>Transportation:</b>               |                         |                     |                           |   |
| Salaries and wages                   | 116,699                 | 110,312             | 178,537                   | (68,225)  |
| Allocated fringe benefits            | 78,072                  | 73,800              | 25,493                    | 48,307  |
| Allocated indirect costs             | 181,027                 | 171,121             | 189,625                   | (18,504)  |
| Contractual services                 | 991,396                 | 1,893,409           | 1,365,083                 | 528,326   |
| Other meetings                       | 57                      | 3,097               | 57                        | 3,040   |
| Reproduction and printing            | -                       | 3,000               | -                         | 3,000   |
| Travel                               | 1,204                   | 1,427               | 15,623                    | (14,196)  |
| Other                                | 50,000                  | 250,736             | 132                       | 250,604   |
| Total transportation                 | <u>1,418,455</u>        | <u>2,506,902</u>    | <u>1,774,550</u>          | <u>732,352</u>  |
| <b>Aviation:</b>                     |                         |                     |                           |   |
| Contractual services                 | 9,176                   | 9,176               | 9,037                     | 139   |
| Total aviation                       | <u>9,176</u>            | <u>9,176</u>        | <u>9,037</u>              | <u>139</u>  |
| <b>Environmental:</b>                |                         |                     |                           |   |
| Salaries and wages                   | 92,186                  | 99,918              | 94,137                    | 5,781   |
| Allocated fringe benefits            | 61,673                  | 66,847              | 63,870                    | 2,977   |
| Allocated indirect costs             | 143,002                 | 154,997             | 146,852                   | 8,145   |
| Contractual services                 | 241,980                 | 352,289             | 62,162                    | 290,127   |
| Travel                               | -                       | -                   | 55                        | (55)  |
| Total environmental                  | <u>538,841</u>          | <u>674,051</u>      | <u>367,076</u>            | <u>306,975</u>  |
| Total expenditures                   | <u>1,966,472</u>        | <u>3,190,129</u>    | <u>2,150,663</u>          | <u>1,039,466</u>  |
| Excess of revenues over expenditures | 2,161,629               | 937,972             | 2,130,068                 | 1,192,096   |
| Fund balance at beginning of year    | 1,534,921               | 1,534,921           | 1,534,921                 | -   |
| Fund balance at end of year          | <u>\$ 3,696,550</u>     | <u>\$ 2,472,893</u> | <u>\$ 3,664,989</u>       | <u>\$ 1,192,096</u>   |

*See notes to required supplementary information.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Required Supplementary Information**  
**Year ended June 30, 2012**

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**BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

**General Fund**

|                                   | <b>Actual/<br/>budget<br/>as presented<br/>in the budget</b> | <b>Actual/<br/>GAAP<br/>as presented<br/>in the financial<br/>statements</b> | <b>Difference</b> |
|-----------------------------------|--|--|-------------------|
| Total revenues                    | \$ 2,491,333   | \$ 2,491,333   | \$ -              |
| Total expenditures                | (2,445,038)  | (12,323,232)   | (9,878,194)       |
| Total other financing sources     | (32,829)   | 10,103,156   | 10,103,156        |
| <b>Net change in fund balance</b> | <b>\$ 13,466</b>   | <b>\$ 271,257</b>  | <b>\$ 224,962</b> |

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Required Supplementary Information**  
**Year ended June 30, 2012**

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**FTA Fund**

|                                   | <b>Actual/<br/>budget<br/>as presented<br/>in the budget</b> | <b>Actual/<br/>GAAP<br/>as presented<br/>in the financial<br/>statements</b> | <b>Difference</b> |
|-----------------------------------|--|--|-------------------|
| Total revenues                    | \$ 7,336,388   | \$ 7,336,388   | \$ -              |
| Total expenditures                | (7,336,388)  | (6,302,118)  | 1,034,270         |
| Total other financing uses        | -  | (1,034,270)  | (1,034,270)       |
| <b>Net change in fund balance</b> | <b>\$ -</b>  | <b>\$ -</b>  | <b>\$ -</b>       |

**FHWA Fund**

|                                   | <b>Actual/<br/>budget<br/>as presented<br/>in the budget</b> | <b>Actual/<br/>GAAP<br/>as presented<br/>in the financial<br/>statements</b> | <b>Difference</b> |
|-----------------------------------|--|--|-------------------|
| Total revenues                    | \$ 21,352,979  | \$ 21,352,979  | \$ -              |
| Total expenditures                | (21,352,979)   | (12,725,590)   | 8,627,389         |
| Total other financing uses        | -  | (8,627,389)  | (8,627,389)       |
| <b>Net change in fund balance</b> | <b>\$ -</b>  | <b>\$ -</b>  | <b>\$ -</b>       |

**TDA Fund**

|                                   | <b>Actual/<br/>budget<br/>as presented<br/>in the budget</b> | <b>Actual/<br/>GAAP<br/>as presented<br/>in the financial<br/>statements</b> | <b>Difference</b> |
|-----------------------------------|--|--|-------------------|
| Total revenues                    | \$ 4,280,731   | \$ 4,280,731   | \$ -              |
| Total expenditures                | (2,150,663)  | (1,814,185)  | 336,478           |
| Total other financing uses        | -  | (336,478)  | (336,478)         |
| <b>Net change in fund balance</b> | <b>\$ 2,130,068</b>  | <b>\$ 2,130,068</b>  | <b>\$ -</b>       |

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Notes to Required Supplementary Information**  
**Year ended June 30, 2012**

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





SUPPLEMENTAL  
COMBINING  
FINANCIAL STATEMENTS



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Balance Sheet**  
**Nonmajor Funds**  
**June 30, 2012**

| <b>Assets</b>                        | <b>Federal<br/>Funds</b> | <b>State<br/>Funds</b> | <b>Local<br/>Funds</b> | <b>Total<br/>Nonmajor<br/>Funds</b> |
|--------------------------------------|--------------------------|------------------------|------------------------|-------------------------------------|
| Receivables:                         |                          |                        |                        |                                     |
| Federal grants                       | \$ 787,370               | \$ -                   | \$ -                   | \$ 787,370                          |
| State grants and contracts           | -                        | 711,270                | -                      | 711,270                             |
| Local grants and contracts           | -                        | -                      | 41,489                 | 41,489                              |
| Due from other funds                 | 41,098                   | -                      | 56,651                 | 97,749                              |
| Total assets                         | <u>\$ 828,468</u>        | <u>\$ 711,270</u>      | <u>\$ 98,140</u>       | <u>\$ 1,637,878</u>                 |
| <b>Liabilities and Fund Balances</b> |                          |                        |                        |                                     |
| Accounts and contracts payable       | \$ 477,972               | \$ 183,890             | \$ 3,903               | \$ 665,765                          |
| Deferred revenue                     | -                        | -                      | 94,237                 | 94,237                              |
| Due to other funds                   | 350,496                  | 527,380                | -                      | 877,876                             |
| Total liabilities                    | <u>828,468</u>           | <u>711,270</u>         | <u>98,140</u>          | <u>1,637,878</u>                    |
| Fund balances – restricted           | <u>-</u>                 | <u>-</u>               | <u>-</u>               | <u>-</u>                            |
| Total liabilities and fund balances  | <u>\$ 828,468</u>        | <u>\$ 711,270</u>      | <u>\$ 98,140</u>       | <u>\$ 1,637,878</u>                 |

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Funds**  
**Year ended June 30, 2012**

|  | <u>Federal<br/>Funds</u> | <u>State<br/>Funds</u> | <u>Local<br/>Funds</u> | <u>Total<br/>Nonmajor<br/>Funds</u> |
|--|--------------------------|------------------------|------------------------|-------------------------------------|
| Grant revenues, net                                  | \$ 1,515,067             | \$ 1,682,599           | \$ 77,660              | \$ 3,275,326                        |
| Expenditures:  |                          |                        |                        |                                     |
| Transportation:                                      |                          |                        |                        |                                     |
| Salaries and wages                                   | 45,836                   | 23,723                 | 18,728                 | 88,287                              |
| Allocated fringe benefits                            | 31,167                   | 16,130                 | 12,734                 | 60,031                              |
| Allocated indirect costs                             | 71,567                   | 37,040                 | 29,241                 | 137,848 *                           |
| Contractual services                                 | 1,366,497                | 1,638,535              | 16,667                 | 3,021,699                           |
| Travel   | -                        | -                      | 290                    | 290                                 |
| Total transportation                                 | <u>1,515,067</u>         | <u>1,715,428</u>       | <u>77,660</u>          | <u>3,308,155</u>                    |
| Total expenditures                                   | <u>1,515,067</u>         | <u>1,715,428</u>       | <u>77,660</u>          | <u>3,308,155</u>                    |
| Excess (deficiency) of revenues<br>over expenditures | -                        | (32,829)               | -                      | (32,829)                            |
| Other financing uses:                                |                          |                        |                        |                                     |
| Transfers in   | <u>-</u>                 | <u>32,829</u>          | <u>-</u>               | <u>32,829</u>                       |
| Net change in fund<br>balance                        | -                        | -                      | -                      | -                                   |
| Fund balance at beginning of year                    | -                        | -                      | -                      | -                                   |
| Fund balances at end of year                         | <u>\$ -</u>              | <u>\$ -</u>            | <u>\$ -</u>            | <u>\$ -</u>                         |

\* Allocated indirect costs are presented as part of "Other Financing Uses - Transfers out" in the Statement of Revenues, Expenditures, and Changes in Fund Balance (page 30).

SCAG considers the following funds as nonmajor federal governmental funds:

**FTA – Sec. 5304:**

This fund is established to account for revenues from the Federal Transit Administration. These funds are available and restricted to support expenditures for specifically identified purposes and projects.

**FTA – Job Access and Reverse Commute (JARC):**

This fund is established to account for revenues from the Federal Transit Administration for the Job Access and Reverse Commute program. These funds are available and restricted to support administrative cost related to apportioning the county-level allocations of Program Funds for Riverside and San Bernardino counties.

**FTA – New Freedom:**

This fund is established to account for revenues from the Federal Transit Administration for the New Freedom program. These funds are available and restricted to support administrative cost related to apportioning the county-level allocations of Program Funds for Riverside and San Bernardino counties.

**FHWA Blueprint Grant:**

This fund is established to account for revenues from the Federal Highway Administration. These funds are available and restricted to support expenditures for specifically identified Blueprint Project Studies.

**Other Federal Funds:**

These funds are established to account for the revenues from the Federal Safetea Lu and Scenic Byways programs. These funds are available and restricted to support administrative cost related to apportioning the county-level allocations of program funds for Riverside and San Bernardino counties.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Balance Sheet**  
**Federal Nonmajor Funds**  
**June 30, 2012**

|                                      | FTA               | FTA              |                  | FHWA               | Other<br>Federal<br>Funds               | Total Federal<br>Nonmajor<br>Funds |
|--------------------------------------|-------------------|------------------|------------------|--------------------|---|------------------------------------|
|                                      | Sec. 5304         | JARC             | New<br>Freedom   | Blueprint<br>Grant |   |                                    |
|                                      | 20070             | 20080            | 20085            | 30061,<br>30062    | 20090, 20095,<br>20096, 20098,<br>20100 |                                    |
| <b>Assets</b>                        |                   |                  |                  |                    |   |                                    |
| Receivables – federal grants         | \$ 182,999        | \$ 23,356        | \$ 10,656        | \$ 282,037         | \$ 288,322                              | \$ 787,370                         |
| Due from other funds                 | -                 | -                | -                | 41,098             | -                                       | 41,098                             |
| Total assets                         | <u>\$ 182,999</u> | <u>\$ 23,356</u> | <u>\$ 10,656</u> | <u>\$ 323,135</u>  | <u>\$ 288,322</u>                       | <u>\$ 828,468</u>                  |
| <b>Liabilities and Fund Balances</b> |                   |                  |                  |                    |   |                                    |
| Accounts and contracts payable       | \$ 91,185         | \$ -             | \$ -             | \$ 323,135         | \$ 63,652                               | \$ 477,972                         |
| Due to other funds                   | 91,814            | 23,356           | 10,656           | -                  | 224,670                                 | 350,496                            |
| Total liabilities                    | <u>182,999</u>    | <u>23,356</u>    | <u>10,656</u>    | <u>323,135</u>     | <u>288,322</u>                          | <u>828,468</u>                     |
| Fund balances - restricted           | -                 | -                | -                | -                  | -                                       | -                                  |
| Total liabilities and fund balances  | <u>\$ 182,999</u> | <u>\$ 23,356</u> | <u>\$ 10,656</u> | <u>\$ 323,135</u>  | <u>\$ 288,322</u>                       | <u>\$ 828,468</u>                  |

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Federal Nonmajor Funds**  
**Year ended June 30, 2012**

|                                      | <u>FTA</u>       | <u>FTA</u>    |                | <u>FHWA</u>          | <u>Other</u>         | <u>Total</u>     |
|--------------------------------------|------------------|---------------|----------------|----------------------|----------------------|------------------|
|                                      | <u>Sec. 5304</u> | <u>JARC</u>   | <u>New</u>     | <u>Blueprint</u>     | <u>Federal</u>       |                  |
|                                      | <u>20070</u>     | <u>20080</u>  | <u>Freedom</u> | <u>Grant</u>         | <u>Funds</u>         |                  |
|                                      |                  | <u>20085</u>  | <u>30061,</u>  | <u>20090, 20095.</u> | <u>20096, 20098,</u> | <u>Total</u>     |
|                                      |                  |               | <u>30062</u>   | <u>20100</u>         | <u>20100</u>         | <u>Federal</u>   |
|                                      |                  |               |                |                      |                      | <u>Nonmajor</u>  |
|                                      |                  |               |                |                      |                      | <u>Funds</u>     |
| Federal grants and services          | \$ 398,015       | \$ 55,690     | \$ 25,408      | \$ 496,579           | \$ 539,375           | \$ 1,515,067     |
| Expenditures:                        |                  |               |                |                      |                      |                  |
| Transportation:                      |                  |               |                |                      |                      |                  |
| Salaries and wages                   | -                | 17,181        | 7,839          | -                    | 20,816               | 45,836           |
| Allocated fringe benefits            | -                | 11,683        | 5,330          | -                    | 14,154               | 31,167           |
| Allocated indirect costs             | -                | 26,826        | 12,239         | -                    | 32,502               | 71,567           |
| Contractual services                 | 398,015          | -             | -              | 496,579              | 471,903              | 1,366,497        |
| Total transportation                 | <u>398,015</u>   | <u>55,690</u> | <u>25,408</u>  | <u>496,579</u>       | <u>539,375</u>       | <u>1,515,067</u> |
| Total expenditures                   | <u>398,015</u>   | <u>55,690</u> | <u>25,408</u>  | <u>496,579</u>       | <u>539,375</u>       | <u>1,515,067</u> |
| Excess of revenues over expenditures | -                | -             | -              | -                    | -                    | -                |
| Other financing uses:                |                  |               |                |                      |                      |                  |
| Transfers in                         | -                | -             | -              | -                    | -                    | -                |
| Net change in fund balance           | -                | -             | -              | -                    | -                    | -                |
| Fund balances at beginning of year   | -                | -             | -              | -                    | -                    | -                |
| Fund balances at end of year         | <u>\$ -</u>      | <u>\$ -</u>   | <u>\$ -</u>    | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>      |

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**State Nonmajor Funds**  
**June 30, 2012**

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SCAG considers the following funds as nonmajor state governmental funds:

**Combined Other Accounts:**

This fund is established to account for revenues from the State of California (SP&R Discretionary), Proposition 84, and Office of Emergency Services. These funds are available and restricted to support expenditures for specifically identified Multi-Goods Movement Project and Earthquake safety projects.



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Balance Sheet**  
**State Nonmajor Funds**  
**June 30, 2012**

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|                                      | <b>Combined<br/>Other<br/>Funds</b><br><u>30100, 30101,<br/>30080, 30081, 30082<br/>30200, 30201, 30202</u> | <b>Total<br/>State<br/>Nonmajor<br/>Funds</b><br><hr/> |
|--------------------------------------|---|--|
| <b>Assets</b>                        |   |  |
| Receivables – state grants           | \$ 711,270  | \$ 711,270   |
| Total assets                         | <u>\$ 711,270</u>   | <u>\$ 711,270</u>                                      |
| <b>Liabilities and Fund Balances</b> |   |  |
| Accounts and contracts payable       | \$ 183,890  | \$ 183,890   |
| Due to other funds                   | <u>527,380</u>  | <u>527,380</u>   |
| Total liabilities                    | 711,270   | 711,270  |
| Fund balances - restricted           | <u>-</u>  | <u>-</u>   |
| Total liabilities and fund balances  | <u>\$ 711,270</u>   | <u>\$ 711,270</u>                                      |

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**State Nonmajor Funds**  
**Year ended June 30, 2012**

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|  | <b>Combined<br/>Other<br/>Funds</b>   | <b>Total<br/>State<br/>Nonmajor<br/>Funds</b> |
|--|---|---|
|  | <u><b>30100, 30101,<br/>30080, 30081, 30082<br/>30200, 30201, 30202</b></u> | <u></u>                                       |
| State grants and contracts                           | \$ <u>1,682,599</u> \$  | <u>1,682,599</u>                              |
| Expenditures:  |   |   |
| Transportation:                                      |   |   |
| Salaries and wages                                   | 23,723  | 23,723  |
| Allocated fringe benefits                            | 16,130  | 16,130  |
| Allocated indirect costs                             | 37,040  | 37,040  |
| Contractual services                                 | <u>1,638,535</u>  | <u>1,638,535</u>                              |
| Total transportation                                 | <u>1,715,428</u>  | <u>1,715,428</u>                              |
| Excess (deficiency) of revenues<br>over expenditures | (32,829)  | (32,829)                                      |
| Other financing uses:                                |   |   |
| Transfers in   | <u>32,829</u>   | <u>32,829</u>                                 |
| Net change in fund<br>balance                        | -   | -   |
| Fund balances at beginning of year                   | -   | -   |
| Fund balances at end of year                         | <u>\$ -</u> \$  | <u>-</u>                                      |

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Local Nonmajor Funds**  
**June 30, 2012**

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SCAG considers the following funds as nonmajor local governmental funds:

**City of Los Angeles:**

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

**Combined Other Accounts:**

This fund is established to account for revenues from the City of Ontario, San Bernardino Association of Governments, Riverside County Transportation Commission, Los Angeles Department of Public Works and Southern California Edison. These funds are available and restricted to support expenditures for cash match for FRA funds for the High Speed Rail Project, Commuter Rail Project, Sun Village project, Energy Efficiency project and specifically funded projects.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Balance Sheet**  
**Local Nonmajor Funds**  
**June 30, 2012**

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|  | City of L.A.<br>Modeling<br>Fund | Combined<br>Other<br>Funds<br><u>20097, 60004</u><br><u>60005, 60006</u><br><u>60007, 60008</u><br><u>60009, 60010</u><br><u>60016</u> | Total<br>Local<br>Nonmajor<br>Funds |
|--|----------------------------------|--|-------------------------------------|
| <b>Assets</b>                          |                                  |  |                                     |
| Receivables – local grants             | \$ -                             | \$ 41,489  | \$ 41,489                           |
| Due from other funds                   | 9,180                            | 47,471   | 56,651                              |
| Total assets                           | \$ 9,180                         | \$ 88,960  | \$ 98,140                           |
| <b>Liabilities and Fund Balances</b>   |                                  |  |                                     |
| Accounts and contracts payable         | \$ -                             | \$ 3,903   | \$ 3,903                            |
| Deferred revenue                       | 9,180                            | 85,057   | 94,237                              |
| Total liabilities                      | 9,180                            | 88,960   | 98,140                              |
| Fund balances - restricted             | -                                | -  | -                                   |
| Total liabilities and<br>fund balances | \$ 9,180                         | \$ 88,960  | \$ 98,140                           |

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Local Nonmajor Funds**  
**Year ended June 30, 2012**

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|   | <u>City of L.A.<br/>Modeling<br/>Fund</u> | <u>Combined<br/>Other<br/>Funds</u><br>20097, 60004<br>60005, 60006<br>60007, 60008<br>60009, 60010<br>60016 | <u>Total<br/>Local<br/>Nonmajor<br/>Funds</u> |
|---|---|--|---|
| Local grants and services               | \$ -                                      | \$ 77,660  | \$ 77,660                                     |
| Expenditures:                           |   |  |   |
| Transportation:                         |   |  |   |
| Salaries and wages                      | -   | 18,728   | 18,728  |
| Allocated fringe benefits               | -   | 12,734   | 12,734  |
| Allocated indirect costs                | -   | 29,241   | 29,241  |
| Contractual services                    | -   | 16,667   | 16,667  |
| Travel                                  | -   | 290  | 290   |
| Other                                   | -   | -  | -   |
| Total transportation                    | <u>-</u>                                  | <u>77,660</u>  | <u>77,660</u>                                 |
| Excess of revenues<br>over expenditures | -   | -  | -   |
| Fund balances at beginning of year      | -   | -  | -   |
| Fund balances at end of year            | <u>\$ -</u>                               | <u>\$ -</u>  | <u>\$ -</u>                                   |



SUPPLEMENTAL  
SCHEDULES





**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Supplemental Schedule of Indirect Costs**  
**Year ended June 30, 2012**

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|  |                   |
|--|-------------------|
| Indirect costs:                                    |                   |
| Salaries and wages                                 | \$ 3,660,129      |
| Temporary help                                     | 253,787           |
| Fringe benefits                                    | 2,477,096         |
| Professional services                              | 863,346           |
| Computer support                                   | 444,346           |
| Equipment repairs and maintenance                  | 84,870            |
| Office space leases                                | 1,671,934         |
| Equipment lease                                    | 103,081           |
| Insurance  | 251,298           |
| Office purchases under \$5,000                     | 58,430            |
| Office supplies                                    | 144,314           |
| Telephone  | 169,177           |
| Postage and delivery                               | 26,973            |
| Memberships  | 16,992            |
| Professional materials                             | 33,629            |
| Depreciation                                       | 257,791           |
| Staff training                                     | 132,889           |
| Printing   | 41,687            |
| Travel   | 143,673           |
| Other  | 56,840            |
| Total indirect costs                               | <u>10,892,282</u> |
| Indirect costs recovered:                          |                   |
| General Fund                                       | 573,444           |
| Federal Transportation Administration              | 1,034,270         |
| Federal Highway Administration                     | 8,690,403         |
| Transportation Development Act                     | 336,478           |
| Nonmajor Funds                                     | 137,848           |
| Total indirect costs recovered                     | <u>10,772,443</u> |
| Under-recovered                                    | 119,839           |
| Over-recovered indirect costs at beginning of year | (115,235)         |
| Under-recovered indirect costs at end of year      | <u>\$ 4,604</u>   |

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Supplemental Schedule of Fringe Benefits**  
**Year ended June 30, 2012**

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|  |                  |
|--|------------------|
| Fringe benefits:                                     |                  |
| Employee leave and other salary benefits             | \$ 1,452,740     |
| PERS/Other Retirement Plans                          | 2,960,610        |
| Life insurance                                       | 99,080           |
| Health insurance                                     | 1,996,477        |
| Medicare tax – employer share                        | 148,179          |
| Bus passes   | 122,453          |
| Carpool parking subsidy                              | 2,100            |
| Workers' compensation/unemployment insurance         | 12,759           |
| Deferred compensation employer match                 | 98,932           |
| Other  | 100,596          |
| Total fringe benefits                                | <u>6,993,926</u> |
| Fringe benefits recovered:                           |                  |
| Allocated to indirect costs                          | 2,477,096        |
| General Fund   | 235,076          |
| Federal Transportation Administration                | 443,415          |
| Federal Highway Administration                       | 3,688,944        |
| Transportation Development Act                       | 89,364           |
| Nonmajor Funds                                       | 60,031           |
| Total  | <u>6,993,926</u> |
| Under-recovered fringe benefits                      | -                |
| Under-recovered fringe benefits at beginning of year | -                |
| Under-recovered fringe benefits at end of year       | <u>\$ -</u>      |

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Supplemental Schedule of Distribution of Salaries and Fringe Benefits by Project Area**  
**Year ended June 30, 2012**

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|                                  | <u>Salaries and<br/>wages</u> | <u>Fringe<br/>benefits</u> | <u>Salaries,<br/>wages, and<br/>fringe benefits</u> |
|----------------------------------|-------------------------------|----------------------------|---|
| Charges to Direct projects       | \$ 6,691,991                  | \$ 4,281,754               | \$ 10,973,745                                       |
| Charges to General Fund projects | 381,929                       | 235,076                    | 617,005   |
| Charges to Indirect projects     | <u>3,660,129</u>              | <u>2,477,096</u>           | <u>6,137,225</u>                                    |
| Totals                           | <u>\$ 10,734,049</u>          | <u>\$ 6,993,926</u>        | <u>\$ 17,727,975</u>                                |



**Report of Independent Auditors on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With Government Auditing Standards**

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Southern California Association of Governments, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012. 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.

Internal Control Over Financial Reporting

Management of the Southern California Association of Governments is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Southern California Association of Governments' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Southern California Association of Governments' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Southern California Association of Governments' internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.



### Compliance and Other Matters

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

This report is intended solely for the information and use of the Regional Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vergara + Company LLP*

**Los Angeles, California**  
**December 14, 2012**

STATISTICAL  
SECTION





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

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

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

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

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

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

**Sources:**

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

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

|                                      | Fiscal Year         |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|--------------------------------------|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                      | 2003                | 2004             | 2005             | 2006             | 2007             | 2008             | 2009             | 2010             | 2011             | 2012             |
| <b>Governmental activities:</b>      |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Invested in capital assets           | \$ 1,065,469        | 741,180          | 376,907          | 289,656          | 412,828          | 481,769          | 746,236          | 1,645,468        | 1,536,963        | 1,615,120        |
| Restricted                           |                     |                  |                  |                  |                  |                  |                  | 1,534,921        | 1,417,565        | 3,547,633        |
| Unrestricted                         | 604,926             | 999,181          | 1,128,107        | 1,549,748        | 2,752,366        | 3,367,204        | 4,055,685        | 2,400,417        | 3,173,237        | 3,228,709        |
| <b>Total governmental activities</b> |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| net assets                           | <u>\$ 1,670,395</u> | <u>1,740,361</u> | <u>1,505,014</u> | <u>1,839,404</u> | <u>3,165,194</u> | <u>3,848,973</u> | <u>4,801,921</u> | <u>5,580,806</u> | <u>6,127,765</u> | <u>8,391,462</u> |

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

|  | Fiscal Year       |                                |                   |                      |                   |                   |                   |                   |                      |                      |
|--|-------------------|--------------------------------|-------------------|----------------------|-------------------|-------------------|-------------------|-------------------|----------------------|----------------------|
|  | 2003              | 2004                           | 2005              | 2006                 | 2007              | 2008              | 2009              | 2010              | 2011                 | 2012                 |
| <b>Governmental activities:</b>                          |                   |                                |                   |                      |                   |                   |                   |                   |                      |                      |
| <b>Expenses:</b>   |                   |                                |                   |                      |                   |                   |                   |                   |                      |                      |
| Transportation   | \$ 29,457,264     | 23,709,616 <sup>1</sup>        | 19,082,487        | 20,640,246           | 25,605,715        | 29,815,218        | 26,911,029        | 33,509,240        | 27,318,795           | 30,615,654           |
| High speed rail  | -                 | -                              | 19,738            | 1,773,395            | 443,831           | 363,924           | 91,840            | 37,979            | 87,980               | 135,882              |
| Aviation   | -                 | -                              | 871,935           | 1,019,056            | 626,352           | 123,407           | 17,275            | 289,498           | 845,705              | 472,799              |
| Energy   | -                 | -                              | -                 | -                    | 96,435            | 116,947           | 47,152            | -                 | -                    | -                    |
| Environmental  | -                 | -                              | -                 | 156,337              | -                 | -                 | -                 | -                 | 1,809,901            | 2,626,070            |
| Housing  | -                 | -                              | -                 | 49,769               | -                 | -                 | -                 | -                 | 1,194,623            | 665,008              |
| Water  | -                 | -                              | 70,389            | -                    | 77,615            | -                 | -                 | -                 | -                    | -                    |
| Social Services  | -                 | -                              | -                 | -                    | 11,419            | -                 | -                 | -                 | -                    | -                    |
| Administration   | -                 | -                              | 1,556,859         | 1,595,922            | 1,618,820         | 1,379,139         | 1,407,836         | 1,033,877         | 1,342,674            | 1,678,605            |
| Interest on line of credit                               | 125,421           | 64,064                         | 12,504            | -                    | -                 | -                 | -                 | -                 | -                    | -                    |
| Total expenses   | <u>29,582,685</u> | <u>23,773,680</u>              | <u>21,613,912</u> | <u>25,234,725</u>    | <u>28,480,187</u> | <u>31,798,635</u> | <u>28,475,132</u> | <u>34,870,594</u> | <u>32,599,678</u>    | <u>36,194,018</u>    |
| <b>Program revenues:</b>                                 |                   |                                |                   |                      |                   |                   |                   |                   |                      |                      |
| Charges for services - member dues                       | 1,193,069         | 1,270,190                      | 1,313,163         | 1,367,785            | 1,438,135         | 1,520,805         | 1,609,029         | 1,494,523         | 1,566,006            | 1,759,631            |
| Operating grants and contributions                       | <u>28,529,885</u> | <u>22,465,587</u> <sup>2</sup> | <u>20,044,549</u> | <u>23,638,803</u>    | <u>27,198,415</u> | <u>30,763,997</u> | <u>27,643,659</u> | <u>33,834,170</u> | <u>30,949,013</u>    | <u>36,245,424</u>    |
| Total program revenues                                   | <u>29,722,954</u> | <u>23,735,777</u>              | <u>21,357,712</u> | <u>25,006,588</u>    | <u>28,636,550</u> | <u>32,284,802</u> | <u>29,252,688</u> | <u>35,328,693</u> | <u>32,515,019</u>    | <u>38,005,055</u>    |
| <b>Net revenues (expenses)</b>                           | 140,269           | (37,903)                       | (256,200)         | (228,137)            | 156,363           | 486,167           | 777,556           | 458,099           | (84,659)             | 1,811,037            |
| <b>General revenues and other changes in net assets:</b> |                   |                                |                   |                      |                   |                   |                   |                   |                      |                      |
| Interest income  | 25,405            | 107,869                        | 36,863            | 149,276              | 146,987           | 104,946           | 86,581            | 49,759            | 51,647               | 46,580               |
| Other income   | -                 | -                              | 147,085           | 413,251 <sup>3</sup> | 158,736           | 92,366            | 61,383            | 271,027           | 579,971 <sup>4</sup> | 406,080 <sup>5</sup> |
| <b>Changes in net assets</b>                             | <u>\$ 165,674</u> | <u>69,966</u>                  | <u>(72,252)</u>   | <u>334,390</u>       | <u>462,086</u>    | <u>683,479</u>    | <u>925,520</u>    | <u>778,885</u>    | <u>546,959</u>       | <u>2,263,697</u>     |

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

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

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

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

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

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

|   | Fiscal Year       |                |                  |                  |                  |                  |                  |                  |                  |                  |
|---|-------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | 2003              | 2004           | 2005             | 2006             | 2007             | 2008             | 2009             | 2010             | 2011*            | 2012             |
| <b>General fund:</b>                      |                   |                |                  |                  |                  |                  |                  |                  |                  |                  |
| Reserved                                  | \$ -              | -              | -                | -                | -                | -                | -                | -                | -                | -                |
| Unreserved                                | 604,926           | 999,181        | 2,715,661        | 2,714,955        | 1,861,607        | 2,923,649        | 3,431,480        | 4,506,578        | -                | -                |
| Nonspendable                              | -                 | -              | -                | -                | -                | -                | -                | -                | 317,801          | 502,200          |
| Unassigned                                | -                 | -              | -                | -                | -                | -                | -                | -                | 4,357,692        | 4,444,550        |
| <b>Total general fund</b>                 | <b>\$ 604,926</b> | <b>999,181</b> | <b>2,715,661</b> | <b>2,714,955</b> | <b>1,861,607</b> | <b>2,923,649</b> | <b>3,431,480</b> | <b>4,506,578</b> | <b>4,675,493</b> | <b>4,946,750</b> |
| <b>All other governmental funds:</b>      |                   |                |                  |                  |                  |                  |                  |                  |                  |                  |
| Reserved                                  | \$ -              | -              | -                | -                | -                | -                | -                | -                | -                | -                |
| Unreserved, reported in:                  |                   |                |                  |                  |                  |                  |                  |                  |                  |                  |
| Special revenue funds                     | -                 | -              | -                | -                | -                | -                | 1,997,894        | 1,534,921        | -                | -                |
| Restricted                                | -                 | -              | -                | -                | -                | -                | -                | -                | 1,417,565        | 3,547,633        |
| <b>Total all other governmental funds</b> | <b>\$ -</b>       | <b>-</b>       | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>1,997,894</b> | <b>1,534,921</b> | <b>1,417,565</b> | <b>3,547,633</b> |

\* SCAG has 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       |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2003              | 2004              | 2005              | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              |
| <b>Revenues:</b>                                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Federal grants                                    | \$ 22,540,651     | 20,139,571        | 19,096,413        | 21,694,775        | 24,368,620        | 28,397,861        | 25,556,990        | 32,429,892        | 29,131,559        | 30,204,434        |
| State grants and contracts                        | 670,492           | 740,473           | 399,002           | 206,516           | 1,148,805         | 1,866,733         | 986,200           | 270,940           | 582,123           | 1,682,599         |
| Local grants and contracts                        | 5,316,392         | 1,551,398         | 577,353           | 1,827,834         | 1,678,332         | 1,468,849         | 1,100,469         | 1,133,338         | 1,235,331         | 4,358,391         |
| Membership assessments                            | 1,193,069         | 1,270,190         | 1,313,163         | 1,367,785         | 1,438,135         | 1,520,805         | 1,609,029         | 1,494,523         | 1,566,006         | 1,759,631         |
| Interest and other                                | 25,405            | 107,869           | 183,948           | 312,216           | 205,945           | 197,312           | 147,964           | 324,153           | 324,337           | 731,702           |
| Capital outlay recovery                           | 2,350             | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>Total revenues</b>                             | <b>29,748,359</b> | <b>23,809,501</b> | <b>21,569,879</b> | <b>25,409,126</b> | <b>28,839,837</b> | <b>33,451,560</b> | <b>29,400,652</b> | <b>35,652,846</b> | <b>32,839,356</b> | <b>38,736,757</b> |
| <b>Expenditures:</b>                              |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Current:  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Transportation                                    | 29,047,446        | 23,339,931        | 19,450,818        | 20,401,077        | 25,607,040        | 30,064,151        | 26,911,029        | 33,867,010        | 28,601,593        | 31,672,376        |
| Aviation  | -                 | -                 | 884,886           | 1,019,262         | 627,253           | 123,407           | 17,275            | 163,086           | 636,484           | 277,796           |
| Water   | -                 | -                 | 72,159            | -                 | 77,956            | -                 | -                 | -                 | -                 | -                 |
| High speed rail                                   | -                 | -                 | 20,073            | 2,365,430         | 443,831           | 363,924           | 91,840            | -                 | 44,538            | 68,460            |
| Housing   | -                 | -                 | -                 | 50,179            | -                 | -                 | -                 | -                 | 746,686           | 342,391           |
| Energy  | -                 | -                 | -                 | -                 | 11,471            | 108,100           | 47,152            | -                 | -                 | -                 |
| Social Services                                   | -                 | -                 | -                 | -                 | 96,435            | -                 | -                 | -                 | -                 | -                 |
| Environmental                                     | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 1,090,079         | 1,598,322         |
| Administration                                    | -                 | -                 | 1,230,779         | 1,536,062         | 2,244,573         | 1,093,211         | 1,041,644         | 924,182           | 1,196,508         | 1,727,671         |
| Debt service:                                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Interest  | 125,421           | 64,064            | 12,504            | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Capital outlay                                    | 9,356             | 11,251            | 107,262           | 37,822            | 247,578           | 257,272           | 366,192           | 86,443            | 471,909           | 648,416           |
| <b>Total expenditures</b>                         | <b>29,182,223</b> | <b>23,415,246</b> | <b>21,778,481</b> | <b>25,409,832</b> | <b>29,356,137</b> | <b>32,010,065</b> | <b>28,475,132</b> | <b>35,040,721</b> | <b>32,787,797</b> | <b>36,335,432</b> |
| Excess (deficiency) of revenues over expenditures | 566,136           | 394,255           | (208,602)         | (706)             | (516,300)         | 1,441,495         | 925,520           | 612,125           | 51,559            | 2,401,325         |
| <b>Other financing sources (uses)</b>             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Transfers in                                      | -                 | -                 | 8,131,543         | 7,801,604         | 8,459,574         | 11,197,177        | 10,118,305        | 9,843,270         | 10,442,938        | 10,168,814        |
| Transfers out                                     | -                 | -                 | (8,131,543)       | (7,801,604)       | (8,459,574)       | (11,197,177)      | (10,118,305)      | (9,843,270)       | (10,442,938)      | (10,168,814)      |
| Net other financing sources (uses)                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>Net change in fund balances</b>                | <b>\$ 566,136</b> | <b>394,255</b>    | <b>(208,602)</b>  | <b>(706)</b>      | <b>(516,300)</b>  | <b>1,441,495</b>  | <b>925,520</b>    | <b>612,125</b>    | <b>51,559</b>     | <b>2,401,325</b>  |

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

| <b>Fiscal year</b> | <b>Indirect costs*</b> | <b>Fringe benefits</b> | <b>Totals</b> |
|--------------------|------------------------|------------------------|---------------|
| 2003               | \$ 8,762,846           | 4,407,432              | 13,170,278    |
| 2004               | 8,282,746              | 4,269,627              | 12,552,373    |
| 2005               | 8,056,802              | 4,251,082              | 12,307,884    |
| 2006               | 8,011,914              | 4,024,285              | 12,036,199    |
| 2007               | 9,466,613              | 4,960,781              | 14,427,394    |
| 2008               | 11,111,798             | 6,419,718              | 17,531,516    |
| 2009               | 9,688,278              | 5,559,745              | 15,248,023    |
| 2010               | 9,552,824              | 5,782,910              | 15,335,734    |
| 2011               | 11,021,062             | 6,446,777              | 17,467,839    |
| 2012               | 10,892,282             | 6,993,926              | 17,886,208    |

\* Restated to include internal service funds included in indirect costs in fiscal year 2003 and reported separately in prior years. Indirect Cost Allocation Plans are reviewed and approved by CALTRANS for federal reimbursements.

Source: SCAG Finance Department.

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

|      | <u>Cities &amp; Indian Tribes</u> |                   |                    | <u>Counties</u>       |                   |                    | <u>Commissions</u>    |                    |
|------|-----------------------------------|-------------------|--------------------|-----------------------|-------------------|--------------------|-----------------------|--------------------|
|      | <u>No. of Members</u>             | <u>Population</u> | <u>Annual Dues</u> | <u>No. of Members</u> | <u>Population</u> | <u>Annual Dues</u> | <u>No. of Members</u> | <u>Annual Dues</u> |
| 2003 | 165                               | 13,688,368        | \$933,413          | 6                     | 1,901,872         | \$224,656          | 2                     | \$35,000           |
| 2004 | 163                               | 13,915,685        | 974,904            | 6                     | 2,048,850         | 245,286            | 3                     | 50,000             |
| 2005 | 162                               | 13,898,797        | 1,019,884          | 6                     | 1,964,321         | 243,279            | 3                     | 50,000             |
| 2006 | 160                               | 13,885,562        | 1,070,516          | 6                     | 2,017,321         | 262,269            | 3                     | 50,000             |
| 2007 | 167                               | 14,044,986        | 1,125,866          | 6                     | 2,070,482         | 262,269            | 3                     | 50,000             |
| 2008 | 163                               | 14,301,355        | 1,176,623          | 6                     | 2,125,231         | 269,182            | 4                     | 75,000             |
| 2009 | 171                               | 14,815,707        | 1,231,148          | 6                     | 2,179,564         | 292,881            | 4                     | 85,000             |
| 2010 | 175                               | 15,211,463        | 1,149,862          | 6                     | 2,101,655         | 262,161            | 4                     | 82,500             |
| 2011 | 182                               | 16,097,577        | 1,209,583          | 6                     | 2,101,655         | 261,423            | 5                     | 95,000             |
| 2012 | 190                               | 16,035,831        | 1,373,766          | 6                     | 2,115,074         | 290,865            | 5                     | 95,000             |

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

| <u>City/County</u>       | <u>2012</u>        |   | <u>2007</u>        |   |
|--------------------------|--------------------|---|--------------------|---|
|                          | <u>Annual Dues</u> | <u>Percent of<br/>Total Dues<br/>Assessment</u> | <u>Annual Dues</u> | <u>Percent of<br/>Total Dues<br/>Assessment</u> |
| City of Los Angeles      | \$ 325,438         | 19%   | \$ 277,331         | 18%   |
| County of Los Angeles    | 121,619            | 7%  | 118,247            | 8%  |
| County of Riverside      | 61,960             | 4%  | 52,983             | 4%  |
| County of San Bernardino | 48,452             | 3%  | 38,251             | 3%  |
| City of Long Beach       | 39,923             | 2%  | 38,449             | 3%  |
| County of Orange         | 34,513             | 2%  | 29,296             | 2%  |
| City of Santa Ana        | 29,073             | 2%  | not a member       |   |
| City of Anaheim          | 28,743             | 2%  | 27,232             | 2%  |
| SANBAG                   | 25,000             | 1%  | not a member       |   |
| RCTC                     | 25,000             | 1%  | 15,000             | 1%  |
| OCTA                     | 25,000             | 1%  | 25,000             | 2%  |
| City of Riverside        | 24,820             | 1%  | 22,652             |   |
| City of Irvine           | 17,980             | 1%  | 14,616             | 1%  |
| County of Ventura        | 17,717             | 1%  | 17,342             | 1%  |
| City of Glendale         | 17,204             | 1%  | 16,622             | 1%  |
|                          | <u>\$ 842,442</u>  | <u>48%</u>                                      | <u>\$ 693,021</u>  | <u>46%</u>                                      |



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

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| <b>Calendar year</b> | <b>Imperial</b> | <b>Los Angeles</b> | <b>Orange</b> | <b>Riverside</b> | <b>San Bernardino</b> | <b>Ventura</b> | <b>Total</b> |
|----------------------|-----------------|--------------------|---------------|------------------|-----------------------|----------------|--------------|
| 2003                 | 152,576         | 9,966,190          | 2,975,397     | 1,719,004        | 1,842,060             | 791,580        | 17,446,807   |
| 2004                 | 156,562         | 10,102,961         | 3,017,298     | 1,776,743        | 1,886,481             | 802,436        | 17,742,481   |
| 2005                 | 161,800         | 10,226,506         | 3,056,865     | 1,877,000        | 1,946,202             | 813,052        | 18,081,425   |
| 2006                 | 166,585         | 10,245,572         | 3,072,336     | 1,953,330        | 1,991,829             | 817,346        | 18,246,998   |
| 2007                 | 172,672         | 10,331,939         | 3,098,121     | 2,031,625        | 2,028,013             | 825,512        | 18,487,882   |
| 2008                 | 176,158         | 10,363,850         | 3,121,251     | 2,088,322        | 2,055,766             | 831,587        | 18,636,934   |
| 2009                 | 179,254         | 10,393,185         | 3,139,017     | 2,107,653        | 2,060,950             | 836,080        | 18,716,139   |
| 2010                 | 174,528         | 9,818,605          | 3,010,232     | 2,189,641        | 2,035,210             | 823,318        | 18,051,534   |
| 2011                 | 176,258         | 9,858,989          | 3,029,859     | 2,217,778        | 2,052,397             | 828,383        | 18,163,664   |
| 2012                 | 177,441         | 9,884,632          | 3,055,792     | 2,227,577        | 2,063,919             | 832,970        | 18,242,331   |

Source: State of California, Department of Finance.

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

| <b>Calendar year</b> | <b>Imperial</b> | <b>Los Angeles</b> | <b>Orange</b> | <b>Riverside</b> | <b>San Bernardino</b> | <b>Ventura</b> | <b>Total</b> |
|----------------------|-----------------|--------------------|---------------|------------------|-----------------------|----------------|--------------|
| 2003                 | 41,340          | 3,170,393          | 958,815       | 546,495          | 547,439               | 253,138        | 5,517,620    |
| 2004                 | 41,883          | 3,184,446          | 969,028       | 571,955          | 556,937               | 255,741        | 5,579,990    |
| 2005                 | 43,714          | 3,201,352          | 976,540       | 598,207          | 569,060               | 258,441        | 5,647,314    |
| 2006                 | 46,644          | 3,223,497          | 984,386       | 626,668          | 583,493               | 261,570        | 5,726,258    |
| 2007                 | 49,032          | 3,239,511          | 988,560       | 653,123          | 597,614               | 265,172        | 5,793,012    |
| 2008                 | 49,484          | 3,260,434          | 995,989       | 671,036          | 606,005               | 266,885        | 5,849,833    |
| 2009                 | 50,059          | 3,274,667          | 1,000,798     | 677,582          | 610,352               | 268,444        | 5,881,902    |
| 2010                 | 49,126          | 3,241,204          | 992,781       | 686,260          | 611,618               | 266,920        | 5,847,909    |
| 2011                 | 49,197          | 3,245,697          | 997,743       | 689,849          | 613,018               | 266,958        | 5,862,462    |
| 2012                 | 49,276          | 3,249,575          | 995,933       | 692,520          | 614,640               | 268,059        | 5,870,003    |

Source: State of California, Department of Finance.

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

| <u>Calendar year</u> | <u>Imperial</u> | <u>Los Angeles</u> | <u>Orange</u> | <u>Riverside</u> | <u>San Bernardino</u> | <u>Ventura</u> | <u>Total</u> |
|----------------------|-----------------|--------------------|---------------|------------------|-----------------------|----------------|--------------|
| 2003                 | 51,900          | 3,990,800          | 1,436,200     | 529,600          | 589,900               | 304,400        | 6,902,800    |
| 2004                 | 51,300          | 4,004,100          | 1,463,400     | 557,400          | 621,300               | 306,900        | 7,004,400    |
| 2005                 | 53,000          | 4,031,600          | 1,496,500     | 593,100          | 647,100               | 313,700        | 7,135,000    |
| 2006                 | 56,200          | 4,100,100          | 1,524,300     | 620,500          | 664,400               | 320,700        | 7,286,200    |
| 2007                 | 56,000          | 4,129,600          | 1,520,500     | 620,200          | 667,100               | 320,800        | 7,314,200    |
| 2008                 | 58,200          | 4,077,600          | 1,486,200     | 592,000          | 647,700               | 316,400        | 7,178,100    |
| 2009                 | 54,800          | 3,830,300          | 1,375,900     | 546,300          | 603,500               | 299,600        | 6,710,400    |
| 2010                 | 54,900          | 3,775,300          | 1,356,700     | 536,600          | 589,300               | 296,800        | 6,609,600    |
| 2011                 | 55,483          | 3,788,900          | 1,361,883     | 535,520          | 588,114               | 298,200        | 6,628,100    |
| 2012                 | 55,650          | 3,833,217          | 1,387,350     | 555,904          | 603,613               | 301,950        | 6,737,684    |

Source: Processed by SCAG Staff; CA EDD - March 2010 Benchmark, 7/20/2012

2012 data: average between Jan 12 and June 12

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

| <u>Calendar year</u> | <u>Imperial</u> | <u>Los Angeles</u> | <u>Orange</u> | <u>Riverside</u> | <u>San Bernardino</u> | <u>Ventura</u> | <u>Total</u> |
|----------------------|-----------------|--------------------|---------------|------------------|-----------------------|----------------|--------------|
| 2003                 | 59,100          | 4,759,100          | 1,557,000     | 781,700          | 808,200               | 412,700        | 8,377,800    |
| 2004                 | 59,700          | 4,764,600          | 1,575,100     | 820,900          | 832,400               | 413,900        | 8,466,600    |
| 2005                 | 60,800          | 4,771,400          | 1,588,800     | 854,300          | 853,100               | 416,800        | 8,545,200    |
| 2006                 | 63,200          | 4,808,600          | 1,601,800     | 883,400          | 862,100               | 420,600        | 8,639,700    |
| 2007                 | 66,100          | 4,874,600          | 1,609,400     | 903,800          | 863,900               | 423,900        | 8,741,700    |
| 2008                 | 72,400          | 4,930,900          | 1,617,200     | 912,100          | 862,700               | 429,200        | 8,824,500    |
| 2009                 | 75,900          | 4,900,100          | 1,588,700     | 916,600          | 858,300               | 430,300        | 8,769,900    |
| 2010                 | 77,100          | 4,879,500          | 1,580,900     | 913,800          | 855,700               | 430,900        | 8,737,900    |
| 2011                 | 75,733          | 4,872,667          | 1,568,350     | 900,583          | 845,133               | 428,283        | 8,690,749    |
| 2012                 | 77,883          | 4,878,467          | 1,613,983     | 940,567          | 866,050               | 438,933        | 8,815,883    |

Source: Processed by SCAG Staff; CA EDD - March 2010 Benchmark, 7/20/2012  
2012 data: average between Jan 12 and June 12

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 12 – Unemployment by County in the SCAG Region**  
**Last Ten Calendar Years**

| <b>Calendar year</b> | <b>Imperial</b> | <b>Los Angeles</b> | <b>Orange</b> | <b>Riverside</b> | <b>San Bernardino</b> | <b>Ventura</b> | <b>Total</b> |
|----------------------|-----------------|--------------------|---------------|------------------|-----------------------|----------------|--------------|
| 2002                 | 8,600           | 323,100            | 76,400        | 48,600           | 47,800                | 23,600         | 528,100      |
| 2003                 | 9,200           | 332,000            | 74,400        | 51,100           | 50,700                | 23,900         | 541,300      |
| 2004                 | 10,200          | 310,400            | 67,100        | 49,300           | 48,100                | 22,200         | 507,300      |
| 2005                 | 9,800           | 255,400            | 59,900        | 46,100           | 44,700                | 19,900         | 435,800      |
| 2006                 | 9,700           | 229,900            | 54,400        | 44,400           | 41,500                | 18,100         | 398,000      |
| 2007                 | 11,900          | 247,600            | 62,400        | 54,300           | 48,200                | 20,600         | 445,000      |
| 2008                 | 16,200          | 367,600            | 84,900        | 77,400           | 68,600                | 26,700         | 641,400      |
| 2009                 | 21,200          | 563,500            | 141,000       | 123,000          | 111,200               | 42,500         | 1,002,400    |
| 2010                 | 22,900          | 617,200            | 151,200       | 134,300          | 121,900               | 46,600         | 1,094,100    |
| 2011                 | 21,367          | 595,150            | 139,833       | 125,367          | 115,333               | 43,717         | 1,040,767    |
| 2012                 | 21,400          | 561,567            | 126,417       | 116,133          | 106,167               | 40,533         | 972,217      |

Source: Processed by SCAG Staff; CA EDD - March 2010 Benchmark, 7/20/2012  
2012 data: average between Jan 12 and June 12

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

|                                       | Employees | Type of Business         |
|---------------------------------------|-----------|--------------------------|
| <b>Imperial</b>                       |           |                          |
| 1 Maui Harvesting                     | 3,000     | Harvesting               |
| 2 Imperial County                     | 2,040     | Government               |
| 3 National Beef Packing, LLC          | 1,700     | Meat Packer              |
| 4 Calipatria State Prison             | 1,200     | Correctional Institution |
| 5 Centinela State Prison              | 1,200     | Correctional Institution |
| 6 Jjall LLC                           | 800       | Labor Contractors        |
| 7 El Centro Naval Air Facility        | 780       | Federal Government       |
| 8 El Centro Regional Medical Center   | 750       | Hospital                 |
| 9 Pioneers Memorial Hospital          | 630       | Hospital                 |
| 10 Paradise Casino                    | 610       | Casino                   |
| <b>Los Angeles</b>                    |           |                          |
| 1 Los Angeles County                  | 101,137   | Government               |
| 2 Los Angeles Unified School District | 60,209    | Education                |
| 3 UCLA                                | 35,500    | Education                |
| 4 City of Los Angeles                 | 32,000    | Government               |
| 5 Nestle                              | 20,000    | Food Products            |
| 6 Kaiser Permanente                   | 16,500    | Hospital                 |
| 7 USC                                 | 15,500    | Education                |
| 8 Ralphs                              | 11,600    | Grocery                  |
| 9 Cedars-Sinai Medical Center         | 10,000    | Hospital                 |
| 10 Target                             | 8,200     | Retail                   |
| <b>Orange</b>                         |           |                          |
| 1 University of CA - Irvine           | 12,200    | Education                |
| 2 County of Orange                    | 10,800    | Government               |
| 3 Boeing                              | 8,500     | Aerospace                |
| 4 St. Jude Medical Center             | 5,700     | Hospital                 |
| 5 Santa Ana Unified School District   | 4,500     | Education                |
| 6 Capistrano Unified School District  | 4,430     | Education                |
| 7 First Team Real Estate              | 4,060     | Real Estate              |
| 8 Hoag Hospital                       | 4,000     | Hospital                 |
| 9 Saddleback Memorial Hospital        | 4,000     | Hospital                 |
| 10 Tenent, Inc                        | 4,000     | Hospital                 |

Data provided courtesy of Infogroup

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

|   | Employees | Type of Business            |
|---|-----------|-----------------------------|
| <b>Riverside</b>                              |           |                             |
| 1 County of Riverside                         | 7,600     | Government                  |
| 2 Restoration Technologies                    | 5,000     | Electronic Equipment        |
| 3 Pechanga Resort & Casino                    | 4,500     | Casinos                     |
| 4 Walmart                                     | 3,600     | Retail                      |
| 5 Kaiser Permanente                           | 3,000     | Hospital                    |
| 6 Morongo Casino                              | 3,000     | Casinos                     |
| 7 Home Depot                                  | 2,950     | Home Centers                |
| 8 Target                                      | 2,500     | Retail                      |
| 9 Stater Brothers                             | 2,100     | Grocery                     |
| 10 Starcrest of California                    | 2,000     | Internet & Catalog Shopping |
| <b>San Bernardino</b>                         |           |                             |
| 1 Loma Linda University Hospital              | 9,000     | Hospital                    |
| 2 County of San Bernardino                    | 8,700     | Government                  |
| 3 Kaiser Permanente                           | 5,000     | Hospital                    |
| 4 Walmart                                     | 4,500     | Retail                      |
| 5 Burlington Northern Santa Fe                | 4,000     | Railroad                    |
| 6 San Manuel Indian Bingo Casino              | 3,000     | Casinos                     |
| 7 Stater Brothers                             | 2,150     | Grocery                     |
| 8 California State University, San Bernardino | 2,100     | Education                   |
| 9 San Bernardino Community Hospital           | 2,100     | Hospital                    |
| 10 San Antonio Community Hospital             | 2,000     | Hospital                    |
| <b>Ventura</b>                                |           |                             |
| 1 Federal Government                          | 9,790     | Government                  |
| 2 Amgen Inc                                   | 8,000     | Biomedical                  |
| 3 Naval Air Warfare Center                    | 5,000     | Government                  |
| 4 County of Ventura                           | 4,900     | Government                  |
| 5 Harbor Freight Tools                        | 3,000     | Tools- New and Used         |
| 6 Baxter Healthcare                           | 1,500     | Medical Equipment           |
| 7 Los Robles Hospital                         | 1,500     | Hospital                    |
| 8 St.John's Regional Medical Center           | 1,500     | Hospital                    |
| 9 Target                                      | 1,450     | Retail                      |
| 10 Boskovich Farms                            | 1,200     | Agriculture                 |

Data provided courtesy of Infogroup

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 14 – Housing Units by County in the SCAG Region**  
**Last Ten Calendar Years**

| <b>Calendar year</b> | <b>Imperial</b> | <b>Los Angeles</b> | <b>Orange</b> | <b>Riverside</b> | <b>San Bernardino</b> | <b>Ventura</b> | <b>Total</b> |
|----------------------|-----------------|--------------------|---------------|------------------|-----------------------|----------------|--------------|
| 2003                 | 45,944          | 3,308,777          | 994,130       | 634,197          | 621,964               | 261,900        | 5,866,912    |
| 2004                 | 46,531          | 3,323,630          | 1,003,929     | 659,795          | 632,267               | 264,583        | 5,930,735    |
| 2005                 | 48,495          | 3,341,548          | 1,013,842     | 690,075          | 645,639               | 267,363        | 6,006,962    |
| 2006                 | 51,792          | 3,364,750          | 1,018,380     | 722,361          | 661,668               | 270,587        | 6,089,538    |
| 2007                 | 54,789          | 3,382,356          | 1,024,692     | 753,797          | 676,909               | 274,224        | 6,166,767    |
| 2008                 | 55,599          | 3,403,480          | 1,030,289     | 773,331          | 685,642               | 276,320        | 6,224,661    |
| 2009                 | 56,237          | 3,418,698          | 1,035,491     | 780,112          | 690,234               | 277,895        | 6,258,667    |
| 2010                 | 56,067          | 3,445,076          | 1,048,907     | 800,707          | 699,637               | 281,695        | 6,332,089    |
| 2011                 | 56,123          | 3,450,092          | 1,054,626     | 804,915          | 700,776               | 282,209        | 6,348,741    |
| 2012                 | 56,222          | 3,454,092          | 1,052,361     | 807,970          | 702,911               | 282,923        | 6,356,479    |

Source: California Department of Finance.



**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 15 – Median Home Values by County in the SCAG Region**  
**Last Ten Calendar Years**

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| <u>Calendar year</u> | <u>Imperial</u> | <u>Los Angeles</u> | <u>Orange</u> | <u>Riverside</u> | <u>San Bernardino</u> | <u>Ventura</u> | <u>Average</u> |
|----------------------|-----------------|--------------------|---------------|------------------|-----------------------|----------------|----------------|
| 2003                 | \$ 136,710      | 330,000            | 450,000       | 238,000          | 181,000               | 400,000        | 289,285        |
| 2004                 | 146,000         | 414,000            | 540,000       | 319,000          | 246,000               | 500,000        | 360,833        |
| 2005                 | 157,000         | 494,000            | 617,000       | 388,000          | 344,000               | 592,000        | 432,000        |
| 2006                 | 182,000         | 509,000            | 626,000       | 423,000          | 365,000               | 584,000        | 448,167        |
| 2007                 | 245,100         | 530,958            | 628,000       | 414,261          | 367,125               | 582,687        | 461,355        |
| 2008                 | 191,239         | 458,556            | 506,117       | 271,352          | 239,834               | 425,022        | 348,687        |
| 2009                 | 125,000         | 320,000            | 415,000       | 189,000          | 149,000               | 356,000        | 259,000        |
| 2010                 | 125,000         | 333,000            | 433,000       | 200,000          | 155,000               | 370,000        | 269,333        |
| 2011                 | 119,000         | 318,000            | 445,000       | 210,000          | 148,000               | 355,000        | 265,833        |
| 2012                 | 121,500         | 325,000            | 453,000       | 206,500          | 158,000               | 365,500        | 271,583        |

Source: Data Quick.

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

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| <b>Calendar year</b> | <b>Imperial</b> | <b>Los Angeles</b> | <b>Orange</b> | <b>Riverside</b> | <b>San Bernardino</b> | <b>Ventura</b> | <b>Total</b> |
|----------------------|-----------------|--------------------|---------------|------------------|-----------------------|----------------|--------------|
| 2003                 | 4,175           | 4,060              | 790           | 7,208            | 20,062                | 1,846          | 38,141       |
| 2004                 | 4,175           | 4,060              | 790           | 7,208            | 20,062                | 1,846          | 38,141       |
| 2005                 | 4,175           | 4,060              | 790           | 7,208            | 20,062                | 1,846          | 38,141       |
| 2006                 | 4,175           | 4,060              | 790           | 7,208            | 20,062                | 1,846          | 38,141       |
| 2007                 | 4,175           | 4,060              | 790           | 7,208            | 20,062                | 1,846          | 38,141       |
| 2008                 | 4,175           | 4,060              | 790           | 7,208            | 20,062                | 1,846          | 38,141       |
| 2009                 | 4,175           | 4,060              | 790           | 7,208            | 20,062                | 1,846          | 38,141       |
| 2010                 | 4,175           | 4,060              | 790           | 7,208            | 20,062                | 1,846          | 38,141       |
| 2011                 | 4,175           | 4,060              | 790           | 7,208            | 20,062                | 1,846          | 38,141       |
| 2012                 | 4,175           | 4,060              | 790           | 7,208            | 20,062                | 1,846          | 38,141       |

Source: Census Bureau Tiger File

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Table 17 – Assessed Valuation by County in the SCAG Region**  
**Last Ten Calendar Years**

| <b>Calendar year</b> | <b>Imperial</b>  | <b>Los Angeles</b> | <b>Orange</b>   | <b>Riverside</b> | <b>San Bernardino</b> | <b>Ventura</b>  | <b>Total</b>      |
|----------------------|------------------|--------------------|-----------------|------------------|-----------------------|-----------------|-------------------|
| 2003                 | \$ 6,576,083,449 | 660,226,621,950    | 266,813,653,450 | 108,274,548,900  | 93,866,366,040        | 65,931,327,778  | 1,201,688,601,567 |
| 2004                 | 7,111,265,553    | 709,464,293,809    | 284,868,806,916 | 121,044,256,493  | 102,025,286,469       | 71,391,458,104  | 1,295,905,367,344 |
| 2005                 | 7,244,127,196    | 761,355,097,239    | 308,833,261,022 | 138,021,800,263  | 112,879,426,833       | 77,897,210,734  | 1,406,230,923,287 |
| 2006                 | 7,831,908,679    | 835,894,825,705    | 339,760,670,292 | 165,323,198,637  | 129,136,246,197       | 86,088,492,662  | 1,564,035,342,172 |
| 2007                 | 8,564,454,422    | 925,501,028,378    | 378,176,307,920 | 203,416,131,874  | 152,260,354,563       | 96,231,323,104  | 1,764,149,600,261 |
| 2008                 | 10,233,444,219   | 1,010,019,713,739  | 410,016,640,580 | 237,388,487,198  | 176,135,269,285       | 103,943,537,873 | 1,947,737,092,894 |
| 2009                 | 11,096,494,701   | 1,080,877,140,886  | 426,132,974,772 | 240,799,096,250  | 185,367,040,358       | 107,273,535,930 | 2,051,546,282,897 |
| 2010                 | 10,786,878,349   | 1,075,011,703,995  | 420,208,433,390 | 215,292,421,831  | 174,112,125,571       | 104,656,698,553 | 2,000,068,261,689 |
| 2011                 | 10,636,065,947   | 1,055,470,089,596  | 417,961,898,748 | 205,709,223,529  | 166,489,324,697       | 104,382,110,478 | 1,960,648,712,995 |
| 2012                 | 10,335,759,824   | 1,070,532,689,445  | 422,054,150,027 | 203,143,376,088  | 165,720,121,024       | 104,392,245,689 | 1,976,178,342,097 |

Source: State of California – Controller's Office.

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

| <u>Fiscal Year</u> | <u>Transportation</u> | <u>High Speed Rail</u> | <u>Aviation</u> | <u>Environmental</u> | <u>Housing</u> | <u>Water</u> | <u>Administration</u> | <u>Total</u> |
|--------------------|-----------------------|------------------------|-----------------|----------------------|----------------|--------------|-----------------------|--------------|
| 2003               | 64                    | —                      | —               | —                    | —              | —            | 45                    | 109          |
| 2004               | 54                    | —                      | —               | —                    | —              | —            | 43                    | 97           |
| 2005               | 44                    | 1                      | 1               | 1                    | 6              | 1            | 42                    | 96           |
| 2006               | 42                    | 2                      | 1               | 1                    | 6              | —            | 49                    | 101          |
| 2007               | 71                    | 1                      | 1               | 3                    | 2              | 1            | 67                    | 146          |
| 2008               | 48                    | 1                      | 1               | 3                    | 3              | —            | 55                    | 111          |
| 2009               | 44                    | 1                      | 1               | 3                    | 2              | —            | 57                    | 108          |
| 2010               | 43                    | 1                      | 1               | 3                    | 2              | —            | 59                    | 109          |
| 2011               | 43                    | 1                      | 1               | 3                    | 2              | —            | 55                    | 105          |
| 2012               | 42                    | 1                      | 1               | 3                    | 2              | —            | 56                    | 105          |

Source: SCAG HR Department.

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

|                            | Fiscal Year   |            |            |            |            |            |            |            |            |            |
|----------------------------|---------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                            | 2003          | 2004       | 2005       | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       | 2012       |
| <b>Transportation</b>      |               |            |            |            |            |            |            |            |            |            |
| No. of projects undertaken | 24            | 13         | 13         | 15         | 27         | 25         | 24         | 55         | 50         | 72         |
| Grants & Contracts Revenue | \$ 26,433,070 | 21,320,486 | 19,082,487 | 20,640,246 | 28,806,467 | 31,699,796 | 29,929,881 | 33,664,593 | 29,354,637 | 28,941,494 |
| <b>High Speed Rail</b>     |               |            |            |            |            |            |            |            |            |            |
| No. of projects undertaken | 1             | 1          | 1          | 3          | 2          | 1          | 1          | 1          | 1          | 1          |
| Grants & Contracts Revenue | \$ 999,227    | 231,821    | 19,738     | 1,773,395  | 443,831    | 899,136    | 32,989     | 42,594     | 98,354     | 132,086    |
| <b>Aviation</b>            |               |            |            |            |            |            |            |            |            |            |
| No. of projects undertaken | 4             | 4          | 3          | 4          | 3          | 3          | 1          | 3          | 3          | 2          |
| Grants & Contracts Revenue | \$ 1,097,588  | 913,280    | 871,935    | 1,019,056  | 626,352    | 375,864    | 276,933    | 266,702    | 884,816    | 461,819    |
| <b>Environmental</b>       |               |            |            |            |            |            |            |            |            |            |
| No. of projects undertaken | -             | -          | -          | 2          | -          | 2          | 2          | -          | 7          | 23         |
| Grants & Contracts Revenue | \$ -          | -          | -          | 156,337    | -          | 2,574,424  | 49,467     | -          | 2,401,731  | 3,334,183  |
| <b>Housing</b>             |               |            |            |            |            |            |            |            |            |            |
| No. of projects undertaken | -             | -          | -          | 1          | -          | -          | -          | -          | 2          | 2          |
| Grants & Contracts Revenue | \$ -          | -          | -          | 49,769     | -          | -          | -          | -          | 1,306,547  | 1,345,833  |
| <b>Water</b>               |               |            |            |            |            |            |            |            |            |            |
| No. of projects undertaken | -             | -          | 1          | -          | 1          | -          | -          | -          | -          | -          |
| Grants & Contracts Revenue | \$ -          | -          | 70,389     | -          | 77,615     | -          | -          | -          | -          | -          |
| <b>Social Sciences</b>     |               |            |            |            |            |            |            |            |            |            |
| No. of projects undertaken | -             | -          | -          | -          | 1          | -          | -          | -          | -          | -          |
| Grants & Contracts Revenue | \$ -          | -          | -          | -          | 11,419     | -          | -          | -          | -          | -          |

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

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No capital assets indicators are available to SCAG.



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