

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

Annual Comprehensive FINANCIAL REPORT | 2021

FINANCE DIVISION 
CINDY GIRALDO 
Chief Financial Officer



YEAR ENDED
JUNE 30, 2021



VISION

Southern California's Catalyst
for a Brighter Future.

MISSION

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

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**Southern California
Association of Governments**
Annual Comprehensive Financial Report
Year Ended June 30, 2021

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Introductory Section



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February 15, 2022

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

Subject: SCAG's Annual Comprehensive Financial Report for Fiscal Year (FY)
2020-2021

Dear President Lorimore and Members of the Regional Council:

As Executive Director and Chief Financial Officer for the Southern California Association of Governments (SCAG), we hereby submit SCAG's Annual Comprehensive Financial Report (ACFR) for the fiscal year that ended June 30, 2021.

This Letter of Transmittal is the first item in the introductory section of the ACFR. Its purpose is to first provide information about financial statements in the ACFR and give comments assessing SCAG's financial condition. The second purpose is to profile SCAG including its governance, organization, planning mandates and requirements. It highlights significant planning programs mandated by federal and state requirements and demonstrates their successful management in FY 2020-2021.

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

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

- Listing of officers and members of the Regional Council
- SCAG's Organizational Chart
- SCAG's Finance Division Organizational Chart
- The Certificate of Achievement for Excellence in Financial Reporting awarded to SCAG by the Government Finance Officers Association in recognition of our FY 2019-2020 ACFR.

Certificate of Achievement for Excellence in Financial Reporting

We are pleased to report that the Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to SCAG for its ACFR for the fiscal year that ended June 30, 2020. This was the eighteenth consecutive year that SCAG has received this prestigious award. The

REGIONAL COUNCIL OFFICERS

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award is the highest form of recognition in governmental accounting and financial reporting and its attainment represents a significant accomplishment.

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

The Annual Comprehensive Financial Report

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

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

Independent Audit

SCAG's basic financial statements have been externally audited by Eide Bailly, LLP a certified public accounting firm, licensed and qualified to perform audits in the State of California. The goal of the independent audit is to provide reasonable assurance that the financial statements of SCAG for the fiscal year that ended June 30, 2021 are free of material misstatement. The Report of the Independent Auditors is also included in the ACFR.

The Single Audit Report

The independent audit of the financial statements in this ACFR is part of a broader, federally mandated Single Audit Report designed to meet the special needs of federal grantor agencies. The standards applied in the Single Audit Report require consideration of internal controls, and compliance with legal and federal requirements in the administration of federal awards. There were no findings reported by Eide Bailly, LLP. The Single Audit Report for the year ended June 30, 2021 is issued separately from the ACFR and is available upon written request to the Chief Financial Officer.

Management Discussion and Analysis

The provisions of GASB 34, as amended by GASB 37 and GASB 38, require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). MD&A is an opportunity for management to reach beyond the familiar to a new and different analytical overview of financial activities. The transactions and events in FY 2020-2021 are discussed fully in the MD&A.

The basic financial statements are comprised of the government-wide, governmental fund financial statements, and the notes to the financial statements. These financial reports combine to form a single,

integrated set of financial statements. This Letter of Transmittal is designed to complement the MD&A, which is located following the Report of Independent Auditors in the Financial Section of the ACFR.

SCAG Management & Financial Goals for FY 2021-2022

Regional Early Action Planning Program

SCAG was awarded \$47 million in Regional Early Action Planning (REAP) state funding from Assembly Bill (AB) 101 to provide housing planning and process improvement services to cities and counties. Traditionally, SCAG's role in housing has been focused on preparing the Regional Housing Needs Allocation (RHNA) every eight years, in support of the region meeting its housing production goals. With the allocation of \$47 million in REAP funds, SCAG has now expanded its role beyond RHNA to support local government and stakeholders to develop and adopt land use plans and other programs that accelerate housing production and help meet the region's goals for producing 1.3 million new units of housing by 2029. SCAG is administering the REAP funds through a combination of direct technical assistance, including housing element data components and policy assessments, subregional partnerships with councils of government, community-based partnership grants in collaboration with philanthropic organizations, and planning support offered through the Sustainable Communities Program to local jurisdictions or entities serving single or multiple jurisdictions.

Climate Change Action Resolution

In January 2021, the Regional Council adopted a Climate Change Action Resolution calling on local and regional partners to join to further reduce greenhouse gas (GHG) emissions, improve regional resilience, and reduce hazards from a changing climate. SCAG's most recent long-range plan, Connect SoCal, includes goals for the region to adapt to a changing climate, promote conservation of natural and agricultural lands and restoration of habitats, promote healthy and equitable communities, and encourage regional economic prosperity. Further, SCAG has developed a SoCal Climate Adaptation Planning Guide for local jurisdictions to utilize in identifying vulnerable areas and implementing adaptation strategies to reduce climate related hazards in their communities. As part of a larger Climate Adaptation Framework, SCAG launched a Climate Talks Outreach Strategies Toolkit for local jurisdictions and community-based organizations to engage with residents and better understand how climate change is affecting local communities.

Digital Divide Resolution

In February 2021, the Regional Council adopted Digital Divide Resolution that directs SCAG staff to develop a Broadband Action Plan, which would include:

- Developing a model resolution and policy paper for local jurisdictions, addressing the digital divide.
- Pursuing grant funding opportunities and partnerships to assist local jurisdictions with broadband implementation.
- Convening a working group to develop ways to facilitate rapid deployment of broadband technology such as streamlining the permit process, lowering fees to a reasonable level, and reducing the cost of entry and operation of broadband systems within underserved communities.
- Including broadband planning, data and research findings, and strategies as part of SCAG's work in promoting an inclusive Regional Economic Recovery and Strategy.

Racial Equity Early Action Plan

In July 2020, the Regional Council made a commitment to advancing justice, equity, diversity, and inclusion throughout Southern California and established an ad hoc Special Committee on Equity & Social Justice to advise the Regional Council on policies and practices to advance regional equity. The Committee met on a quarterly basis starting in September 2020 and concluding in March 2021. Based on discussions and feedback of the Committee, SCAG staff prepared the Racial Equity Early Action Plan to provide a framework for sharing the Committee’s recommendations with the Regional Council. The Racial Equity Early Action Plan establishes a definition of equity, overarching goals, and strategies to advance racial equity through SCAG’s policies, practices, and activities. It includes actions that can be initiated with existing resources through process improvements, leveraging current work activities, and forming new partnerships, as well as new efforts and programs that would need to be considered through the budget development process. The Early Action Plan is a “living document,” with opportunities to identify new actions over time.

Inclusive Economic Recovery Strategy

In Spring 2021, SCAG hosted 20 convenings with stakeholders across the SCAG region, including stakeholders from the private, public, and government sectors, sought feedback from SCAG’s Special Committee on Equity and Social Justice as well as the Community Economic and Human Development Committee and held three feedback sessions with the Global Land Use and Economics Council. The purpose of the convenings and feedback was to vet the principles and focus areas, learn about existing efforts across the region, identify strategies from stakeholders and practitioners and identify opportunities for coordination and collaboration. The recommendations in the Inclusive Economic Recovery Strategy (IERS) focus on the strategies and actions that SCAG is well-positioned to lead or implement with an appropriate partner. The final Inclusive Economic Recovery Strategy Report and recommendations were adopted by the Regional Council in July 2021.

Profile of SCAG

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

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

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

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

Governing Body of SCAG

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

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

SCAG's Mandates

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

(a) Development of the Regional Transportation Plan

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

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

As Connect SoCal sets a framework for the region's future transportation investments, various studies are undertaken to support its update, development, and implementation. Transportation studies

encompassing all modes of mobility (e.g., highway, express lanes, transit, rail, active transportation, goods movement, capacity enhancements, etc.), policy analysis, corridor studies, and land use studies are undertaken in consultation with numerous stakeholders and project sponsors. Land use studies and environmental analyses are also undertaken to comply with various state and federal requirements.

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

Connect SoCal was adopted by SCAG's Regional Council on May 7, 2020 for federal transportation conformity purposes and received final approval for all other purposes in September 2020. It represents the most comprehensive long-term (through 2045) vision for the future of our transportation system as well as urban forms that best complement our current and future transportation system while also supporting our regional GHG reduction targets per SB 375. Connect SoCal is a living document that must be revisited on a regular basis to keep it valid, relevant, and current with emergent challenges and opportunities. It must be amended occasionally to ensure major projects being planned and implemented in the region remain consistent with the prevailing RTP/SCS.

(b) Development of the Federal Transportation Improvement Program

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

The FTIP must include all federally funded transportation projects in the region as well as all regionally significant transportation projects which require approval from federal funding agencies regardless of the funding sources. The current 2021 FTIP was federally approved in April 2021, and includes approximately 2,000 projects for the region, totaling nearly \$35.3 billion over a six-year period.

(c) Transportation Conformity Analysis

In developing the RTP/SCS and FTIP, SCAG is responsible for ensuring that transportation plans and programs are consistent with, or conform to, the goals and objectives of applicable state air quality plans to attain federal air quality standards as required by the Federal Clean Air Act. Failure to achieve transportation conformity could result in rejection of the RTP/SCS and FTIP and withholding of federal funding and/or federal approval for Southern California's critical transportation needs. The FHWA and FTA have approved the transportation conformity determination for Connect SoCal, the 2020 RTP/SCS, and 2021 FTIP through Amendment #21-05.

(d) Integrated Growth Forecast

SCAG is responsible for producing socioeconomic estimates and projections at multiple geographic levels in multiple years following policy direction from the Community, Economic and Human Development

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

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

(a) Development of the Sustainable Communities Strategy

Required by SB 375, SCAG develops the Sustainable Communities Strategy (SCS) as an integral component of the regional transportation plan. SCAG reaches out to local jurisdictions to determine the range of land use and transportation priorities to develop a series of scenarios for regional growth, ultimately arriving at consensus for Connect SoCal’s Growth Vision to help guide the plan’s strategies, programs, and projects. Connect SoCal sets forth a forecasted development pattern for the region that integrates the transportation network, transportation measures and policies which will reduce GHG emissions from automobiles and light trucks and achieve overall GHG reduction targets as set by the California Air Resources Board (ARB). On March 22, 2018, ARB formally updated SCAG’s per-capita GHG reduction target at an ambitious 19 percent by 2035. The 2020 per-capita GHG reduction target was not updated and remained at 8 percent. As prepared, implementation of Connect SoCal will achieve the 2020 and 2035 GHG emission reduction targets established by ARB.

(b) Development and Submittal of Connect SoCal Technical Methodology

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

(c) Development of the Regional Housing Needs Assessment

The Regional Housing Needs Assessment (RHNA) is a requirement of State housing law and is a process that determines projected and existing housing need for all jurisdictions (city or unincorporated county) in California. The process to determine a RHNA allocation is conducted by a council of governments, such as SCAG, every eight (8) years. Every jurisdiction must plan for its RHNA allocation in its housing element of its General Plan by ensuring there is enough sites and zoning to accommodate their RHNA allocation. Many jurisdictions use the housing element as an opportunity to complement their economic development, open space, and sustainability goals with its housing goals. Once updated, housing elements are reviewed by the California Department of Housing and Community Development (HCD) and must be adopted by the jurisdiction. The 5th cycle RHNA allocation for the SCAG region was adopted in October 2012 and covers the housing element planning period October 2013 to October 2021. The 6th cycle allocation, which will cover the planning period October 2021 through October 2029, was adopted in March 2021.

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

Pursuant to the California Environmental Quality Act (“CEQA”, Pub. Res. Code § 21000 et seq.), SCAG is required to conduct environmental review for the RTP/SCS. SCAG fulfills this requirement with preparation of a Program Environmental Impact Report (PEIR) for Connect SoCal. The PEIR is a programmatic document that provides a region-wide assessment of the potential significant

environmental effects of implementing policies, strategies, projects, and programs included in the RTP/SCS. The PEIR provides a regional consideration of cumulative effects and includes land use policy alternatives and performance standards-based mitigation measures that are capable of avoiding, reducing, and compensating for the significant impacts of Connect SoCal to the maximum extent practicable. The PEIR programmatically analyzes the land use distribution patterns set forth in the SCS as well as alternative land use distribution patterns. The Final PEIR was certified on May 7, 2020 by the Regional Council. The Connect SoCal PEIR Addendum #1 was approved by the SCAG Regional Council on September 3, 2020, and Addendum #2 to the Connect SoCal PEIR was approved by the Regional Council on November 4, 2021.

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

(e) South Coast Air Quality Management Plan

Pursuant to California Health and Safety Code Section 40460, SCAG is responsible for preparing and approving the portions of the South Coast Air Quality Management Plan (AQMP) relating to regional demographic projections and integrated regional land use, housing, employment, and transportation programs, measures, and strategies. SCAG has been providing the South Coast Air Quality Management District with the socioeconomic growth forecast and travel activity projections from the adopted Connect SoCal for the development of the upcoming 2022 South Coast AQMP. SCAG prepared the Regional Transportation Plan/Sustainable Communities Strategy and Transportation Control Measures portion, commonly known as Appendix IV-C of the 2022 AQMP based on the adopted Connect SoCal and the 2021 FTIP.

Long-Term Financial Planning

SCAG has stable finances and continuously evaluates its financial outlook to address challenges in a proactive manner. The FY 2020-2021 financial statements reflect the measures SCAG has taken in prior years to operate using a model that balances revenues and expenditures. Traditionally, the Consolidated Planning Grant (CPG) revenue allocations (FHWA PL and FTA 5303 grants) have been sufficient to cover SCAG's core planning activities, but those costs have grown over time as personnel costs have risen and as SCAG has broadened its activities. Fortunately, SCAG was successful in its bid to increase its Transportation Development Act (TDA) revenues, and, thanks to Assembly Bill 1403, SCAG has had an additional annual revenue stream since FY 2011-2012 to continue its level of operations. In FY 2020-2021 TDA revenues exceeded \$5 million. SCAG is also receiving new Sustainable Communities Grant funds of around \$5.1 million starting in 2018 pursuant to the terms of Senate Bill 1, the Road Repair and Accountability Act of 2017.

Overall Work Program

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

and our external funding agencies. In addition, formal amendments to the OWP which involve major budgetary revisions are reviewed and approved by the Regional Council and applicable funding agencies.

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

Acknowledgements

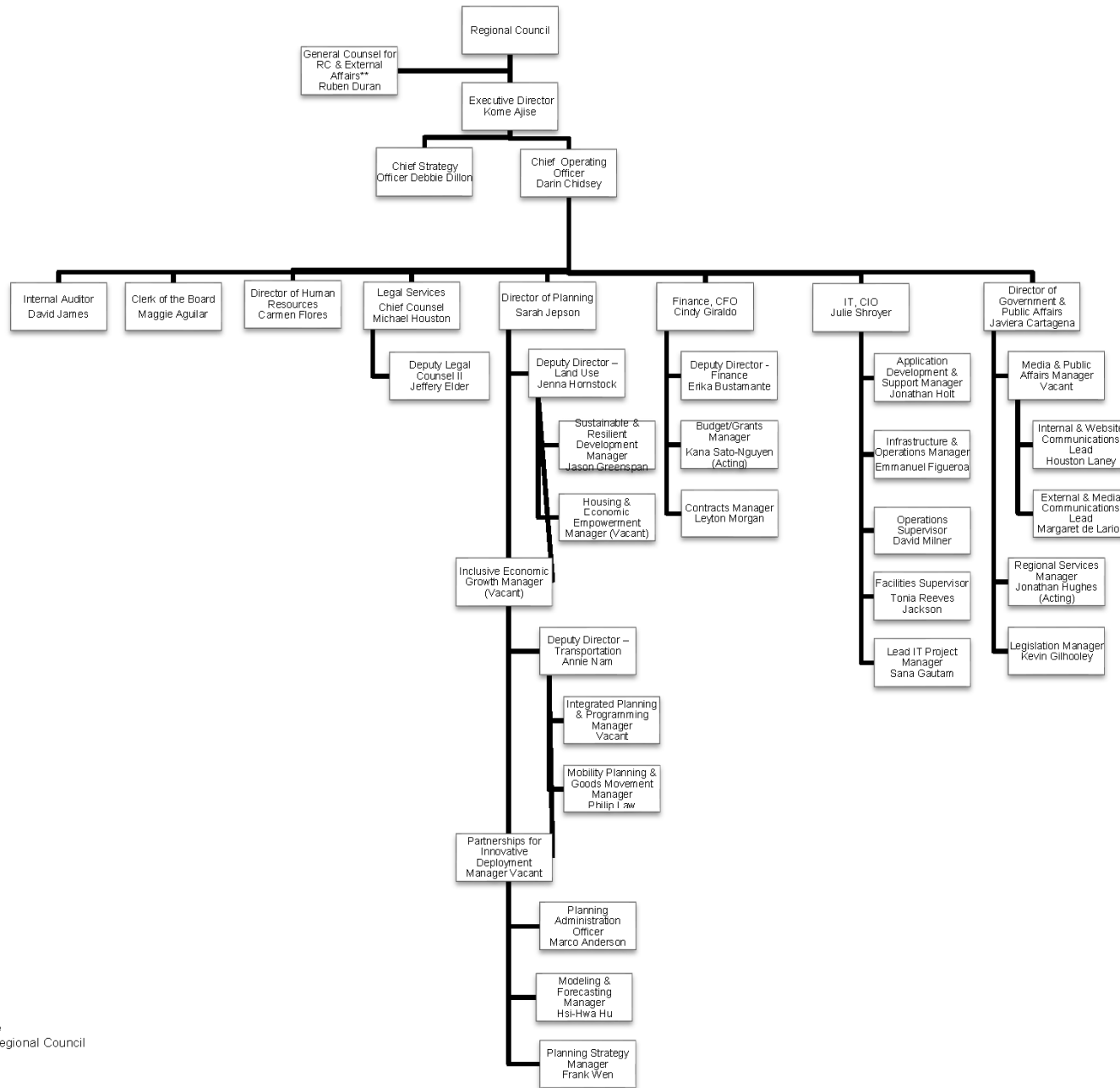
On behalf of each member of the management team at SCAG, we express our sincere gratitude to you, President Lorimore, and all the members of the Regional Council for your leadership, hard work and support throughout the year. We recognize that being a member of the Regional Council is a demanding responsibility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

Sincerely,

DocuSigned by:
Kome Ajise
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Kome Ajise
Executive Director

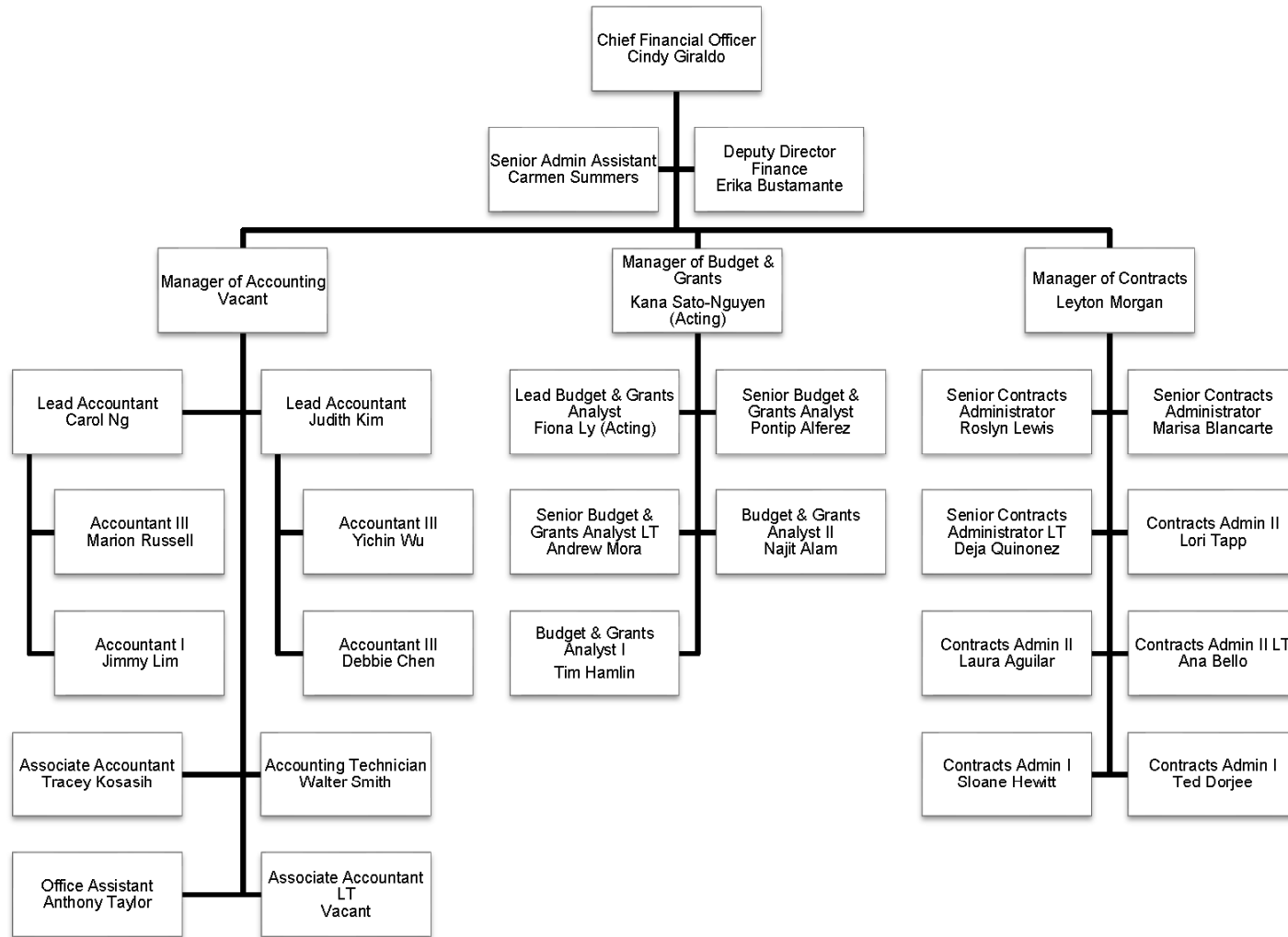
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Cindy Giraldo
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Cindy Giraldo
Chief Financial Officer

SCAG Organization Chart – February 2022



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

Finance Division





Government Finance Officers Association

Certificate of
Achievement
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Presented to

Southern California Association of Governments

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Financial Section



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern California Association of Governments (SCAG), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise SCAG's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of SCAG as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2022, on our consideration of SCAG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SCAG's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCAG's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
February 15, 2022

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, 2021. This overview should be read in conjunction with the transmittal letter and the accompanying financial statements in order to obtain a thorough understanding of SCAG's financial condition.

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

In this MD&A, the Statement of Net Position and the individual accounts, which comprise total assets and deferred outflows of resources and liabilities and deferred inflows of resources, are discussed and analyzed for the reader. Specific information about the functional areas of grant revenues reported in the Statement of Activities is also provided. Revenue and expenditure information about transportation, railroad, aviation, high-speed rail, housing, and other grants is reviewed. Finally, there is summary information about project work undertaken and completed by SCAG in FY 2020-2021.

FINANCIAL HIGHLIGHTS

Revenues increased to \$57.9 million in FY 2020-2021 from \$52.2 million in FY 2019-2020, an increase of \$5.7 million, or 10.9%.

Federal revenues increased by \$2.0 million; state revenues increased by \$8.7 million; local revenues decreased by \$0.6 million; and General Fund revenues decreased by \$4.4 million mainly due to a \$4.1 million recovery of disallowed grant costs related to the settlement of the Caltrans audits in FY 2019-2020.

Net position decreased by \$1.5 million to \$28.0 million primarily due to increased net pension liabilities.

Cash increased by \$3.1 million; receivables increased by \$6.2 million; the over-recovered indirect costs amount to \$0.2 million; and accounts and contracts payable and accrued liabilities increased by \$4.6 million mainly due to increases in Federal grants, all compared to FY 2019-2020.

Cash balances were adequate to support operations. There were no draws on SCAG's line of credit in FY 2020-2021.

As noted above, receivables increased \$6.2 million to \$18.2 million due to higher Federal receivables totaling \$5.2 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 \$4.4 million to \$10.1 million.

The unfunded net pension liability of \$46.9 million to CalPERS and PARS increased \$2.8 million from \$44.1 million last year. SCAG's liability for other post-employment benefits was \$3.1 million, down from last year by \$0.2 million.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

The government-wide financial statements distinguish between the activities of SCAG that are principally supported by grants or contracts, and the General Fund activities which are intended to be covered primarily by dues paid by SCAG's members. Changes in net position are a result of the financial activities of the General and Transportation Development Act (TDA) funds, not from the grant funds, which operate on a cost-reimbursement basis. The government-wide financial statements can be found on pages 18 and 19 of this report.

FUND-BASED REPORTING

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

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

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Management's Discussion and Analysis
Year ended June 30, 2021

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 22 to 53 of this report.

Statement of Net Position

The Statement of Net Position is prepared using accrual accounting since its measurement focus is total economic resources. Thus, it reports both long-term and short-term assets and deferred outflows of resources, and liabilities and deferred inflows of resources. At the end of FY 2020-2021, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$28.0 million compared to \$26.5 million in FY 2019-2020 resulting in a net position decrease of \$1.5 million.

The following is a summary of net positions as of June 30, 2021 and 2020:

	June 30	
	2021	2020
Current and other assets	\$ 34,245,531	\$ 24,844,834
Capital assets, net	6,083,678	5,433,945
Total assets	40,329,209	30,278,779
 Deferred outflows of resources	 6,949,572	 5,455,905
Current liabilities	18,612,576	8,723,857
Noncurrent liabilities	56,431,266	52,319,558
Total liabilities	75,043,842	61,043,415
 Deferred inflows of resources	 272,316	 1,236,732
 Net position		
Invested in capital assets	1,639,425	287,694
Restricted	8,609,460	11,084,386
Unrestricted	(38,286,262)	(37,917,543)
Total net position	\$ (28,037,377)	\$ (26,545,463)

Cash and Cash Equivalents

Over the last year, cash and cash equivalents has increased \$3.1 million to \$13.6 million. At June 30, 2021, cash as a percentage of total assets was 33.6%.

Accounts Receivable (AR)

ARs from federal, state, local and other agencies at the end of FY 2020-2021 were \$18.2 million compared to \$12.0 million the year before. AR balances represented 45% of total assets compared to 39% in FY 2019-2020.

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

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

Federal ARs at \$12.4 million were \$5.9 million more than last year. State receivables increased by \$0.2 million to \$5.2 million. Local grants and contracts receivable increased \$0.1 million to \$0.4 million. Other receivables increased to \$0.1 million.

Accounts and Contracts Payable (AP)

The AP balance increased from \$5.7 million to \$10.1 million.

Line of Credit (LOC)

During FY 2020-2021, SCAG did not draw on its LOC.

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

Financing Agreements

During FY 2017-18, SCAG entered into two five-year Equipment Financing Agreements with Bank of the West to finance the acquisition of furniture and audio-visual equipment in SCAG's new headquarters building in Los Angeles. The furniture financing was in the amount of \$1,241,980 at 4.86% while the equipment financing was in the amount of \$701,505 at 5.44%. SCAG makes monthly repayments.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Management's Discussion and Analysis
Year ended June 30, 2021

Capital Assets

Net investment in net capital assets is \$6,083,678. 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 6 of the basic financial statements.

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

	June 30	
	2021	2020
Construction in progress	523,208	-
Computer equipment and software, net	752,400	167,634
Leasehold improvements, net	4,712,410	5,045,721
Furniture and fixtures, net	95,660	220,590
	\$ 6,083,678	\$ 5,433,945

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Management's Discussion and Analysis
Year ended June 30, 2021

Statements of Activities

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

	June 30	
	2021	2020
REVENUES		
Charges for services - member dues	\$ 1,861,517	\$ 2,112,970
Operating grants and contributions	55,993,555	49,907,967
General revenues:		
Interest Income	74,632	122,252
Other revenue	7,500	10,000
	57,937,204	52,153,189
EXPENSES		
Transportation	19,694,557	19,039,509
Modeling	10,690,326	12,191,498
Environmental	4,188,153	4,377,155
Public Involvement	3,261,091	2,826,301
Sustainability initiatives	16,301,434	6,266,299
Administration	5,293,557	5,899,158
	59,429,118	50,599,920
Change in net position	(1,491,914)	1,553,269
Net position - beginning	(26,545,463)	(28,098,732)
Net position - ending	\$ (28,037,377)	\$ (26,545,463)

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Management's Discussion and Analysis
Year ended June 30, 2021

Total revenues in FY 2020-2021 were \$57.9 million compared to \$52.2 million last year. This is an increase of \$5.7 million or 10.9%. This increase is primarily attributable to Regional Early Action Planning (REAP) grant received by SCAG from the Department of Housing and Community Development in FY 2020-21.

The decrease in net position of \$1.5 million is primarily due to the increased net pension liabilities.

Major Expenses

In FY 2020-2021, salary expenses were \$17.6 million which included non-worktime (e.g., vacation leave, sick leave, and holiday) compared to \$15.3 million in FY 2019-2020. Salaries, including non-worktime, represent about 29.6% of total expenses.

Consultant expenses are the next largest expense line item. They increased \$4.3 million to \$17.0 million in FY 2020-2021 from \$12.7 million in FY 2019-2020. They represent about 28.7% of total expenses. Detailed information concerning specific consultant activities is analyzed below in the discussion about major revenues and expenses of federal, state, and local grants and the General Fund.

Federal Transportation Grants

Major FHWA and FTA Grants

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

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

FHWA PL and FTA 5303 revenues amounted to \$21.1 million and \$8.0 million, respectively, in FY 2020-2021. These two grants were billed \$29.1 million in FY 2020-2021 compared to \$29.3 million in FY 2019-2020. Salaries and fringe benefits accounted for \$11.2 million, consultant expenses were \$2.9 million and the balance consisted of indirect overhead of \$14.7 million and other direct project costs of \$0.3 million. Other direct project expenses include professional services, travel, printing, and other non-labor costs.

Other Federal Grants

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

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

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

FTA Section 5304 and FHWA Partnership Planning

Caltrans' Sustainable Transportation Planning Grant Program offers two discretionary grant programs on an annual basis. SCAG has been a successful grant recipient under this program to further the region's RTP/SCS. Under this grant program the total FTA Section 5304 and FHWA Partnership Planning budget for FY 2020-2021 was approximately \$2.0 million. The total amount expended for these two grant programs was about \$0.5 million in FY 2020-2021. The unused balance for grants not expiring at the end of fiscal year is carried forward to FY 2021-2022 and future years, if needed, subject to authorization from Caltrans.

FHWA Active Transportation Program

In FY 2017-2018, SCAG was awarded \$1.8 million in FHWA funds from Caltrans Local Assistance Office to build onto the previously funded Active Transportation Safety & Encouragement Campaign Program. The project continued being implemented during FY 2020-2021. Caltrans is the Direct Recipient of the funds from FHWA and SCAG is responsible for managing the program.

Office of Traffic Safety Active Transportation Safety

In FY 2019-2020, SCAG received a grant award in the amount of \$1.0 million from Office of Traffic Safety (OTS) for the Pedestrian and Bicycle Safety Program and completed the grant activities during FY 2020-2021. The funds were used to conduct a regional active transportation safety and encouragement campaign to reduce bicycle and pedestrian collisions. In FY 2020-2021, SCAG secured another grant award from OTS in the amount of \$1.3 million to continue the effort to promote and educate bicycle and pedestrian safety. OTS is the Direct Recipient of the National Highway Traffic Safety Administration funds and SCAG is responsible for managing the program.

Department of Energy, Energy Efficiency & Renewable Energy

SCAG received a cooperative agreement award in the amount of \$45,000 in FY 2015-2016, \$45,000 in FY 2016-2017, \$45,000 in FY 2017-2018, \$67,500 in FY 2018-2019, and an additional \$90,000 in FY 2019-2020. In FY 2020-2021, SCAG received a new cooperative agreement award in the amount of \$90,000. The funds are used for Clean Cities Outreach, Education and Performance Tracking project.

State Grants

The Sustainable Communities Competitive Grants reside under the Sustainable Transportation Planning Grant Program and include the traditional State Highway Account (SHA) funds and Senate Bill (SB) 1 funds that are deposited into the Road Maintenance and Rehabilitation Account (RMRA). SB1, the Road Repair and Accountability Act of 2017, is a transportation funding bill that supports and implements the RTP/SCS and helps achieve the State's greenhouse gas (GHG) reduction targets. SB1 expanded the existing Caltrans' Sustainable Transportation Planning Grant Program by offering a formula grant program to the MPOs. Under this formula grant program, SCAG, as an MPO, received a grant award in the amount of \$5.6million in FY 2017-2018, \$5.3 million in FY 2018-2019, \$5.3 million in FY 2019-2020, and an additional \$5.3 million in FY 2020-2021. The SB1 grant funds support various programs, including but not limited to, SCAG's Sustainability Planning Grant (SPG) program, Future Communities Initiative, and development and implementation of the SCS. In FY 2017-2018, SCAG also received two competitive grant awards in SB1 funds for \$1.24 million, which fund the effort to carry out ADA Paratransit Demand Forecast and Southern California Regional Climate Adaptation Framework projects. Both projects were completed in FY 2020-2021. In FY 2019-2020, SCAG received two competitive grant awards in SHA funds for approximately \$1.0 million. The unused balance for both formula and competitive grants not expiring at the end of fiscal year are carried forward to FY 2021-2022 and future years, if needed, subject to authorization from Caltrans.

In FY 2016-2017, SCAG received a grant award in the amount of \$2.5 million directly from SCAQMD for the AB2766/MSRC funding program. The funds are used for implementing the *Go Human* Program and the *Go Human* events continued to be held in various cities in FY 2020-2021. In FY 2018-2019, SCAQMD also awarded SCAG \$2.0 million for implementation of Future Communities Pilot Program to research new and innovative concepts for reducing VMT and carry out a few pilot programs, and SCAG continued the grant activities in FY 2020-2021.

In FY 2017-2018, SCAG received two more grants from the Caltrans Local Assistance Active Transportation Program: \$1.15 million to develop six active transportation plans in disadvantaged communities, and \$1.29 million to implement active transportation, safe routes to school, and complete streets plans for seven cities in SCAG region. Both projects continued being implemented in FY 2020-2021. Further, in FY 2019-2020, SCAG received several more grants from the Caltrans Local Assistance Office and continued the activities. These projects include \$0.32 million in active transportation safety and encouragement campaign in the cities of Beverly Hills and Hermosa Beach, \$2.6 million in temporary demonstration of active transportation infrastructure as well as public engagement activities, and \$0.22 million in active transportation and safety education program for students and parents in underserved communities in the county of Imperial. Several projects continued being implemented in FY 2020-2021 while the projects in Beverly Hills and Hermosa Beach are completed.

In FY 2020-2021, SCAG received from the Department of Housing and Community Development \$47 million in Regional Early Action Planning (REAP) funding to support local governments and stakeholders with housing planning activities that accelerate housing production and meet the region's goals of housing productions as determined by the sixth Cycle Regional Housing Needs Assessment (RHNA).

Local Revenues

Local revenues were \$5.8 million compared to \$6.4 million in FY 2019-2020, and consisted primarily of Transportation Development Act (TDA) funding. The TDA Fund, a major fund, had revenues of \$5.4 million. TDA funds are used to meet the local match requirement for federal and state grants. SCAG receives these funds under the terms of the State of California Public Utilities Code Section 99233.2, which authorizes the Transportation Commissions in Los Angeles, Orange, Riverside and San Bernardino counties to allocate up to $\frac{3}{4}$ of 1 percent of their local transportation funds to SCAG as the multi-county planning agency for the region. The TDA fund balance decreased to \$8.6 million, primarily due to increased expenditures for modeling and sustainability initiatives.

General Fund

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

The comparative summary statement of revenues, expenditures, and changes in fund balances of the GF shown below is reported on a modified accrual basis. In FY 2020-2021, annual revenues and other financing sources nearly offset expenditures with only a \$0.1 million increase in fund balance.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Management's Discussion and Analysis
Year ended June 30, 2021

	June 30	
	2021	2020
Revenues:		
Membership assessments	\$ 1,861,517	\$ 2,112,970
Recovery of disallowed grant costs	-	4,062,579
General assembly	7,500	10,000
Interest and other	74,632	122,252
Total revenues	1,943,649	6,307,801
Expenditures:		
Transportation	1,400	726
Environmental	-	-
Modeling	-	708
Public Involvement	600	45
Sustainability Initiatives	-	2,150
Administration	1,177,304	2,045,195
Disallowed Grant Costs	-	-
Capital outlay	1,254,684	-
Indirect cost	18,992,533	15,618,533
Indirect cost recovery	(20,666,267)	(17,691,911)
Under-recovery of indirect cost	1,673,734	2,073,378
Total expenditures	2,433,988	2,048,824
Deficiency of revenues over expenditures	(490,339)	4,258,977
Other financing sources (uses):		
Transfers in	646,292	-
Transfers out	(70,753)	(77,059)
Proceeds from financing	-	-
Total other financing sources (uses)	575,539	(77,059)
Change in fund balance	85,200	4,181,918
Fund balance, beginning of year	6,938,295	2,756,377
Fund balance, end of year	\$ 7,023,495	\$ 6,938,295

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. In light of the economic difficulties being experienced by all of our members in FY 2020-2021, staff recommended that the General Assembly approve the assessment with a 20% waiver. Member dues collections decreased in FY 2020-2021 - to \$1,861,517 from \$2,112,970, in FY 2019-2020, a decrease of 11.9 %.

Other GF Revenues and Interest Income

Total other revenues decreased in FY 2020-2021 to \$74,632 from \$122,252 in FY 2019-2020.

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 \$1.5 million compared to the budget of \$2.7 million, a difference of \$1.2 million. The primary savings resulted from changes to the annual Regional Conference & General Assembly which was held virtually due to the COVID-19 pandemic. The GF budget includes RC expenditures including member stipends, travel, monthly RC meeting expenses, and annual meetings most of which had reduced expenses. It also includes contracted federal and state lobbying, and legal fees.

Next Year's Budgets

SCAG's Comprehensive Budget for FY 2021-2022 is \$147.1 million compared to \$96.0 million in FY 2020-2021, a net increase of \$51.1 million or 53.2% mainly due to an increase in Federal FTA pass-through grants that SCAG will administer for local transit operators; an increase in local funds to support the FTA grant projects; and an increase in state funds for the MSRC Last Mile Freight Grant Program. The funding for the FY 2020-2021 OWP comes from the Federal government (35%), 32% from the State of California, and 33% from local funds.

Requests for Information

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

Basic Financial Statements

Southern California Association of Governments

Statement of Net Position

June 30, 2021

Assets	
Cash and cash investments	\$ 13,558,719
Receivables:	
Federal grants	12,441,119
State grants and contracts	5,240,440
Local grants and contracts	460,221
Other	57,639
Prepays	2,645,389
Other assets	6,774
Capital assets, net	<u>6,083,678</u>
Total assets	<u>40,493,979</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	6,127,349
Deferred outflows of resources related to OPEB	<u>822,223</u>
Total deferred outflows of resources	<u>6,949,572</u>
Liabilities	
Accounts and contracts payable	10,145,130
Accrued liabilities	634,397
Advances from grantors	493,198
Unearned revenues	7,339,851
Over-recovery of indirect costs	164,770
Noncurrent liabilities:	
Due within one year	1,919,750
Due in more than one year	<u>54,511,516</u>
Total liabilities	<u>75,208,612</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	<u>272,316</u>
Net Position	
Net investment in capital assets	1,639,425
Restricted for:	
Transportation projects	8,609,460
Unrestricted	<u>(38,286,262)</u>
Total net position	<u>\$ (28,037,377)</u>

Southern California Association of Governments

Statement of Activities
Year Ended June 30, 2021

		Program Revenues			
	Expenses	Charges for Services - Member Dues	Operating Grants and Contributions	Net (Expenses) Revenues and Change in Net Position	
Functions/programs					
Transportation	\$ 19,694,557	\$ -	\$ 19,693,157	\$ (1,400)	
Environmental Modeling	4,188,153	-	4,188,153	-	
Public Involvement	10,690,326	-	10,690,326	-	
Sustainability Initiatives	3,261,091	-	3,260,491	(600)	
Administration	16,301,434	-	16,301,434	-	
	5,293,557	1,861,517	1,859,994	(1,572,046)	
Total governmental activities	\$ 59,429,118	\$ 1,861,517	\$ 55,993,555	(1,574,046)	
General revenues					
Interest income				74,632	
Other revenue				7,500	
Total general revenues				82,132	
Change in Net Position				(1,491,914)	
Net Position, Beginning of Year				(26,545,463)	
Net Position, End of Year				\$ (28,037,377)	

Southern California Association of Governments
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	FTA 5303 Fund	FHWA PL Fund	FTA 5312 Fund	TDA Fund	REAP AB 101 Fund	Nonmajor Funds	Total
Assets								
Cash and cash equivalents	\$ 13,558,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,558,719
Receivables								
Federal grants	-	3,548,754	3,875,320	4,155,750	-	-	861,295	12,441,119
State grants and contracts	-	-	-	-	-	4,465	5,235,975	5,240,440
Local grants and contracts	-	-	-	-	424,034	-	36,187	460,221
Other	57,639	-	-	-	-	-	-	57,639
Due from other funds	895,316	-	-	-	8,640,197	8,244,097	537,442	18,317,052
Prepays	2,645,389	-	-	-	-	-	-	2,645,389
Other assets	6,774	-	-	-	-	-	-	6,774
Total assets	\$ 17,163,837	\$ 3,548,754	\$ 3,875,320	\$ 4,155,750	\$ 9,064,231	\$ 8,248,562	\$ 6,670,899	\$ 52,727,353
Liabilities and Fund Balances								
Liabilities								
Accounts and contracts payable	\$ 1,340,397	\$ 995,261	\$ 183	\$ 4,152,964	\$ 454,771	\$ 1,239,042	\$ 1,962,512	\$ 10,145,130
Accrued liabilities	634,397	-	-	-	-	-	-	634,397
Due to other funds	7,670,447	2,553,493	3,875,137	2,786	-	-	4,215,189	18,317,052
Advances from grantors	-	-	-	-	-	-	493,198	493,198
Unearned revenues	330,331	-	-	-	-	7,009,520	-	7,339,851
Over-recovery of indirect costs	164,770	-	-	-	-	-	-	164,770
Total liabilities	10,140,342	3,548,754	3,875,320	4,155,750	454,771	8,248,562	6,670,899	37,094,398
Fund Balances								
Nonspendable for								
Prepays and other assets	2,652,163	-	-	-	-	-	-	2,652,163
Restricted								
Transportation	-	-	-	-	8,609,460	-	-	8,609,460
Unassigned								
General fund	4,371,332	-	-	-	-	-	-	4,371,332
Total fund balances	7,023,495	-	-	-	8,609,460	-	-	15,632,955
Total liabilities and fund balances	\$ 17,163,837	\$ 3,548,754	\$ 3,875,320	\$ 4,155,750	\$ 9,064,231	\$ 8,248,562	\$ 6,670,899	\$ 52,727,353

Southern California Association of Governments
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position
June 30, 2021

Total governmental fund balances	\$ 15,632,955
Amounts reported for governmental activities in the accompanying statement of net position are different because:	
Capital assets, net of accumulated depreciation of \$7,687,781 used in governmental activities are not financial resources; they are therefore, not reported in the governmental funds financial statements	6,083,678
Long-term liabilities are not due and payable at year end; they are therefore, not reported in the governmental funds financial statements	
Compensated absences liabilities	(2,001,440)
Net pension liabilities	(46,898,993)
Net OPEB liability	(3,086,580)
Financing agreements	(690,846)
Tenant improvement allowance	(3,753,407)
Deferred outflows of resources are not considered financial resources and are not reported in the governmental funds	
Pensions	6,127,349
OPEB	822,223
Deferred inflows of resources are not available to pay for current period expenses and are not reported in the governmental funds	
OPEB	(272,316)
Net Position	\$ (28,037,377)

Southern California Association of Governments
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General Fund	FTA 5303 Fund	FHWA PL Fund	FTA 5312 Fund	TDA Fund	REAP AB 101 Fund	Nonmajor Funds	Total
Revenues								
Federal grants, net	\$ -	\$ 7,968,742	\$ 21,155,220	\$ 4,189,616	\$ -	\$ -	\$ 2,087,258	\$ 35,400,836
State grants and contracts	-	-	-	-	-	4,862,701	9,896,308	14,759,009
Local grants and contracts	-	-	-	-	5,448,436	-	385,274	5,833,710
Membership assessments								
Cities	1,483,344	-	-	-	-	-	-	1,483,344
Counties	280,673	-	-	-	-	-	-	280,673
Commission	81,500	-	-	-	-	-	-	81,500
Transportation corridor agency	8,000	-	-	-	-	-	-	8,000
Air districts	8,000	-	-	-	-	-	-	8,000
General assembly	7,500	-	-	-	-	-	-	7,500
Interest and other	74,632	-	-	-	-	-	-	74,632
Total revenues	1,943,649	7,968,742	21,155,220	4,189,616	5,448,436	4,862,701	12,368,840	57,937,204
Expenditures								
Transportation	1,400	2,564,365	6,477,598	4,189,616	2,300,471	427,671	3,733,436	19,694,557
Environmental	-	487,033	2,147,264	-	217,578	-	1,336,278	4,188,153
Modeling	-	1,549,704	6,284,755	-	1,887,201	-	968,666	10,690,326
Public involvement	600	1,267,713	1,429,026	-	261,759	-	301,993	3,261,091
Sustainability initiatives	-	1,046,428	3,048,901	-	2,611,852	3,565,996	6,028,257	16,301,434
Administration	1,177,304	1,053,499	1,767,676	-	197,515	222,742	210	4,418,946
Debt service								
Principal	-	-	-	-	393,012	-	-	393,012
Interest	-	-	-	-	23,804	-	-	23,804
Capital outlay	1,254,684	-	-	-	100,923	-	-	1,355,607
Indirect cost	18,992,533	-	-	-	-	-	-	18,992,533
Indirect cost recovery	(20,666,267)	-	-	-	-	-	-	(20,666,267)
Over-recovery of indirect costs	1,673,734	-	-	-	-	-	-	1,673,734
Total expenditures	2,433,988	7,968,742	21,155,220	4,189,616	7,994,115	4,216,409	12,368,840	60,326,930
Excess (Deficiency) of Revenues Over (Under) Expenditures	(490,339)	-	-	-	(2,545,679)	646,292	-	(2,389,726)
Other Financing Sources (Uses)								
Transfers in	646,292	-	-	-	70,753	-	-	717,045
Transfers out	(70,753)	-	-	-	-	(646,292)	-	(717,045)
Total other financing sources (uses)	575,539	-	-	-	70,753	(646,292)	-	-
Change in Fund Balance	85,200	-	-	-	(2,474,926)	-	-	(2,389,726)
Fund Balances, Beginning of Year	6,938,295	-	-	-	11,084,386	-	-	18,022,681
Fund Balances at End of Year	\$ 7,023,495	\$ -	\$ -	\$ -	\$ 8,609,460	\$ -	\$ -	\$ 15,632,955

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, 2021

Change in Fund Balances - Total Governmental Funds \$ (2,389,726)

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

Governmental funds report capital outlays as expenditures.

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

Capital outlay	\$ 1,280,914	
Depreciation expense	<u>(631,181)</u>	649,733

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

Compensated absences liabilities	(296,979)
Amortization of tenant improvement allowance	308,986

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

Debt service payment	393,012
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Governmental funds report pension/OPEB contributions as expenditures. Such amounts are reported as deferred outflows of resources on the full accrual basis. The impact of pension and OPEB accounting is as follows:

Change in net pension liability	(2,819,291)
Change in net OPEB liability	204,268
Change in pension deferred inflows/outflows	2,227,910
Change in OPEB deferred inflows/outflows	<u>230,173</u>

Change in Net Position of Governmental Activities \$ (1,491,914)

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

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

C. Major Funds

SCAG considers the following funds as major governmental funds:

Governmental Funds

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

The special revenue funds are described below:

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

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

Federal Transit Administration (FTA) Sec. 5312 Fund – This fund is established to account for revenues from FTA. These funds are available and restricted to support expenditures for specifically identified purposes and projects relating to public transportation.

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

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

D. Grant Revenues

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

E. Unearned Revenue and Advances from Grantors

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

F. Long-Term Liabilities

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

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

G. Cash and Cash Equivalents

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

H. Capital Assets

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

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

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

I. Compensated Absences

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

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

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements prior to June 30, 2021, that have effective dates that may impact future financial statement presentation. The effect of these statements is currently under review by SCAG:

- GASB Statement No. 87, *Leases*.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*.
- GASB Statement No. 91, *Conduit Debt Obligations*.
- GASB Statement No. 92, *Omnibus 2020*.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.
- GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84 and a Supersession of GASB Statement No. 32*.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*

K. Pensions

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

L. Other Post-Employment Benefits (OPEB)

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

M. Deferred Outflows and Inflows of Resources

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

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

N. Use of Estimates

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

O. Fund Balance Reporting

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

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

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

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

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

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

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

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

The Regional Council, as SCAG's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken. Committed amounts cannot be used for any other purpose unless the Regional Council removes or changes the specific use through the same type of formal action taken to establish the commitment. SCAG does not have any fund balance that meets this classification as of June 30, 2021.

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

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

Note 2 - Stewardship, Compliance, and Accountability

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

Fund	Final Budget	Expenditures	Excess
Major Fund			
General Fund			
Public Involvement	-	\$ 600	600
Transportation	-	\$ 1,400	1,400

Note 3 - Cash and Cash Equivalents

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

Book balance of deposits with financial institutions	\$ 4,777,422
Cash and cash equivalents in County of Los Angeles Treasury	8,780,607
Petty cash	690
	\$ 13,558,719

A. Deposits

At June 30, 2021, SCAG's cash and cash equivalents consisted of deposits with the County of Los Angeles Treasury, deposits with an independent financial institution, and petty cash on hand, all of which are presented in the accompanying basic financial statements at fair value.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and SCAG's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2021, the SCAG's deposits with financial institutions were covered by FDIC up to \$250,000, and the remaining amounts of \$4,544,712 were collateralized by the financial institution's agent as described above.

B. Investments Authorized by SCAG's Investment Policy

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

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

C. County of Los Angeles Treasurer's Pool

At June 30, 2021 and as permitted by California Government Code Section 53635, a portion of SCAG's cash balance totaling \$8,780,607 was on deposit in the County Pool. SCAG's investments in the County Pool represent less than 1% of the County Pool's investments. Cash on deposit in the County Pool at June 30, 2021, is stated at fair value. The County Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. The County Treasurer prepares an Investment Policy Statement (policy) annually, which is presented to the Board of Supervisors for approval. The policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the California Government Code, and in general, the Treasurer's policy is more restrictive than state law. At June 30, 2021, the weighted average maturity for the County pool approximated 590 days and the County pool is not rated. For further information regarding the Los Angeles County Investment Pool, refer to the County of Los Angeles Comprehensive Annual Financial Report.

Fair Value Measurements

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

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

Deposits and withdrawals are made on the basis of \$1 and not fair value. Accordingly, SCAG's cash and cash equivalents in the Los Angeles County Investment Pool at June 30, 2021, is uncategorized and not defined as a Level 1, Level 2, or Level 3 input.

Note 4 - Indirect Overhead

Indirect costs are budgeted and actual costs are allocated and recovered from all grantors based on a predetermined fixed rate percentage applied to the sum of actual direct labor and fringe benefit cost incurred. The annual budget and the calculations of the fixed rate percentage are reviewed, negotiated, and approved annually by the California Department of Transportation (Caltrans). A cost allocation plan is prepared and submitted to Caltrans in accordance with procedures of the Uniform Guidance, 2 CFR Part 200, Sub part E – Cost Principles. Variations between actual indirect costs incurred and the allocated and recovered amounts are recorded as receivables or liabilities, as the case may be, and are allowed by Caltrans to be carried forward to future years' indirect cost allocation plan.

An under-recovery of \$1,508,964 was carried forward from FY 2019-2020 and added to the over-recovered indirect costs for FY 2020-2021. The over-recovered amount at June 30, 2021 is included in the General Fund and presented as a liability. The fixed percentage rate that was approved by Caltrans and used for FY 2020-2021 was 130.98% of salaries plus fringe benefits. A recap of the carryforward amount follows:

	Indirect Costs
Indirect costs	\$ 18,992,533
Indirect costs recovered	20,666,267
(Over) under-recovered indirect costs	(1,673,734)
(Over) under-recovered indirect costs, beginning of year	1,508,964
(Over) under-recovered indirect costs, end of year	\$ (164,770)

The balance of over-recovered indirect costs at June 30, 2021 amounting to \$164,770 will be carried forward as an adjustment to the calculation of the indirect cost carryforward for FY 2021-2022.

Note 5 - Unearned Revenue and Advances from Grantors

Unearned revenue consisted of the following:

A. Membership Dues/Sponsorships

Cash received as of June 30, 2021 for member dues for the following year amounted to \$278,331. Cash received for sponsorships for the following year amounted to \$42,000. These amounts are reported as unearned revenue in the governmental and government-wide statements.

B. Regional Early Action Planning (REAP) Grant Advances

SCAG was awarded Regional Early Action Planning (REAP) funding from Assembly Bill (AB) 101 to provide housing planning and process improvement services to cities and counties. \$7,009,520 is reported as unearned revenue as of June 30, 2021.

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Note 6 - Capital Assets

SCAG's capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 523,208	\$ -	\$ 523,208
Capital assets being depreciated				
Computer equipment and software	6,230,509	708,887	-	6,939,396
Leasehold improvements	6,035,568	48,819	-	6,084,387
Furniture and fixtures	855,649	-	-	855,649
Total Capital Assets Being Depreciated	13,121,726	757,706	-	13,879,432
Less accumulated depreciation and amortization				
Computer equipment and software	(6,062,874)	(124,122)	-	(6,186,996)
Leasehold improvements	(989,847)	(382,130)	-	(1,371,977)
Furniture and fixtures	(635,060)	(124,929)	-	(759,989)
Total Accumulated Depreciation and Amortization	(7,687,781)	(631,181)	-	(8,318,962)
Total Capital Assets Being Depreciated, Net	5,433,945	126,525	-	5,560,470
Capital Assets, Net	\$ 5,433,945	\$ 649,733	\$ -	\$ 6,083,678

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

Transportation	\$ 305,300
Environment/Compliance	40,523
Sustainability/Housing	113,082
Modeling/Forecasting/GIS	155,938
Public Involvement/Others	16,338
	\$ 631,181

Note 7 - Interfund Balances

The interfund due to/from amounts at June 30, 2021 were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Major governmental funds		
General fund	\$ 895,316	\$ 7,670,447
FTA 5303 fund	-	2,553,493
FTA 5312 fund	-	2,786
FHWA PL fund	-	3,875,137
TDA fund	8,640,197	-
REAP AB101	8,244,097	-
Total	<u>17,779,610</u>	<u>14,101,863</u>
Non-Major Governmental Funds	<u>537,442</u>	<u>4,215,189</u>
	<u>\$ 18,317,052</u>	<u>\$ 18,317,052</u>

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

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

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

B. Contract Commitments

At June 30, 2021, SCAG is contractually committed to pay for certain future transportation, technical and other planning consulting services amounting to \$20,477,305.

C. Operating Leases

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

Wilshire Grand Center Office Space

On January 1, 2018, SCAG entered into a new agreement for the rental of new office space for a term of 15 years and 9 months, through September 30, 2033. The lease agreement included a beneficial occupancy period of 15 months. SCAG accounts for scheduled rent payments on a straight-line basis with a monthly amount of \$105,799.

At June 30, 2021, minimum lease commitments under non-cancelable operating leases with initial terms of one year or more are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2022	\$ 1,425,201
2023	1,397,833
2024	1,423,019
2025	1,463,955
2026	1,522,562
2027-2031	8,576,853
2032-2034	4,435,766
Total	<u>\$ 20,245,189</u>

SCAG made total operating lease payments of \$2,209,272 during the fiscal year ended June 30, 2021.

D. Contingent Liabilities

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

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

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

Self-Insurance Programs of the Authority

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

Primary Liability Program

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

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

Workers’ Compensation Program

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

For 2020-21, the Authority’s pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers’ Compensation Law. Employer’s Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer’s Liability losses from \$5 million to \$10 million are pooled among members.

Purchased InsuranceProperty Insurance

SCAG participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. SCAG's property is currently insured according to a schedule of covered property submitted by SCAG to the Authority. SCAG's property currently has all-risk property insurance protection in the amount of \$13,627,690. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

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

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2020-21.

F. Other Employee Benefits

SCAG also provides health insurance, vision, and dental benefits to employees under fully insured plans. The benefits are funded on a pay-as you-go basis in which SCAG pays premiums up to a maximum amount to cover the employees who participate in the program or payments are made directly to employees who have elected not to participate in the program. During the year ended June 30, 2021, SCAG paid \$1,653,369 of health insurance premiums and \$258,418 of vision and dental insurance premiums, as well as \$552,422 to employees who had no health insurance elections.

Note 9 - Line of Credit

SCAG has a \$6.5 million line of credit arrangement with an independent financial institution, which expires on March 31, 2022. It was established to provide access to cash, if needed, on a current basis. If advances are requested, they are secured by an assignment of all monies due, or to be due, from Caltrans. Advances must be made in minimum amounts of \$350,000. The line of credit was not used in the year ended June 30, 2021 and no liability was outstanding.

The line of credit agreement contains certain covenants regarding timely repayment, maintenance of certain levels of financial position, and other criteria. At June 30, 2021, SCAG management believes SCAG was in compliance with the financial covenants.

Note 10 - Long-Term Liabilities

The following is a summary of changes in SCAG's long-term liabilities for the year ended June 30, 2021:

	Balance at July 01, 2020	Additions	Deletions	Balance at June 30, 2021	Due within One year
Compensated absences	\$ 1,704,461	\$ 296,979	\$ -	\$ 2,001,440	\$ 1,199,707
Net pension liabilities - PARS	677,372	-	131,675	545,697	-
Net pension liabilities - PERS	43,402,330	2,950,966	-	46,353,296	-
Net OPEB liability	3,290,848	-	204,268	3,086,580	-
Financing agreements	1,083,858	-	393,012	690,846	413,400
Tenant improvement allowance	4,062,393	-	308,986	3,753,407	306,643
Total Governmental Activities	\$ 54,221,262	\$ 3,247,945	\$ 1,037,941	\$ 56,431,266	\$ 1,919,750

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

A. Furniture and Equipment Financing Agreements

During fiscal year 2018, SCAG entered into two five-year financing agreements with Bank of the West to finance the acquisition of furniture and audio-visual equipment in SCAG's new headquarters building in Los Angeles. The furniture financing was in the amount of \$1,241,980 at 4.86% while the equipment financing was in the amount of \$701,505 at 5.44%. The amount of principal and interest outstanding as of June 30, 2021, is \$690,846 and \$30,882, respectively. These outstanding amounts contain a provision that in an event of a default, the outstanding amounts become immediately due if SCAG is unable to make payment. Principal and interest paid during the current year totaled \$419,622.

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

Fiscal Year Ending June 30,	Furniture Financing		
	Principal	Interest	Total
2022	\$ 264,368	\$ 14,799	\$ 279,167
2023	160,240	2,606	162,846
Total	\$ 424,608	17,405	442,013
Fiscal Year Ending June 30,	Equipment Financing		
	Principal	Interest	Total
2022	\$ 149,033	\$ 10,804	\$ 159,837
2023	117,205	2,673	119,878
Total	\$ 266,238	13,477	279,715

B. Tenant Improvement Allowance

On January 1, 2018, SCAG was granted a tenant improvement allowance in the amount of \$4,829,000 at the inception on the new office building lease for leasehold improvements. The deferred lease credits are to be amortized over the term of the lease of 15 years and 9 months. The amount amortized during the current year was \$308,986 with a remaining balance of \$3,753,407.

Note 11 - Related Party Transactions

For the year ended June 30, 2021, SCAG recorded \$1,861,517 as membership revenue. These revenues are received from member cities, counties, transportation commissions and two Indian tribes whose representatives also serve on the Regional Council of SCAG. Such revenues are shown as membership assessments in the accompanying basic financial statements. The individual member assessments are calculated by a variable fixed base amount dependent on population plus a pro-rata allocation based on population. The bylaws of SCAG specify the method of calculation for the annual member assessments.

Note 12 - Retirement Plans

SCAG participates in the California Public Employees' Retirement System (CalPERS) and Public Agency Retirement System (PARS) for supplemental pension plan which are subject to GASB Statement No. 68. A summary of pension amounts for SCAG's plans at June 30, 2021 is presented below:

	<u>CalPERS</u>	<u>PARS</u>	<u>Total</u>
Deferred outflows - pensions	\$ 6,123,282	\$ 4,067	\$ 6,127,349
Net pension liability	46,353,296	545,697	46,898,993
Pension expenses (credits)	5,550,522	105,508	5,656,030

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

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

Benefits Provided

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

The Plan’s provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible annual compensation	1.1% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	9.427%	9.427%

Employees Covered

At June 30, 2021, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	243
Inactive employees entitled to but not yet receiving benefits	198
Active employees	134
Total	575

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for each of the Tiers within the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. SCAG’s contributions to the Plan for the year ended June 30, 2021 were \$4,826,472.

B. Net Pension Liability

SCAG's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.625%
Payroll Growth	2.875%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership
Post Retirement Benefit Increase	Contract COLA up to 2.0% until

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

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

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

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

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

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

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

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

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

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C. Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019	\$ 134,187,303	\$ 90,784,973	\$ 43,402,330
Changes in the year			
Service Cost	2,412,334	-	2,412,334
Interest on the total pension liability	9,463,839	-	9,463,839
Differences between expected and actual experience	704,626	-	704,626
Contributions from the employer	-	4,147,506	(4,147,506)
Contributions from the employee	-	1,135,142	(1,135,142)
Net investment income	-	4,475,170	(4,475,170)
Benefit payments, including refunds of employee contributions	(7,473,419)	(7,473,419)	-
Administrative expenses	-	(127,985)	127,985
Net changes during measurement period	5,107,380	2,156,414	2,950,966
Balance at June 30, 2020	\$ 139,294,683	\$ 92,941,387	\$ 46,353,296

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

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

	Miscellaneous		
	1% Decrease (6.15%)	Current Discount rate (7.15%)	1% Increase (8.15%)
Net Pension Liability	\$ 62,898,516	\$ 46,353,296	\$ 32,545,039

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2021, SCAG recognized pension expense of \$5,550,522. At June 30, 2021, SCAG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 649,069	\$ -
Net differences between projected and actual earnings on plan investments	647,741	-
Contributions subsequent to measurement date	<u>4,826,472</u>	-
Total	<u>\$ 6,123,282</u>	<u>\$ -</u>

\$4,826,472 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30</u>	
2022	\$ 70,166
2023	379,125
2024	467,293
2025	<u>380,226</u>
Total	<u>\$ 1,296,810</u>

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

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

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

Benefits Provided

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

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

The Plan's provisions and benefits in effect at June 30, 2021 are summarized as follows:

Employees Covered

At June 30, 2021, all employees covered by the benefit terms for each Plan were inactive employees or beneficiaries currently receiving benefits. There were 10 participants.

Contributions

Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by the actuarial firm of Milliman. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits paid to retirees during the year on a pay-as-you-go basis. SCAG is not prefunding these benefits. SCAG's contributions to the Plan for the year ended June 30, 2021 were \$98,310.

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

B. Net Pension Liability

Actuarial Assumptions

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

	<u>Miscellaneous</u>
Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	2.21%
Inflation	0.00%
Payroll Growth	None (1)
Projected Salary Increases	None (1)
Investment Rate of Return	6.0% (2)
Mortality	Males: RP-2000 Males rate projected to 2020 using scale BB (as prescribed by PARS) Females: RP-2000 Females rate projected to 2020 using scale BB (as prescribed by PARS)

(1) Plan has no active members.

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

Discount Rate

The primary assumption in determining the sufficiency of a plan's fiduciary net position relates to expected employer contributions. As of June 30, 2021, the Plan is not being prefunded. Thus, the employer contributions are sufficient to cover only current benefit payments. Since there is a date of depletion, the discount rate is much lower than the current 6% investment return assumption. Projected benefit payments are discounted using the municipal bond index after the date that assets are expected to be depleted. SCAG chose the Bond Buyer GO 20-Bond Municipal Bond Index. The bond index decreased from 3.50% as of June 30, 2020 to 2.21% as of June 30, 2021. The Fiduciary Plan Net Position is \$62,485, leaving an unfunded liability, known as the Net Pension Liability of \$545,697.

Southern California Association of Governments

Notes to Financial Statements

June 30, 2021

C. Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020	\$ 706,953	\$ 29,581	\$ 677,372
Service Cost	-	-	-
Interest on the total pension liability	14,966	-	14,966
Effect of economic/demographic gains or losses	(56,668)	-	(56,668)
Effect of assumption changes or inputs	2,842	-	2,842
Benefit payments	(59,911)	(59,911)	-
Contributions from the employer	-	98,310	(98,310)
Net investment income	-	6	(6)
Administrative expenses	-	(5,501)	5,501
Net changes	(98,771)	32,904	(131,675)
Balance at June 30, 2021	\$ 608,182	\$ 62,485	\$ 545,697

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

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

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

	1% Decrease (1.21%)	Current Discount rate (2.21%)	1% Increase (3.21%)
Net Pension Liability	\$ 598,678	\$ 545,697	\$ 498,749

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

For the year ended June 30, 2021, SCAG recognized a pension expense of \$105,508. At June 30, 2021, the SCAG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings	\$ 4,067	\$ -

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

<u>Year ended June 30</u>	
2022	\$ 1,457
2023	1,181
2024	881
2025	<u>548</u>
Total	<u>\$ 4,067</u>

Note 13 - Deferred Compensation

SCAG has a deferred compensation plan that is available to substantially all employees. The plan allows employees to defer a portion of their current income from state and federal taxation. Employees may withdraw their participation at any time by giving written notice at least 30 days prior to the effective date of withdrawal. At June 30, 2021, plan assets totaling \$33,569,090 were held by independent trustees and, as such, are not reflected in the accompanying basic financial statements.

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

Note 14 - Post Employment Healthcare Plan

A. Plan Description

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

B. Benefits Provided

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

Employees Covered by Benefit Terms

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

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

Contributions

The annual contribution is based on the actuarially determined contribution. Employees are not required to contribute to the plan. Contributions recognized by the Plan from the employer for the year ended June 30, 2021 were \$698,772.

C. Net OPEB Liability

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

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
Payroll Growth	2.75%
Investment Rate of Return	6.75%
Mortality	(1)
Healthcare Trend Rate	7.5% for 2021 decreasing to 4.5%

(1) Derived using CalPERS Membership Data for all Funds

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period.

Southern California Association of Governments

Notes to Financial Statements

June 30, 2021

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2020 are summarized in the following table:

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

D. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020	\$ 9,623,303	\$ 6,332,455	\$ 3,290,848
Changes in the year:			
Service cost	247,159	-	247,159
Interest on the total OPEB liability	644,240	-	644,240
Changes in assumptions	-	-	-
Differences between expected and actual experience	(92,055)	-	(92,055)
Contributions - employer	-	782,082	(782,082)
Net investment income	-	224,666	(224,666)
Benefit payments	(663,171)	(663,171)	-
Administrative expenses	-	(3,136)	3,136
Net changes	136,173	340,441	(204,268)
Balance at June 30, 2021	\$ 9,759,476	\$ 6,672,896	\$ 3,086,580

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

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 4,051,245	\$ 3,086,580	\$ 2,257,866

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

	1% Decrease	Healthcare Cost Trend Rates (initial rate of 7.50% decreasing to 4.50%)	1% Increase
Net OPEB Liability	\$ 2,761,289	\$ 3,086,580	\$ 3,495,656

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

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

For the year ended June 30, 2021, SCAG recognized OPEB expense of \$264,331. At June 30, 2021, SCAG reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 698,772	\$ -
Changes in assumptions	-	(70,822)
Differences between actual and expected experience	-	(201,494)
Net difference between projected and actual earnings on plan investments	123,451	-
Total	<u>\$ 822,223</u>	<u>\$ (272,316)</u>

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Notes to Financial Statements

June 30, 2021

\$698,772 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Amortization
2022	\$ (198,919)
2023	24,461
2024	35,414
2025	31,094
2026	(10,228)
Thereafter	(30,687)
Total	\$ (148,865)

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Membership assessments				
Cities	\$ 1,742,925	\$ 1,742,925	\$ 1,483,344	\$ (259,581)
Counties	320,872	320,872	280,673	(40,199)
Commissions	88,500	88,500	81,500	(7,000)
Transportation corridor agency	10,000	10,000	8,000	(2,000)
Air districts	10,000	10,000	8,000	(2,000)
	<u>2,172,297</u>	<u>2,172,297</u>	<u>1,861,517</u>	<u>(310,780)</u>
General assembly	340,000	340,000	7,500	(332,500)
Interest and other	171,676	171,676	74,632	(97,044)
	<u>2,683,973</u>	<u>2,683,973</u>	<u>1,943,649</u>	<u>(740,324)</u>
Expenditures				
Administration				
Salaries and wages	132,244	135,044	84,650	50,394
Allocated fringe benefits	105,521	105,521	61,464	44,057
Allocated indirect costs	311,548	311,548	180,488	131,060
Contractual and professional services	503,400	553,400	377,550	175,850
Bank fees	15,000	15,000	10,545	4,455
Resources materials/subscription	2,000	3,500	1,005	2,495
Meetings and conferences	28,000	28,000	39,939	(11,939)
Scholarship	36,000	44,000	92,000	(48,000)
General assembly	611,500	611,500	850	610,650
SCAG memberships	116,000	116,000	160,273	(44,273)
Professional memberships	11,500	11,500	5,865	5,635
Office supplies	103,500	69,700	37,852	31,848
Reproduction and printing	10,000	10,000	-	10,000
Stipend-RC Mtg	195,000	195,000	244,400	(49,400)
RC sponsorships	150,000	150,000	62,713	87,287
Economic and labor summit	85,000	85,000	46,740	38,260
Demographic workshop	28,000	28,000	1,000	27,000
RHNA subregional delegation	20,000	20,000	-	20,000
Travel	169,500	141,000	1,188	139,812
Other	50,260	50,260	16,455	33,805
	<u>2,683,973</u>	<u>2,683,973</u>	<u>1,424,977</u>	<u>1,258,996</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Public Involvement RC sponsorships	\$ -	\$ -	\$ 600	\$ (600)
Transportation Other	-	-	1,400	(1,400)
Total expenditures	<u>2,683,973</u>	<u>2,683,973</u>	<u>1,426,977</u>	<u>1,256,996</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	516,672	516,672
Other financing sources (uses)				
Transfers in	-	-	646,292	646,292
Transfers out	-	-	<u>(70,753)</u>	<u>(70,753)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>575,539</u>	<u>575,539</u>
Change in Fund Balance	-	-	1,092,211	1,092,211
Fund balances, Beginning of Year	<u>6,693,944</u>	<u>6,693,944</u>	<u>6,693,944</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 6,693,944</u></u>	<u><u>\$ 6,693,944</u></u>	<u><u>\$ 7,786,155</u></u>	<u><u>\$ 1,092,211</u></u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Transportation Administration 5303 – Major Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Federal grants	\$ 15,764,886	\$ 15,706,326	\$ 7,968,742	\$ (7,737,584)
Expenditures				
Administration				
Salaries and wages	24,257	50,126	50,845	(719)
Allocated fringe benefits	19,357	40,001	36,919	3,082
Allocated indirect costs	57,129	118,052	114,954	3,098
Contractual and professional services	1,736,043	1,746,046	850,781	895,265
Total administration	<u>1,836,786</u>	<u>1,954,225</u>	<u>1,053,499</u>	<u>900,726</u>
Transportation				
Salaries and wages	651,041	582,233	508,920	73,313
Allocated fringe benefits	478,147	406,525	362,157	44,368
Allocated indirect costs	1,503,519	1,329,455	1,141,627	187,828
Contractual and professional services	3,160,597	2,946,054	551,650	2,394,404
Non-profits	2,213	108,449	-	108,449
Meetings and conferences	3,446	3,960	11	3,949
Travel	14,930	14,930	-	14,930
Other	2,136	5,403	-	5,403
Total transportation	<u>5,816,029</u>	<u>5,397,009</u>	<u>2,564,365</u>	<u>2,832,644</u>
Environmental				
Salaries and wages	131,946	164,083	86,779	77,304
Allocated fringe benefits	74,496	87,704	59,578	28,126
Allocated indirect costs	270,407	329,801	191,699	138,102
Contractual and professional services	304,300	261,300	148,966	112,334
Non-profits	5,312	5,312	-	5,312
Meetings and conferences	3,446	3,960	11	3,949
Travel	1,872	1,872	-	1,872
Other	2,136	5,403	-	5,403
Total environmental	<u>793,915</u>	<u>859,435</u>	<u>487,033</u>	<u>372,402</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Transportation Administration 5303 – Major Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Modeling				
Salaries and wages	\$ 431,603	\$ 446,465	\$ 310,132	\$ 136,333
Allocated fringe benefits	313,625	311,079	218,064	93,015
Allocated indirect costs	976,131	989,032	691,831	297,201
Contractual and professional services	1,401,024	1,328,938	284,164	1,044,774
Non-profits	1,328	1,328	-	1,328
Resources material/subscription	245,037	245,037	45,502	199,535
Meetings and conferences	3,446	3,960	11	3,949
Travel	12,325	7,870	-	7,870
Other	2,136	5,403	-	5,403
Total modeling	<u>3,386,655</u>	<u>3,339,112</u>	<u>1,549,704</u>	<u>1,789,408</u>
Public Involvement				
Salaries and wages	334,161	396,391	261,703	134,688
Allocated fringe benefits	235,865	273,088	186,590	86,498
Allocated indirect costs	746,646	876,911	587,173	289,738
Contractual and professional services	404,800	384,800	232,219	152,581
Outreach/advertisement	12,813	15,902	-	15,902
Meetings and conferences	16,307	19,395	28	19,367
Travel	4,991	4,991	-	4,991
Other	-	2,753	-	2,753
Total public involvement	<u>1,755,583</u>	<u>1,974,231</u>	<u>1,267,713</u>	<u>706,518</u>
Sustainability initiatives				
Salaries and wages	131,946	164,083	86,779	77,304
Allocated fringe benefits	74,496	87,704	59,578	28,126
Allocated indirect costs	270,407	329,801	191,699	138,102
Contractual and professional services	1,558,825	1,456,700	619,831	836,869
Non-profits	132,795	132,795	88,530	44,265
Meetings and conferences	3,446	3,960	11	3,949
Travel	1,872	1,872	-	1,872
Other	2,136	5,403	-	5,403
Total sustainability initiatives	<u>2,175,923</u>	<u>2,182,318</u>	<u>1,046,428</u>	<u>1,135,890</u>
Total expenditures	<u>15,764,891</u>	<u>15,706,330</u>	<u>7,968,742</u>	<u>7,737,588</u>
Excess (deficiency) of revenues over/(under) expenditures	(5)	(4)	-	4
Fund balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ (5)</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ 4</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Federal grants	\$ 23,289,431	\$ 23,931,156	\$ 21,155,220	\$ (2,775,936)
Expenditures				
Administration				
Salaries and wages	602,154	550,598	413,091	137,507
Allocated fringe benefits	480,525	433,771	299,945	133,826
Allocated indirect costs	1,418,130	1,280,148	933,935	346,213
Other	250,000	266,700	120,705	145,995
Total administration	<u>2,750,809</u>	<u>2,531,217</u>	<u>1,767,676</u>	<u>763,541</u>
Transportation				
Salaries and wages	1,643,244	1,748,480	1,603,603	144,877
Allocated fringe benefits	1,311,326	1,316,748	1,158,704	158,044
Allocated indirect costs	3,869,998	3,886,003	3,618,070	267,933
Outreach and advertisement	2,865	2,350	15	2,335
Resources material/subscription	60,000	60,000	13,409	46,591
Meetings and conferences	5,704	5,190	2,147	3,043
Reproduction and printing	5,750	5,750	436	5,314
Travel	72,920	72,920	142	72,778
Other	-	100,000	81,072	18,928
Total transportation	<u>6,971,807</u>	<u>7,197,441</u>	<u>6,477,598</u>	<u>719,843</u>
Environmental				
Salaries and wages	545,642	590,785	536,992	53,793
Allocated fringe benefits	435,426	437,786	389,909	47,877
Allocated indirect costs	1,285,037	1,292,000	1,214,055	77,945
Meetings and conferences	19,054	18,540	6,164	12,376
Travel	29,128	29,128	-	29,128
Reproduction and printing	4,000	4,000	-	4,000
Other	2,865	2,350	144	2,206
Total environmental	<u>2,321,152</u>	<u>2,374,589</u>	<u>2,147,264</u>	<u>227,325</u>
Modeling				
Salaries and wages	1,459,310	1,485,631	1,543,184	(57,553)
Allocated fringe benefits	1,164,540	1,181,906	1,118,338	63,568
Allocated indirect costs	3,436,815	3,488,059	3,486,062	1,997
Contractual and professional services	-	-	36,500	(36,500)
Resource materials/subscriptions	304,963	304,963	98,524	206,439
Meetings and conferences	6,054	5,540	2,147	3,393
Reproduction and printing	2,750	2,750	-	2,750
Travel	50,150	26,605	-	26,605
Other	2,865	2,350	-	2,350
Total modeling	<u>6,427,447</u>	<u>6,497,804</u>	<u>6,284,755</u>	<u>213,049</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Public Involvement				
Salaries and wages	\$ 406,028	\$ 375,349	\$ 355,213	\$ 20,136
Allocated fringe benefits	324,014	299,532	257,919	41,613
Allocated indirect costs	956,236	883,987	803,080	80,907
Meeting and conferences	24,393	21,305	12,814	8,491
Travel	5,609	5,609	-	5,609
Other	17,187	14,098	-	14,098
Total public involvement	<u>1,733,467</u>	<u>1,599,880</u>	<u>1,429,026</u>	<u>170,854</u>
Sustainability initiatives				
Salaries and wages	732,821	984,577	767,150	217,427
Allocated fringe benefits	584,798	684,701	551,823	132,878
Allocated indirect costs	1,725,857	2,020,706	1,727,591	293,115
Outreach and advertisement	2,865	2,350	-	2,350
Meetings and conferences	5,704	5,190	2,147	3,043
Travel	28,203	28,203	-	28,203
Reproduction and printing	4,500	4,500	-	4,500
Other	-	-	190	(190)
Total sustainability initiatives	<u>3,084,748</u>	<u>3,730,227</u>	<u>3,048,901</u>	<u>681,326</u>
Total expenditures	<u>23,289,430</u>	<u>23,931,158</u>	<u>21,155,220</u>	<u>2,775,938</u>
Excess (deficiency) of revenues iover/ (under) expenditures	1	(2)	-	2
Fund balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ 1</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ 2</u>

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

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – Federal Highway Administration 5312 – Major Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Federal grants	\$ 1,592,817	\$ 5,749,383	\$ 4,189,616	\$ (1,559,767)
Expenditures				
Transportation:				
Salaries and wages	2,826	2,826	1,359	1,467
Allocated fringe benefits	2,256	2,256	987	1,269
Allocated indirect costs	6,655	6,655	3,072	3,583
Pass-through payments	1,492,069	5,652,322	4,184,198	1,468,124
Other	89,011	85,324	-	85,324
Total Transportation	<u>1,592,817</u>	<u>5,749,383</u>	<u>4,189,616</u>	<u>1,559,767</u>
Tot Total Expenditures	<u>1,592,817</u>	<u>5,749,383</u>	<u>4,189,616</u>	<u>1,559,767</u>
Excess (deficiency) of revenues over/(under) expenditures	-	-	-	-
Fund balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Local grants and contracts	\$ 6,312,425	\$ 6,312,425	\$ 5,448,436	\$ (863,989)
Expenditures				
Transportation:				
Salaries and wages	336,388	318,037	455,065	(137,028)
Allocated fringe benefits	251,734	253,796	329,173	(75,377)
Allocated indirect costs	786,936	815,407	1,117,500	(302,093)
Contractual and professional services	1,225,432	864,468	294,677	569,791
Non-profits	287	75,800	58,486	17,314
Travel	3,100	3,100	132	2,968
Other	46,168	72,222	45,438	26,784
Total transportation	<u>2,650,045</u>	<u>2,402,830</u>	<u>2,300,471</u>	<u>102,359</u>
Environmental				
Salaries and wages	32,593	9,778	47,959	(38,181)
Allocated fringe benefits	9,303	7,803	33,574	(25,771)
Allocated indirect costs	54,876	23,027	106,792	(83,765)
Contractual and professional services	60,188	63,495	23,094	40,401
Non-profits	688	688	6,159	(5,471)
Total environmental	<u>157,648</u>	<u>104,791</u>	<u>217,578</u>	<u>(112,787)</u>
Public Involvement				
Salaries and wages	49,844	26,668	48,926	(22,258)
Allocated fringe benefits	23,069	21,282	34,276	(12,994)
Allocated indirect costs	99,655	79,410	131,553	(52,143)
Contractual and professional services	125,621	73,714	38,552	35,162
Other	5,367	11,742	8,452	3,290
Total public involvement	<u>303,556</u>	<u>212,816</u>	<u>261,759</u>	<u>(48,943)</u>
Sustainability initiatives				
Salaries and wages	367,434	337,618	460,562	(122,944)
Allocated fringe benefits	276,508	269,423	333,164	(63,741)
Allocated indirect costs	843,455	795,115	1,039,623	(244,508)
Contractual and professional services	793,232	1,103,917	701,379	402,538
Non-profits	79,786	80,241	60,096	20,145
Meetings and conferences	6,250	5,000	8,498	(3,498)
Travel	14,350	12,400	33	12,367
Other	20,337	50,730	8,497	42,233
Total sustainability initiatives	<u>2,401,352</u>	<u>2,654,444</u>	<u>2,611,852</u>	<u>42,592</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Modeling				
Salaries and wages	\$ 184,719	\$ 196,260	\$ 377,956	\$ (181,696)
Allocated fringe benefits	130,701	156,618	273,184	(116,566)
Allocated indirect costs	413,146	462,212	852,862	(390,650)
Contractual and professional services	647,674	628,886	329,747	299,139
Non-profits	172	26,636	53,452	(26,816)
Other	18,819	19,870	-	19,870
Total water	<u>1,395,231</u>	<u>1,490,482</u>	<u>1,887,201</u>	<u>(396,719)</u>
Administration				
Salaries and wages	45,369	44,015	28,757	15,258
Allocated fringe benefits	36,205	35,124	20,880	14,244
Allocated indirect costs	106,848	103,658	65,014	38,644
Contractual and professional services	67,275	68,572	57,866	10,706
Non-profits	-	-	25,000	(25,000)
Principal, interest and fees	416,816	416,816	416,814	2
Capital Outlay > \$5,000	100,000	300,000	100,923	199,077
Total administration	<u>772,513</u>	<u>968,185</u>	<u>715,254</u>	<u>252,931</u>
Total expenditures	<u>7,680,345</u>	<u>7,833,548</u>	<u>7,994,115</u>	<u>(160,567)</u>
Excess (deficiency) of revenues over/(under) expenditures	-	-	(2,545,679)	(2,545,679)
Other financing uses				
Transfer in	-	-	70,753	70,753
Change in Fund Balance	-	-	(2,474,926)	(2,474,926)
Fund balances, Beginning of Year	<u>11,084,386</u>	<u>11,084,386</u>	<u>11,084,386</u>	-
Fund Balances, End of Year	<u>\$ 11,084,386</u>	<u>\$ 11,084,386</u>	<u>\$ 8,609,460</u>	<u>\$ (2,474,926)</u>

Southern California Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual on a Budgetary Basis – REAP AB 101 – Major Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Federal grants	\$ 11,867,755	\$ 11,867,755	\$ 4,862,701	\$ (7,005,054)
Expenditures				
Transportation				
Salaries and wages	\$ 33,358	\$ 244,582	\$ 49,034	\$ 195,548
Allocated fringe benefits	26,620	57,860	24,271	33,589
Allocated indirect costs	78,562	170,757	93,904	76,853
Contractual and professional services	-	840,000	260,436	579,564
Other	8,803	-	26	(26)
Total transportation	147,343	1,313,199	427,671	885,528
Administration				
Salaries and wages	16,679	193,928	26,748	167,180
Allocated fringe benefits	13,310	28,930	13,755	15,175
Allocated indirect costs	39,281	85,379	51,995	33,384
Contractual and professional services	-	420,000	130,218	289,782
Other	4,401	-	26	(26)
Total administration	73,671	728,237	222,742	505,495
Sustainability initiatives				
Salaries and wages	641,865	1,028,795	671,928	356,867
Allocated fringe benefits	512,214	511,872	375,300	136,572
Allocated indirect costs	1,511,658	1,510,652	1,243,613	267,039
Contractual and professional services	8,100,000	6,740,000	1,275,103	5,464,897
Other	881,004	35,000	52	34,948
Total sustainability initiatives	11,646,741	9,826,319	3,565,996	6,260,323
Total expenditures	11,867,755	11,867,755	4,216,409	7,651,346
Excess (deficiency) of revenues over/(under) expenditures	-	-	646,292	646,292
Other financing sources				
Transfers out	-	-	(646,292)	646,292
Changes In Fund Balance:	-	-	-	-
Fund Balances, Beginning Of Year	-	-	-	-
Fund Balances, End Of Year	\$ -	\$ -	\$ -	\$ -

Southern California Association of Governments
California Public Employees' Retirement System (CalPERS)
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Years*
Year Ended June 30, 2021

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

* Fiscal year 2015 was the first year of implementation.

Changes of Assumption

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

Southern California Association of Governments
California Public Employees' Retirement System (CalPERS)
Schedule of Plan Contributions
Last Ten Years*
As of June 30, 2021

	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 2,257,575	\$ 2,688,004	\$ 2,934,588	\$ 2,938,424	\$ 3,439,787	\$ 4,147,545	\$ 4,826,472
Contribution made	(2,257,575)	(2,688,004)	(2,934,588)	(2,938,424)	(3,439,787)	(4,147,545)	(4,826,472)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 12,363,763	\$ 14,479,749	\$ 13,449,458	\$ 13,659,971	\$ 14,171,140	\$ 15,963,250	\$ 15,963,250
Contributions as a percentage of covered payroll	18.26%	18.56%	21.82%	21.51%	24.27%	25.98%	30.23%

Notes to Schedule

Valuation date: 6/30/2019

Methods and assumptions used to determine contribution rates:

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

* Fiscal year 2015 was the first year of implementation.

Southern California Association of Governments
Public Agency Retirement System (PARS) Supplementary Retirement Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Years*
Year Ended June 30, 2021

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

Notes to Schedule:

* Fiscal year 2015 was the first year of implementation.

Southern California Association of Governments
Public Agency Retirement System (PARS) Supplementary Retirement Plan
Schedule of Plan Contributions
Last Ten Years*
Year Ended June 30, 2021

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

Notes to Schedule

Valuation date: 6/30/2021

Methods and assumptions used to determine contribution rates:

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

* Fiscal year 2015 was the first year of implementation.

Southern California Association of Governments
Schedule of Changes in the OPEB Liability and Related Ratios
Last Ten Years*
Year Ended June 30, 2021

	2018	2019	2020	2021
Total OPEB Liability				
Service cost	\$ 234,601	\$ 250,437	\$ 257,950	\$ 247,159
Interest on the total OPEB liability	628,051	646,120	664,742	644,240
Differences between actual and expected experience	-	-	(359,001)	(92,055)
Changes in assumptions	-	-	(212,468)	-
Benefit payments, including refunds of member contributions	(601,224)	(620,372)	(636,009)	(663,171)
Net change in total OPEB liability	261,428	276,185	(284,786)	136,173
Total OPEB liability - beginning	9,370,476	9,631,904	9,908,089	9,623,303
Total OPEB liability - ending (a)	<u>\$ 9,631,904</u>	<u>\$ 9,908,089</u>	<u>\$ 9,623,303</u>	<u>\$ 9,759,476</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,033,199	\$ 938,099	\$ 956,076	\$ 782,082
Net investment income	452,722	398,485	370,167	224,666
Benefit payments	(601,224)	(620,372)	(636,009)	(663,171)
Administrative expenses	(2,287)	(2,713)	(2,858)	(3,136)
Other expense	-	(6,533)	-	-
Net change in plan fiduciary net position	882,410	706,966	687,376	340,441
Plan fiduciary net position - beginning	4,055,703	4,938,113	5,645,079	6,332,455
Plan fiduciary net position - ending (b)	<u>4,938,113</u>	<u>5,645,079</u>	<u>6,332,455</u>	<u>6,672,896</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 4,693,791</u>	<u>\$ 4,263,010</u>	<u>\$ 3,290,848</u>	<u>\$ 3,086,580</u>
Plan fiduciary net position as a percentage of the total OPEB liability	51.27%	56.97%	65.80%	68.37%
Covered-employee payroll	\$ 13,449,458	\$ 13,659,971	\$ 14,171,140	\$ 15,963,250
Net OPEB liability as a percentage of covered-employee payroll	34.90%	31.21%	23.22%	19.34%

Notes to Schedule:

* Fiscal year 2018 was the first year of implementation.

Southern California Association of Governments
Schedule of OPEB Contributions
Last Ten Years*
Year Ended June 30, 2021

	2018	2019	2020	2021
Actuarially determined contribution	\$ 853,217	\$ 878,814	\$ 782,082	\$ 698,772
Contributions in relation to the actuarially determined contributions	<u>(853,217)</u>	<u>(878,814)</u>	<u>(782,082)</u>	<u>(698,772)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 13,659,971	\$ 14,171,140	\$ 15,963,250	\$ 15,963,250
Contributions as a percentage of covered-employee payroll	6.25%	6.20%	4.90%	4.38%

Notes to Schedule

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Amortization period	10 years
Asset valuation method	Market value
Inflation	2.75%
Healthcare cost trend rates	7.5% for 2021, decreasing to an ultimate rate of 4.5%
Salary increases	2.75%
Investment rate of return	6.75%
Retirement age	Based on CalPERS Experience Study
Mortality	Based on CalPERS Experience Study

* Fiscal year 2018 was the first year of implementation.

Budgetary Basis of Accounting

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

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

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

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

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

General Fund	Actual/budget as presented in the budget	Actual/GAAP as presented in the financial statements	Differences
Total revenues	\$ 1,943,649	\$ 1,943,649	\$ -
Total expenditures	<u>(1,426,977)</u>	<u>(2,433,988)</u>	<u>1,007,011</u>
Deficiency of revenues under expenditures	<u>\$ 516,672</u>	<u>\$ (490,339)</u>	<u>\$ 1,007,011</u>

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

FTA 5303 Fund	Actual/budget as presented in the budget	Actual/GAAP as presented in the financial statements	Differences
Total revenues	\$ 7,968,742	\$ 7,968,742	\$ -
Total expenditures	<u>(7,968,742)</u>	<u>(7,968,742)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Southern California Association of Governments
Notes to Required Supplementary Information
Year Ended June 30, 2021

FHWA PL Fund	Actual/budget as presented in the budget	Actual/GAAP as presented in the financial statements	Differences
Total revenues	\$ 21,155,220	\$ 21,155,220	\$ -
Total expenditures	(21,155,220)	(21,155,220)	-
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TDA Fund	Actual/budget as presented in the budget	Actual/GAAP as presented in the financial statements	Differences
Total revenues and transfers	\$ 5,448,436	\$ 5,448,436	\$ -
Total expenditures	(7,994,115)	(7,994,115)	-
Net change in fund balances	<u>\$ (2,545,679)</u>	<u>\$ (2,545,679)</u>	<u>\$ -</u>

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

Supplemental Combining Financial Statements

Southern California Association of Governments

Combining Balance Sheet – Nonmajor Funds

June 30, 2021

	Federal Funds	State Funds	Local Funds	Total Nonmajor Funds
Assets				
Receivables:				
Federal grants	\$ 861,295	\$ -	\$ -	\$ 861,295
State grants and contracts	-	5,235,975	-	5,235,975
Local grants and contracts	-	-	36,187	36,187
Due from other funds	-	-	537,442	537,442
Total assets	<u>\$ 861,295</u>	<u>\$ 5,235,975</u>	<u>\$ 573,629</u>	<u>\$ 6,670,899</u>
Liabilities and Fund Balances				
Accounts and contracts payable	\$ 370,108	\$ 1,511,973	\$ 80,431	\$ 1,962,512
Advances from grantors	-	-	493,198	493,198
Due to other funds	491,187	3,724,002	-	4,215,189
Deferred Revenue	-	-	-	-
Total liabilities	861,295	5,235,975	573,629	6,670,899
Fund balances - restricted	-	-	-	-
Total liabilities and fund balances	<u>\$ 861,295</u>	<u>\$ 5,235,975</u>	<u>\$ 573,629</u>	<u>\$ 6,670,899</u>

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Funds
Year Ended June 30, 2021

	Federal Funds	State Funds	Local Funds	Total Nonmajor Funds
Grant revenue, net	\$ 2,087,258	\$ 9,896,308	\$ 385,274	\$ 12,368,840
Expenditures:				
Transportation:				
Salaries and wages	23,167	63,662	800	87,629
Allocated fringe benefits	16,822	46,224	580	63,626
Allocated indirect costs	52,376	143,927	1,807	198,110
Contractual services	77,574	2,997,283	269,844	3,344,701
Other	5,000	32,544	1,826	39,370
Total transportation	<u>174,939</u>	<u>3,283,640</u>	<u>274,857</u>	<u>3,733,436</u>
Environmental:				
Salaries and wages	9,986	49,603	-	59,589
Allocated fringe benefits	7,250	36,016	-	43,266
Allocated indirect costs	-	112,144	-	112,144
Contractual services	240,916	859,652	7,094	1,107,662
Other	1,080	12,537	-	13,617
Total transportation	<u>259,232</u>	<u>1,069,952</u>	<u>7,094</u>	<u>1,336,278</u>
Modeling:				
Salaries and wages	-	22,849	-	22,849
Allocated fringe benefits	-	16,590	-	16,590
Allocated indirect costs	-	51,656	-	51,656
Contractual services	-	862,571	5,376	867,947
Other	-	9,414	210	9,624
Total modeling	<u>-</u>	<u>963,080</u>	<u>5,586</u>	<u>968,666</u>
Public Involvement:				
Salaries and wages	-	3,615	-	3,615
Allocated fringe benefits	-	2,625	-	2,625
Allocated indirect costs	-	8,171	-	8,171
Contractual services	28,027	259,436	-	287,463
Other	-	119	-	119
Total public involvement	<u>28,027</u>	<u>273,966</u>	<u>-</u>	<u>301,993</u>
Administration:				
Other	-	-	210	210
Sustainability:				
Salaries and wages	48,254	304,973	-	353,227
Allocated fringe benefits	35,039	221,441	-	256,480
Allocated indirect costs	18,793	689,501	-	708,294
Contractual services	1,518,653	2,937,650	97,527	4,553,830
Other	4,321	152,105	-	156,426
Total sustainability	<u>1,625,060</u>	<u>4,305,670</u>	<u>97,527</u>	<u>6,028,257</u>
Total expenditures	<u>2,087,258</u>	<u>9,896,308</u>	<u>385,274</u>	<u>12,368,840</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

FTA Sec. 5339 – Bus and Bus Facilities:

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

FTA Sec. 5304

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

OTS III

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

FY20 OTS

This fund is established to account for revenues from the National Highway Traffic Safety Administration for FY 2020.

FY21 OTS

This fund is established to account for revenues from the National Highway Traffic Safety Administration for FY 2021.

Other Federal Funds

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

Southern California Association of Governments
Combining Balance Sheet – Federal Nonmajor Funds
June 30, 2021

	FTA		NHTSA			Other Federal Funds	Total Federal Nonmajor Funds
	Sec. 5339	Sec. 5304	OTS III	FY20 OTS	FY21 OTS	20038	
	20040	20070	20044	20045	20046	20042, 20098	
Assets							
Receivables - federal grants	-	8,476	210	490	425,830	426,289	861,295
Due from other funds	-	-	-	-	-	-	-
Total assets	\$ -	\$ 8,476	\$ 210	\$ 490	\$ 425,830	\$ 426,289	\$ 861,295
Liabilities and Fund Balances							
Liabilities							
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ 264,666	\$ 105,442	\$ 370,108
Advances from grantors	-	-	-	-	-	-	-
Due to other funds	-	8,476	210	490	161,164	320,847	491,187
Total liabilities	-	8,476	210	490	425,830	426,289	861,295
Fund balances - restricted	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ -	\$ 8,476	\$ 210	\$ 490	\$ 425,830	\$ 426,289	\$ 861,295

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Federal Nonmajor Funds
Year Ended June 30, 2021

	FTA		NHTSA			Other Federal Funds	Total Federal Nonmajor Funds
	Sec. 5339	Sec. 5304	OTS III	FY20 OTS	FY21 OTS	20038	
	20040	20070	20044	20045	20046	20042, 20098	
Federal Grants and Services	\$ -	\$ 139,084	\$ -	\$ 851,478	\$ 444,684	\$ 652,012	\$ 2,087,258
Expenditures:							
Transportation:							
Salaries and wages	-	9,192	-	-	-	13,975	23,167
Allocated fringe benefits	-	6,675	-	-	-	10,147	16,822
Allocated indirect costs	-	20,782	-	-	-	31,594	52,376
Contractual services	-	77,574	-	-	-	-	77,574
Other	-	-	-	-	-	5,000	5,000
Total transportation	-	114,223	-	-	-	60,716	174,939
Public involvement							
Salaries and wages	-	-	-	-	-	-	-
Allocated fringe benefits	-	-	-	-	-	-	-
Allocated indirect costs	-	-	-	-	-	-	-
Contractual services	-	-	-	-	-	28,027	28,027
Other	-	-	-	-	-	-	-
Total public involvement	-	-	-	-	-	28,027	28,027
Environmental							
Salaries and wages	-	-	-	2,296	7,690.00	-	9,986
Allocated fringe benefits	-	-	-	1,667	5,583.00	-	7,250
Contractual services	-	-	-	166,333	74,583	-	240,916
Other	-	-	-	-	1,080	-	1,080
Total environmental	-	-	-	170,296	88,936	-	259,232
Sustainability							
Salaries and wages	-	-	-	9,182	30,761	8,311	48,254
Allocated fringe benefits	-	-	-	6,667	22,336	6,036	35,039
Allocated indirect costs	-	-	-	-	-	18,793	18,793
Contractual services	-	24,861	-	665,333	298,330	530,129	1,518,653
Other	-	-	-	-	4,321	-	4,321
Total sustainability	-	24,861	-	681,182	355,748	563,269	1,625,060
Total expenditures	-	139,084	-	851,478	444,684	652,012	2,087,258
Net Change in Fund Balance	-	-	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

SGVCOG – ATP:

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

MSRC – SP, GH:

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

SB1 SCFG:

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

SB1 CF:

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

SB1 FF:

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

SB1 ADPTN:

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

SB1, SCF:

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

FY20 SHA SCC:

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

MSAPR, MSRC:

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

ATP DCP:

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

ATP SE P2:

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

ATP LPI:

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

ATP C4:

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

FY20 ATP IMCP RWL:

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

Southern California Association of Governments
 Combining Balance Sheet – State Nonmajor Funds
 June 30, 2021

	<u>SGVCOG</u>	<u>MSRC SP GH</u>	<u>SB 1 SCFG</u>	<u>SB1 CF</u>
	<u>30210</u>	<u>30211</u>	<u>30212</u>	<u>30213</u>
Assets				
Receivables - state grants	\$ -	\$ 1,264,164	\$ -	\$ -
Liabilities and Fund Balances				
Accounts and contracts payable	\$ -	\$ 24,799	\$ -	\$ -
Due to other funds	-	1,239,365	-	-
Total liabilities	-	1,264,164	-	-
Total liabilities and fund balances	\$ -	\$ 1,264,164	\$ -	\$ -

Southern California Association of Governments
Combining Balance Sheet – State Nonmajor Funds
June 30, 2021

	<u>SB1 FF</u>	<u>SB1 ADPTN</u>	<u>SB1, SCF</u>	<u>FY20 SB1 SCF</u>
	<u>30214</u>	<u>30215</u>	<u>30216</u>	<u>30218</u>
Assets				
Receivables - state grants	\$ -	\$ -	\$ 1,682,046	\$ 921,405
Liabilities and Fund Balances				
Accounts and contracts payable	\$ -	\$ -	\$ 960,051	\$ 248,993
Due to other funds	-	-	721,995	672,412
Total liabilities	-	-	1,682,046	921,405
Total liabilities and fund balances	\$ -	\$ -	\$ 1,682,046	\$ 921,405

Southern California Association of Governments
Combining Balance Sheet – State Nonmajor Funds
June 30, 2021

	FY20 SHA SCC	MSAPR, MSRC	ATP DCP	ATP SE P2
	30217	30300	30400	30401
Assets				
Receivables - state grants	\$ 40,248	\$ 568,785	\$ 132,268	\$ 60,111
Liabilities and Fund Balances				
Accounts and contracts payable	\$ 26,616	\$ 4,274	\$ -	\$ -
Due to other funds	13,632	564,511	132,268	60,111
Total liabilities	40,248	568,785	132,268	60,111
Total liabilities and fund balances	\$ 40,248	\$ 568,785	\$ 132,268	\$ 60,111

Southern California Association of Governments
Combining Balance Sheet – State Nonmajor Funds
June 30, 2021

	<u>ATP LPI</u>	<u>ATP C4</u>	<u>FY20 ATP IMCP RWL</u>	<u>Total State Nonmajor Funds</u>
	<u>30402</u>	<u>30403</u>	<u>30405</u>	
Assets				
Receivables - state grants	\$ 357,047	\$ 179,966	\$ 29,935	\$ 5,235,975
Liabilities and Fund Balances				
Accounts and contracts payable	\$ 112,522	\$ 115,050	\$ 19,668	\$ 1,511,973
Due to other funds	244,525	64,916	10,267	3,724,002
Total liabilities	<u>357,047</u>	<u>179,966</u>	<u>29,935</u>	<u>5,235,975</u>
Total liabilities and fund balances	<u>\$ 357,047</u>	<u>\$ 179,966</u>	<u>\$ 29,935</u>	<u>\$ 5,235,975</u>

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – State Nonmajor Funds
Year Ended June 30, 2021

	MSRC SP GH	SB 1 SCFG	SB1 CF	SB1 FF
	30211	30212	30213	30214
State grants and contracts	\$ 68,339	\$ 507,496	\$ 85,951	\$ 3,279,598
Expenditures				
Transportation				
Salaries and wages	-	-	-	-
Allocated fringe benefits	-	-	-	-
Allocated indirect costs	-	-	-	-
Contractual services	54,802	192,272	85,951	1,234,815
Other	(132)	-	-	29,252
Total transportation	54,670	192,272	85,951	1,264,067
Environmental				
Salaries and wages	-	-	-	-
Allocated fringe benefits	-	-	-	-
Allocated indirect costs	-	-	-	-
Contractual services	-	885	-	858,767
Other	-	-	-	12,537
Total environmental	-	885	-	871,304
Modeling				
Salaries and wages	-	-	-	-
Allocated fringe benefits	-	-	-	-
Allocated indirect costs	-	-	-	-
Contractual services	-	94,137	-	105,121
Other	-	-	-	-
Total housing	-	94,137	-	105,121
Public Involvement				
Salaries and wages	-	-	-	-
Allocated fringe benefits	-	-	-	-
Allocated indirect costs	-	-	-	-
Contractual services	-	12,621	-	-
Other	-	-	-	-
Total housing	-	12,621	-	-
Sustainability				
Salaries and wages	-	-	-	-
Allocated fringe benefits	-	-	-	-
Allocated indirect costs	-	-	-	-
Contractual services	13,702	207,581	-	889,520
Other	(33)	-	-	149,586
Total sustainability	13,669	207,581	-	1,039,106
Total expenditures	68,339	507,496	85,951	3,279,598
Net Change in Fund Balance	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – State Nonmajor Funds
Year Ended June 30, 2021

	SB1 ADPTN	SB1, SCF	FY20 SB1 SCF	FY20 SHA SCC
	30215	30216	30218	30217
State grants and contracts	\$ 103,864	\$ 2,413,360	\$ 1,749,153	\$ 106,554
Expenditures				
Transportation				
Salaries and wages	-	1,236	50,472	5,805
Allocated fringe benefits	-	897	36,647	4,215
Allocated indirect costs	-	2,793	114,109	13,124
Contractual services	-	293,599	-	80,619
Other	-	-	3,138	-
Total transportation	-	298,525	204,366	103,763
Environmental				
Salaries and wages	-	-	49,603	-
Allocated fringe benefits	-	-	36,016	-
Allocated indirect costs	-	-	112,144	-
Contractual services	-	-	-	-
Other	-	-	-	-
Total environmental	-	-	197,763	-
Modeling				
Salaries and wages	-	3,707	19,142	-
Allocated fringe benefits	-	2,691	13,899	-
Allocated indirect costs	-	8,380	43,276	-
Contractual services	-	612,429	-	-
Other	-	-	9,414	-
Total housing	-	627,207	85,731	-
Public Involvement				
Salaries and wages	-	618	435	-
Allocated fringe benefits	-	449	316	-
Allocated indirect costs	-	1,397	982	-
Contractual services	-	48,682	1,569	-
Other	-	-	-	-
Total housing	-	51,146	3,302	-
Sustainability				
Salaries and wages	-	111,001	191,734	700
Allocated fringe benefits	-	80,598	139,219	508
Allocated indirect costs	-	250,957	433,485	1,583
Contractual services	103,864	993,014	491,984	-
Other	-	912	1,569	-
Total sustainability	103,864	1,436,482	1,257,991	2,791
Total expenditures	103,864	2,413,360	1,749,153	106,554
Net Change in Fund Balance	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – State Nonmajor Funds
Year Ended June 30, 2021

	MSAPR, MSRC	ATP DCP	ATP SE P2	ATP LPI
	30300	30400	30401	30402
State grants and contracts	\$ 254,418	\$ 367,596	\$ 211,392	\$ 330,258
Expenditures				
Transportation				
Salaries and wages	-	-	-	-
Allocated fringe benefits	-	-	-	-
Allocated indirect costs	-	-	-	-
Contractual services	127,209	257,317	169,113	264,207
Other	-	-	-	-
Total transportation	<u>127,209</u>	<u>257,317</u>	<u>169,113</u>	<u>264,207</u>
Environmental				
Salaries and wages	-	-	-	-
Allocated fringe benefits	-	-	-	-
Allocated indirect costs	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Total environmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Modeling				
Salaries and wages	-	-	-	-
Allocated fringe benefits	-	-	-	-
Allocated indirect costs	-	-	-	-
Contractual services	50,884	-	-	-
Other	-	-	-	-
Total housing	<u>50,884</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public Involvement				
Salaries and wages	-	-	-	-
Allocated fringe benefits	-	-	-	-
Allocated indirect costs	-	-	-	-
Contractual services	-	55,139	21,139	33,026
Other	-	-	-	-
Total housing	<u>-</u>	<u>55,139</u>	<u>21,139</u>	<u>33,026</u>
Sustainability				
Salaries and wages	-	-	-	-
Allocated fringe benefits	-	-	-	-
Allocated indirect costs	-	-	-	-
Contractual services	76,325	55,140	21,140	33,025
Other	-	-	-	-
Total sustainability	<u>76,325</u>	<u>55,140</u>	<u>21,140</u>	<u>33,025</u>
Total expenditures	<u>254,418</u>	<u>367,596</u>	<u>211,392</u>	<u>330,258</u>
Net Change in Fund Balance	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Southern California Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – State Nonmajor Funds
Year Ended June 30, 2021

	ATP C4	IMCP RWL	Total State
	30403	30405	Nonmajor Funds
State grants and contracts	\$ 390,374	\$ 27,955	\$ 9,896,308
Expenditures			
Transportation			
Salaries and wages	6,149	-	63,662
Allocated fringe benefits	4,465	-	46,224
Allocated indirect costs	13,901	-	143,927
Contractual services	209,424	27,955	2,997,283
Other	286	-	32,544
Total transportation	<u>234,225</u>	<u>27,955</u>	<u>3,283,640</u>
Environmental			
Salaries and wages	-	-	49,603
Allocated fringe benefits	-	-	36,016
Allocated indirect costs	-	-	112,144
Contractual services	-	-	859,652
Other	-	-	12,537
Total environmental	<u>-</u>	<u>-</u>	<u>1,069,952</u>
Modeling			
Salaries and wages	-	-	22,849
Allocated fringe benefits	-	-	16,590
Allocated indirect costs	-	-	51,656
Contractual services	-	-	862,571
Other	-	-	9,414
Total housing	<u>-</u>	<u>-</u>	<u>963,080</u>
Public Involvement			
Salaries and wages	2,562	-	3,615
Allocated fringe benefits	1,860	-	2,625
Allocated indirect costs	5,792	-	8,171
Contractual services	87,260	-	259,436
Other	119	-	119
Total housing	<u>97,593</u>	<u>-</u>	<u>273,966</u>
Sustainability			
Salaries and wages	1,538	-	304,973
Allocated fringe benefits	1,116	-	221,441
Allocated indirect costs	3,476	-	689,501
Contractual services	52,355	-	2,937,650
Other	71	-	152,105
Total sustainability	<u>58,556</u>	<u>-</u>	<u>4,305,670</u>
Total expenditures	<u>390,374</u>	<u>27,955</u>	<u>9,896,308</u>
Net Change in Fund Balance	-	-	-
Fund Balances, Beginning of Year	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

VCTC and Riverside:

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

Combined Other Accounts:

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

Southern California Association of Governments
Combining Balance Sheet – Local Nonmajor Funds
June 30, 2021

	<u>VCTC & Riverside</u>	<u>Other Local Funds</u>	
	60053, 60056 60060	60042, 60043, 60045, 60047, 60048, 60050, 60051, 60052 60057	Total Local Nonmajor Funds
Assets			
Receivables - local grants	\$ -	\$ 36,187	\$ 36,187
Due from other funds	2,560	534,882	537,442
Total assets	\$ 2,560	\$ 571,069	\$ 573,629
Liabilities and Fund Balances			
Accounts and contracts payable	\$ 2,560	\$ 77,871	\$ 80,431
Advances from grantors	-	493,198	493,198
Total liabilities	2,560	571,069	573,629
Fund Balances - Restricted	-	-	-
Total Liabilities and Fund Balances	\$ 2,560	\$ 571,069	\$ 573,629

Southern California Association of Governments

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Local Nonmajor Funds

Year Ended June 30, 2021

	VCTC & Riverside	Other Local Funds	Total Local Nonmajor Funds
	60053, 60056 60060	60042, 60043, 60045, 60047, 60048, 60050, 60051, 60052 60057	
Local grants and services	61,817	323,457	\$ 385,274
Expenditures			
Transportation			
Salaries and wages	-	800	800
Allocated fringe benefits	-	580	580
Allocated indirect costs	-	1,807	1,807
Contractual services	61,817	208,027	269,844
Other	-	1,826	1,826
Total transportation	61,817	213,040	274,857
Environmental			
Contractual services	-	7,094	7,094
Administration			
Other	-	210	210
Modeling			
Contractual services		5,376	5,376
Other	-	210	210
Total housing	-	5,586	5,586
Sustainability:			
Contractual services	-	97,527	97,527
Total expenditures	61,817	323,457	385,274
Net Change in Fund Balance	-	-	-
Fund Balances, Beginning of Year	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -

Supplemental Schedules

Southern California Association of Governments
 Supplemental Schedule of Indirect Costs
 Year Ended June 30, 2021

Indirect costs:	
Salaries and wages	\$ 7,066,773
Temporary help	178,638
Fringe benefits	5,046,827
Consultants	1,874,502
Legal services	294,199
Computer support	885,708
Equipment repairs and maintenance	10,885
Office space leases	2,330,808
Equipment lease	60,838
Security services	3,701
Insurance	368,039
Interest	22,190
Taxes	632
Bank fees	11,728
Office purchases under \$5,000	3,535
Office and graphic supplies	20,128
Telephone	175,844
Postage and delivery	7,435
Memberships	46,071
Covid Facility Expense	148,119
Depreciation and amortization	247,673
Recruitment costs	49,177
Staff training	85,964
Resource materials & subscriptions	41,591
Conference registration	457
Printing	8,815
Travel	1,256
Other	1,000
	18,992,533
Indirect costs recovered	
General fund	191,380
Federal Transportation Administration	2,918,684
Federal Highway Administration	11,782,792
Transportation Development Act	3,313,345
Nonmajor Funds	2,460,066
	20,666,267
Over (under) recovered	1,673,734
Over (Under) Recovered Indirect Costs, Beginning of Year	(1,508,964)
Over (Under) Recovered Indirect Costs, End of Year	\$ 164,770

Southern California Association of Governments
 Supplemental Schedule of Fringe Benefits
 Year Ended June 30, 2021

Fringe benefits:	
Employee leave and other salary benefits	\$ 2,538,602
PERS/Other Retirement Plans	5,695,123
Life insurance	100,434
Health insurance	2,464,209
Medicare and social security taxes - employer share	278,794
Tuition reimbursement	18,503
Transit passes	18,233
Worker's compensation/unemployment insurance	172,713
Deferred compensaton employer match	113,016
Other	229,638
Total Fringe Benefits	<u>11,629,265</u>
Fringe benefits recovered:	
Allocated to indirect costs	5,046,827
General Fund	62,045
Federal Transportation Administration	923,185
Federal Highway Administration	3,776,638
Transportation Development Act	1,024,250
Nonmajor Funds	796,320
Total Fringe Benefits Recovered	<u>11,629,265</u>
Over (under) recovered	-
Over (Under) Recovered Indirect Costs, Beginning of Year	<u>-</u>
Over (Under) Recovered Indirect Costs, End of Year	<u><u>\$ -</u></u>

Southern California Association of Governments
 Supplemental Schedule of Distribution of Salaries and Fringe Benefits by Project Type
 Year Ended June 30, 2021

	Salaries and Wages	Fringe Benefits	Salaries, Wages and Fringe
Charges to Direct projects	\$ 9,111,098	\$ 6,520,973	\$ 15,632,071
Charges to General Fund projects	84,650	61,464	146,114
Charges to Indirect projects	7,066,773	5,046,827	12,113,600
Totals	\$ 16,262,521	\$ 11,629,264	\$ 27,891,785

Statistical Section

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

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

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

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

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

Sources:

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

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

		Fiscal Year									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:											
Invested in capital assets	\$	1,615,120	1,954,455	2,766,741	2,251,523	1,626,539	1,231,475	4,859,839	128,748	287,694	1,639,425
Restricted		3,547,633	4,408,177	8,195,221	9,857,806	8,834,336	9,306,432	9,327,440	10,829,017	11,084,386	8,609,460
Unrestricted		<u>3,228,709</u>	<u>3,205,903</u>	<u>2,856,658</u>	<u>(22,772,623)</u>	<u>(21,432,913)</u>	<u>(22,519,075)</u>	<u>(35,184,659)</u>	<u>(39,056,497)</u>	<u>(37,917,543)</u>	<u>(38,286,262)</u>
Total governmental activities											
Net position	\$	<u>8,391,462</u>	<u>9,568,535</u>	<u>13,818,620</u>	<u>(10,663,294)</u>	<u>(10,972,038)</u>	<u>(11,981,168)</u>	<u>(20,997,380)</u>	<u>(28,098,732)</u>	<u>(26,545,463)</u>	<u>(28,037,377)</u>

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

	Fiscal Year									
	2012 ³	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Expenses:										
Transportation	\$ 30,615,654	24,518,174	23,153,109	31,710,847	30,851,350	20,838,392	14,792,393	16,150,392	19,039,509	19,694,557
Modeling	-	-	-	-	-	-	10,582,018	10,768,740	12,191,498	10,690,326
High speed rail	135,882	196,200	305,054	281,500	290,497	339,370	-	-	-	-
Aviation	472,799	357,539	303,773	585,322	575,716	267,597	-	-	-	-
Environmental	2,626,070	320,850	1,403,147	1,450,795	1,459,853	7,054,453	5,164,861	3,179,830	4,377,155	4,188,153
Housing	665,008	1,993,419	1,505,232	1,128,200	981,416	3,222,728	-	-	-	-
Public Involvement	-	-	-	-	-	-	2,180,608	2,219,085	2,826,301	3,261,091
Sustainability Initiatives	1,678,605	5,473,095	2,173,803	5,463,860	7,506,301	7,521,696	8,642,100	5,820,909	6,266,299	16,301,434
Administration	-	1,560,377	2,005,412	1,864,232	2,138,873	3,871,454	8,147,226	12,243,851	5,899,158	5,293,557
Total expenses	<u>36,194,018</u>	<u>34,419,654</u>	<u>30,849,530</u>	<u>42,484,756</u>	<u>43,804,006</u>	<u>43,115,690</u>	<u>49,509,206</u>	<u>50,382,807</u>	<u>50,599,920</u>	<u>59,429,118</u>
Program revenues:										
Charges for services - member dues	1,759,631	1,779,184	1,834,522	1,871,720	1,900,950	1,939,700	1,986,186	2,053,962	2,112,970	1,861,517
Operating grants and contributions	<u>36,245,424</u>	<u>33,510,829</u>	<u>32,833,285</u>	<u>42,318,755</u>	<u>40,616,883</u>	<u>39,672,312</u>	<u>42,253,899</u>	<u>40,576,290</u>	<u>49,907,967</u>	<u>55,993,555</u>
Total program revenues	<u>38,005,055</u>	<u>35,290,013</u>	<u>34,667,807</u>	<u>44,190,475</u>	<u>42,517,833</u>	<u>41,612,012</u>	<u>44,240,085</u>	<u>42,630,252</u>	<u>52,020,937</u>	<u>57,855,072</u>
Net revenues (expenses)	1,811,037	870,359	3,818,277	1,705,719	(1,286,173)	(1,503,678)	(5,269,121)	(7,752,555)	1,421,017	(1,574,046)
General revenues and other changes in net assets:										
Interest income	46,580	26,479	53,149	75,652	92,093	114,318	142,388	271,058	122,252	74,632
Other income ¹	<u>406,080</u>	<u>278,235</u> ²	<u>378,659</u>	<u>407,156</u>	<u>885,336</u>	<u>380,230</u>	<u>392,095</u>	<u>380,145</u>	<u>10,000</u>	<u>7,500</u>
	<u>452,660</u>	<u>304,714</u>	<u>431,808</u>	<u>482,808</u>	<u>977,429</u>	<u>494,548</u>	<u>534,483</u>	<u>651,203</u>	<u>132,252</u>	<u>82,132</u>
Changes in net position	\$ <u>2,263,697</u>	<u>1,175,073</u>	<u>4,250,085</u>	<u>2,188,527</u>	<u>(308,744)</u>	<u>(1,009,130)</u>	<u>(4,734,638)</u>	<u>(7,101,352)</u>	<u>1,553,269</u>	<u>(1,491,914)</u>

¹ Other income for the year ended June 30, 2012 includes the refund from the JPIA amounting to \$155,750.

² Other income for the year ended June 30, 2010 includes the refund from the JPIA amounting to \$307,281.

³ Certain amounts in 2012 have been reclassified to conform with the 2013 presentation.

⁴ Other income for the year ended June 30, 2013 includes the refund from the JPIA amounting to \$147,196.

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund:										
Reserved	\$ -	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	502,200	262,658	652,453	580,163	763,655	927,324	779,552	867,144	876,033	2,652,163
Unassigned	<u>4,444,550</u>	<u>4,546,068</u>	<u>4,126,906</u>	<u>4,716,559</u>	<u>5,649,117</u>	<u>5,725,487</u>	<u>7,073,814</u>	<u>1,889,233</u>	<u>6,062,262</u>	<u>4,371,332</u>
Total general fund	\$ <u>4,946,750</u>	<u>4,808,726</u>	<u>4,779,359</u>	<u>5,296,722</u>	<u>6,412,772</u>	<u>6,652,811</u>	<u>7,853,366</u>	<u>2,756,377</u>	<u>6,938,295</u>	<u>7,023,495</u>
All other governmental funds:										
Reserved	\$ -	-	-	-	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Restricted	<u>3,547,633</u>	<u>4,408,177</u>	<u>4,408,177</u>	<u>9,857,806</u>	<u>8,834,336</u>	<u>9,306,432</u>	<u>9,327,440</u>	<u>10,829,017</u>	<u>11,084,386</u>	<u>8,609,460</u>
Total all other governmental funds	\$ <u>3,547,633</u>	<u>4,408,177</u>	<u>4,408,177</u>	<u>9,857,806</u>	<u>8,834,336</u>	<u>9,306,432</u>	<u>9,327,440</u>	<u>10,829,017</u>	<u>11,084,386</u>	<u>8,609,460</u>

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Federal grants	\$ 30,204,434	27,849,710	26,845,417	35,850,884	33,900,754	32,703,938	34,829,246	30,602,350	33,411,528	40,263,537
State grants and contracts	1,682,599	798,043	489,803	639,123	932,566	994,427	1,476,542	3,878,174	6,026,789	9,896,308
Local grants and contracts	4,358,391	4,863,076	5,498,065	5,828,748	5,783,563	5,973,947	5,948,111	6,095,766	6,407,071	5,833,710
Membership assessments	1,759,631	1,779,184	1,834,522	1,871,720	1,900,950	1,939,700	1,986,186	2,053,962	2,112,970	1,861,517
Recovery of disallowed grant costs									4,062,579	
General Assembly									10,000	7,500
Interest and other	731,702	306,714	431,808	482,808	977,429	494,548	534,483	651,203	122,252	74,632
Total revenues	38,736,757	35,596,727	35,099,615	44,673,283	43,495,262	42,106,560	44,774,568	43,281,455	52,153,189	57,937,204
Expenditures:										
Current:										
Transportation	31,672,376	26,662,798	24,726,670	33,556,910	30,739,916	20,838,392	15,323,497	16,150,392	19,039,509	19,694,557
Modeling	-	-	-	-	-	-	10,047,322	10,768,740	12,191,498	10,690,326
Public Involvement	-	-	-	-	-	-	2,184,200	2,219,085	2,826,301	3,261,091
Aviation	277,796	176,017	174,845	451,493	573,374	267,597	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-
High speed rail	68,460	96,590	140,800	161,423	290,595	339,370	-	-	-	-
Housing	342,391	1,180,258	922,718	706,129	980,086	3,222,728	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-	-
Environmental	1,598,322	158,345	887,807	969,338	1,448,295	7,054,453	5,164,861	3,179,830	4,377,155	4,188,153
Sustainability Initiatives	1,727,671	3,959,891	1,325,204	4,524,338	7,403,783	7,521,696	8,642,100	5,820,909	6,266,299	16,301,434
Administration	-	1,646,163	1,685,534	1,841,987	1,543,263	2,138,062	2,322,029	3,325,282	2,581,252	4,418,946
Disallowed Grant Costs	-	-	-	-	-	-	-	4,832,192	-	-
Debt service:										
Principal	-	-	-	-	-	-	130,788	355,208	373,630	393,012
Interest	-	-	-	-	-	-	25,490	83,796	34,026	23,804
Capital outlay	648,416	994,145	1,478,360	281,717	423,370	12,127	1,656,202	141,433	26,232	1,355,607
Total expenditures	36,335,432	34,874,207	31,341,938	42,493,335	43,402,682	41,394,425	45,496,489	46,876,867	47,715,902	60,326,930
Excess (deficiency) of revenues over (under) expenditures	2,401,325	722,520	3,757,677	2,179,948	92,580	712,135	(721,921)	(3,595,412)	4,437,287	(2,389,726)
Other financing sources (uses)										
Transfers in	10,168,814	10,987,675	10,093,426	10,085,526	-	7,198	-	78,995	77,059	717,045
Transfers out	(10,168,814)	(10,987,675)	(10,093,426)	(10,085,526)	-	(7,198)	-	(78,995)	(77,059)	(717,045)
Proceeds from financing	-	-	-	-	-	-	1,943,484	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	1,943,484	-	-	-
Net change in fund balances	\$ 2,401,325	722,520	3,757,677	2,179,948	92,580	712,135	1,221,563	(3,595,412)	4,437,287	(2,389,726)
Total Debt Service Expenditures	\$ -	-	-	-	-	-	156,278	439,004	407,656	416,816
Total Non-Capital Expenditures	\$ 35,687,016	33,880,062	29,863,578	42,211,618	42,979,312	41,382,298	43,840,287	46,735,434	47,689,670	58,971,323
Ratio of Debt Service to Non-Capital	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.36%	0.94%	0.85%	0.71%

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

Southern California Association of Governments

Table 5 – Indirect and Fringe Benefit Costs

Last Ten Fiscal Years

Fiscal Year	Indirect cost	Fringe benefits	Totals
2012	10,892,283	6,993,925	17,886,208
2013	10,625,503	7,291,029	17,916,532
2014	9,870,796	7,406,943	17,277,739
2015	10,858,012	8,082,809	18,940,821
2016	11,613,300	8,891,915	20,505,215
2017	12,586,074	9,311,132	21,897,206
2018	15,165,346	9,009,745	24,175,091
2019	12,365,958	9,574,971	21,940,929
2020	15,618,533	10,168,470	25,787,003
2021	18,992,533	11,629,265	30,621,798

Source: SCAG Finance Division.

Southern California Association of Governments

Table 6 – Member Dues

Last Ten Fiscal Years

	Cities & Indian Tribes			Counties			Commissions	
	No. of Members	Population	Annual Dues	No. of Members	Population	Annual Dues	No. of Members	Annual Dues
2012	190	16,035,831	1,373,766	6	2,115,074	290,865	5	95,000
2013	191	16,377,980	1,411,942	6	2,066,588	290,942	5	95,000
2014	191	15,764,229	1,444,701	6	1,967,621	293,146	5	95,000
2015	189	16,304,097	1,484,363	6	1,950,310	292,357	5	95,000
2016	189	16,368,268	1,511,946	6	1,963,578	294,004	5	95,000
2017	189	16,476,665	1,543,468	6	1,973,786	297,899	5	95,000
2018	189	16,686,338	1,577,575	6	1,989,806	300,111	6	98,500
2019	189	16,836,783	1,634,861	6	1,999,994	307,523	6	98,500
2020	189	16,904,173	1,690,277	6	2,021,924	315,132	6	108,500
2021	185	16,911,782	1,483,344	6	2,017,250	280,673	7	97,500

Southern California Association of Governments

Table 7 – Principal Members
Current Year and Five Years Ago

City/County	2021		2016	
	Annual Dues	Percent of Total Dues Assessment	Annual Dues	Percent of Total Dues Assessment
City of Los Angeles	\$ 317,231	17%	\$ 340,303	18%
County of Los Angeles	109,942	6%	125,876	7%
County of Riverside	50,855	3%	56,572	3%
County of San Bernardino	55,591	3%	50,826	3%
City of Long Beach	37,781	2%	41,587	2%
County of Orange	37,634	2%	35,548	2%
City of Anaheim	28,726	2%	30,994	2%
City of Santa Ana	33,793	2%	29,574	2%
City of Riverside	26,282	1%	28,019	1%
SBCTA (SANBAG)	20,000	1%	25,000	1%
RCTC	25,000	1%	25,000	1%
OCTA	25,000	1%	25,000	1%
City of Irvine	28,166	2%	21,820	1%
County of Ventura	19,430	1%	18,450	1%
City of Glendale	20,933	1%	17,752	1%
City of San Bernardino	17,760	1%	19,221	1%
City of Santa Clarita	17,672	1%	18,909	1%
	<u>\$ 871,796</u>	<u>47%</u>	<u>910,451</u>	<u>48%</u>

Southern California Association of Governments

Table 8 – Population by County in the SCAG Region

Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2012	179,106	9,956,888	3,072,381	2,244,472	2,071,326	834,960	18,359,133
2013	180,099	10,025,721	3,103,018	2,268,660	2,084,443	840,637	18,502,578
2014	181,699	10,078,942	3,122,962	2,290,907	2,094,951	845,279	18,614,740
2015	183,856	10,124,800	3,144,663	2,315,547	2,112,187	848,459	18,729,512
2016	184,843	10,150,386	3,160,401	2,342,612	2,122,579	849,335	18,810,156
2017	186,664	10,181,162	3,180,125	2,374,555	2,139,520	848,232	18,910,258
2018	188,042	10,192,593	3,186,254	2,397,662	2,150,017	848,112	18,962,680
2019	188,552	10,163,139	3,185,378	2,419,057	2,165,876	844,259	18,966,261
2020	188,422	10,135,614	3,180,491	2,440,719	2,175,424	841,219	18,961,889
2021	186,034	10,044,458	3,153,764	2,454,453	2,175,909	835,223	18,849,841

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

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

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2012	49,206	3,248,211	995,490	693,652	615,977	267,942	5,870,478
2013	49,309	3,253,264	999,053	700,851	619,922	268,251	5,890,650
2014	49,460	3,262,582	1,005,568	705,811	622,609	269,338	5,915,368
2015	49,644	3,274,742	1,011,689	711,185	625,567	270,413	5,943,240
2016	49,802	3,287,528	1,017,539	717,126	629,119	271,708	5,972,822
2017	49,940	3,305,784	1,025,324	723,337	633,599	272,567	6,010,551
2018	50,109	3,321,379	1,034,724	730,218	638,633	272,979	6,048,042
2019	50,298	3,340,821	1,044,236	737,020	642,806	274,135	6,089,316
2020	50,550	3,360,402	1,051,153	744,644	645,798	275,693	6,128,240
2021	51,004	3,382,896	1,058,090	751,584	649,259	276,493	6,169,326

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

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

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2012	59,700	4,043,900	1,428,400	573,600	626,600	310,100	7,042,300
2013	61,300	4,122,400	1,467,300	599,500	648,300	317,000	7,215,800
2014	63,200	4,198,700	1,501,100	628,100	675,600	320,200	7,386,900
2015	63,800	4,291,900	1,548,700	657,900	710,100	322,800	7,595,200
2016	62,700	4,401,400	1,588,700	688,400	727,100	325,700	7,794,000
2017	64,000	4,454,900	1,621,300	718,400	750,900	329,200	7,938,700
2018	64,000	4,520,700	1,653,800	748,500	772,700	333,400	8,093,100
2019	64,600	4,565,800	1,675,300	766,500	801,000	337,500	8,210,700
2020	60,200	4,151,000	1,526,600	723,100	778,700	315,700	7,555,300
2021	60,700	4,119,100	1,545,300	754,600	776,800	316,400	7,572,900

Source: Processed by SCAG Staff; CA EDD - March 2020 Benchmark

Employment by Industry Data

Historical Annual Average Data: 2011 - 2020 (Total, All Industries=Wage and Salary Employment)

2021 figures are estimated by calculating the average from January 2021 to August 2021

Southern California Association of Governments

Table 11 – Labor Force by County in the SCAG Region

Last Ten Calendar Years

Calendar year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2012	79,300	4,904,900	1,558,500	985,200	890,500	433,700	8,852,100
2013	78,200	4,955,800	1,559,500	993,000	893,600	432,300	8,912,400
2014	78,300	4,982,400	1,565,400	1,009,200	903,600	429,200	8,968,100
2015	76,800	4,973,800	1,584,300	1,033,500	919,300	427,200	9,014,900
2016	75,200	5,018,900	1,597,400	1,051,600	930,200	425,300	9,098,600
2017	72,100	5,088,900	1,606,800	1,071,600	942,700	423,900	9,206,000
2018	71,200	5,094,300	1,616,000	1,090,100	955,100	423,100	9,249,800
2019	73,600	5,122,800	1,613,100	1,105,700	965,000	421,400	9,301,600
2020	69,600	4,921,500	1,553,300	1,107,700	966,200	408,900	9,027,200
2021	65,100	5,056,700	1,547,300	1,113,000	980,200	405,000	9,167,300

Source: Processed by SCAG Staff; CA EDD - March 2020 Benchmark
Employment by Industry Data

Historical Annual Average Data: 2011 - 2020 (Civilian Labor Force=Labor Force)

2021 figures are estimated by calculating the average from January 2021 to August 2021

Southern California Association of Governments

Table 12 – Unemployment by County in the SCAG Region

Last Ten Calendar Years

<u>Calendar Year</u>	<u>Imperial</u>	<u>Los Angeles</u>	<u>Orange</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Ventura</u>	<u>Total</u>
2012	22,000	539,200	125,000	116,500	103,300	40,100	946,100
2013	19,800	484,400	104,200	99,600	88,400	34,500	830,900
2014	19,000	410,200	87,000	83,700	73,200	28,900	702,000
2015	18,900	332,700	71,200	69,600	59,600	24,300	576,300
2016	18,200	267,700	64,700	64,400	53,900	22,300	491,200
2017	14,200	245,200	56,700	56,700	46,800	19,200	438,800
2018	13,400	237,000	48,100	48,600	39,400	16,300	402,800
2019	15,400	234,300	45,900	47,000	37,600	15,500	395,700
2020	15,700	629,800	136,600	110,000	91,300	35,000	1,018,400
2021	10,400	534,900	94,300	82,900	75,900	24,700	823,100

Source: Processed by SCAG Staff; CA EDD - March 2020 Benchmark

Employment by Industry Data

Historical Annual Average Data: 2011 - 2020 (Civilian Unemployment=Unemployment)

2021 figures are estimated by calculating the average from January 2021 to August 2021

Southern California Association of Governments
Table 13 – Largest Employer County in the SCAG Region
Current Year

	Employees	Type of Business		Employees	Type of Business
Imperial			Riverside		
1 Imperial Irrigation District	3,030	Harvesting	1 County of Riverside	22,038	Government
2 Calipatria State Prison	1,200	Correctional Institution	2 March Air Reserve Base	9,000	Military Reserve Base
3 Centinela State Prison	1,200	Correctional Institution	3 University of California, Riverside	8,829	Education
4 Walmart Supercenter	1,160	Retail	4 Kaiser Permanente Riverside Medical Center	5,500	Hospital
5 El Centro Regional Medical Ctr	860	Hospital	5 Corona-Norco Unified School District	5,478	Education
6 Jjall Lc	800	Correctional Institution	6 Pechanga Resort & Casino	4,750	Resort Casino
7 El Centro Naval Air Facility	780	Military	7 Riverside Unified School District	4,200	Education
8 Pioneers Memorial Hosp-Doctors	630	Hospital	8 Hemet Unified School District	4,058	Education
9 Imperial County Office-Educ	600	Education	9 Riverside University Health System-Medical C	3,965	Hospital
10 Us Border Patrol	540	Government	10 Morongo Casino, Resort & Spa	3,800	Resort Casino
Los Angeles			San Bernardino		
1 County of Los Angeles	95,200	Government	1 Arrowhead Regional Medical Center	18,000	Hospital
2 Los Angeles Unified School District	75,700	Education	2 Stater Bros. Markets	18,000	Retail
3 City of Los Angeles (including DWP)	72,600	Education	3 County Of San Bernardino	17,400	Government
4 University of California, Los Angeles	51,000	Government	4 San Bernardino City Unified School District	8,570	Education
5 Kaiser Permanente	41,300	Government	5 Ontario International Airport	7,510	Airport
6 Federal Government (Except Postal Service)	30,600	Hospital	6 Kaiser Medical Center	5,680	Hospital
7 State of California (non-education)	28,000	Government	7 Loma Linda University Medical Center	4,680	Hospital
8 University of Southern California	22,200	Education	8 Fontana Unified School Distric	3,950	Education
9 Northrop Grumman Corp.	18,000	Aerospace and Defense	9 Loma Linda University	3,910	Education
10 Federal Government (Postal Service)	16,800	Hospital	10 San Manuel Band Of Mission Indians	3,260	Government
Orange			Ventura		
1 Walt Disney Co	30,000	Hospitality and Entertainment	1 Naval Base Ventura County	18,776	Government
2 University of California, Irvine	23,884	Education	2 County of Ventura	8,435	Government
3 County of Orange	17,271	Government	3 Amgen Inc	5,500	Biomedical
4 St. Joseph Health	14,000	Hospital	4 Wellpoint	2,860	Hospital
5 Kaiser Permanente	8,178	Hospital	5 Simi Valley Unified School District	2,740	Education
6 Albertsons	7,670	Retail	6 Community Memorial Hospital	2,300	Hospital
7 Target Corp.	6,300	Retail	7 Conejo Valley Unified School District	2,050	Education
8 Walmart	6,200	Retail	8 Dignity Health	2,016	Hospital
9 Hoag Memorial Hospital Presbyterian	6,100	Hospital	9 Ventura Unified School District	1,835	Education
10 The Boeing Company	6,000	Aerospace	10 Los Robles Regional Med Center	1,500	Hospital

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

Southern California Association of Governments

Table 14 – Housing Units by County in the SCAG Region

Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2012	56,222	3,454,131	1,052,346	807,970	702,911	282,923	6,356,503
2013	56,524	3,463,492	1,056,222	812,234	704,540	283,575	6,376,587
2014	56,731	3,474,246	1,063,093	817,008	706,314	284,489	6,401,881
2015	57,174	3,504,173	1,076,199	828,383	711,781	287,080	6,464,790
2016	57,174	3,504,173	1,076,199	828,383	711,781	287,080	6,464,790
2017	57,401	3,527,368	1,084,476	834,652	715,634	288,074	6,507,605
2018	57,737	3,546,864	1,094,256	840,904	719,911	288,579	6,548,251
2019	58,002	3,568,900	1,104,275	847,851	723,783	289,647	6,592,458
2020	58,311	3,590,574	1,111,421	856,124	726,680	291,210	6,634,320
2021	58,811	3,614,809	1,118,971	864,076	730,516	292,100	6,679,283

Source: Processed by SCAG Staff based on State of California, Department of Finance, E-5 City/County Population and Housing Estimates, May 2021

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

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Average
2012	140,000	380,000	480,000	230,000	190,000	380,000	350,000
2013	150,000	440,000	570,000	270,000	220,000	450,000	410,000
2014	170,000	490,000	610,000	300,000	260,000	500,000	460,000
2015	200,000	510,000	630,000	320,000	280,000	510,000	480,000
2016	210,000	550,000	670,000	330,000	300,000	540,000	510,000
2017	220,000	590,000	700,000	360,000	320,000	570,000	540,000
2018	230,000	630,000	740,000	380,000	350,000	600,000	580,000
2019	240,000	640,000	740,000	390,000	360,000	600,000	590,000
2020	250,000	660,000	760,000	400,000	370,000	610,000	610,000
2021	269,000	745,000	861,000	482,000	434,000	717,000	691,000

Source: Zillow.com

2021 Data: Estimation Based on Average Between Jan 2021 and August 2020

Note: Average is Weighted by Housing Units from Table 14

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

Southern California Association of Governments

Table 16 – Land Area by County in the SCAG Region

Last Ten Calendar Years

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2012	4,175	4,060	790	7,208	20,062	1,846	38,141
2013	4,175	4,060	790	7,208	20,062	1,846	38,141
2014	4,175	4,060	790	7,208	20,062	1,846	38,141
2015	4,175	4,060	790	7,208	20,062	1,846	38,141
2016	4,175	4,060	790	7,208	20,062	1,846	38,141
2017	4,175	4,060	790	7,208	20,062	1,846	38,141
2018	4,175	4,060	790	7,208	20,062	1,846	38,141
2019	4,175	4,060	790	7,208	20,062	1,846	38,141
2020	4,175	4,060	790	7,208	20,062	1,846	38,141
2021	4,175	4,060	790	7,208	20,062	1,846	38,141

Source: Census Bureau Tiger File

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

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

Calendar Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2012	\$ 10,335,759,824	1,070,532,689,445	422,054,150,027	203,143,376,088	165,720,121,024	104,392,245,689	1,976,178,342,097
2013	\$ 10,393,345,085	1,093,886,934,773	429,315,145,388	202,209,185,045	166,970,746,909	105,066,235,097	2,007,841,592,297
2014	\$ 11,230,818,021	1,145,256,478,683	445,068,356,853	210,726,246,610	172,112,462,762	108,574,635,076	2,092,968,998,005
2015	\$ 11,648,369,468	1,207,856,228,771	473,782,781,168	228,233,802,746	182,705,725,334	114,663,397,481	2,218,890,304,968
2016	\$ 12,400,979,037	1,282,508,084,556	507,799,267,525	240,933,731,456	192,319,791,501	119,407,609,899	2,355,369,463,974
2017	\$ 12,689,982,548	1,354,458,674,851	528,711,072,636	253,658,272,351	200,564,761,328	123,951,233,364	2,474,033,997,078
2018	\$ 12,984,173,804	1,435,385,941,470	561,278,774,948	266,916,802,097	214,878,403,179	129,987,341,366	2,621,431,436,864
2019	\$ 13,487,316,919	1,529,882,494,903	596,783,437,256	283,283,510,304	227,946,672,512	135,744,679,058	2,787,128,110,952
2020	\$ 13,510,481,408	1,640,578,043,117	637,267,187,553	305,924,215,017	250,687,610,322	143,992,025,789	2,991,959,563,206
2021	\$ 13,896,598,809	1,738,895,277,917	668,463,980,005	324,006,582,960	264,987,439,519	149,896,824,389	3,160,146,703,599

Source: State of California – Controller’s Office.

Note: Assessed Valuations Show Total State and County Assessed Valuation

<https://bythenumbers.sco.ca.gov/Raw-Data/Assessed-Valuation-Raw-Data-for-Fiscal-Years-2003-/qky3-f2m4>

<https://bythenumbers.sco.ca.gov/Raw-Data/Property-Tax-Raw-Data-for-Fiscal-Years-2019-20/cjgd-fqva>

Southern California Association of Governments

Table 18 – Full-Time and Part-time Employees as of June 30

Last Ten Fiscal Years

Fiscal Year	Transportation	Modeling	High Speed Rail	Aviation	Environmental	Housing	Public Involvement	Sustainability	Administration	Total
2012	60	0	1	1	3	2	0	0	61	128
2013	55	0	1	1	2	1	0	0	67	127
2014	57	0	1	1	2	1	0	0	58	120
2015	61	0	1	1	1	1	0	0	66	131
2016	58	0	1	1	3	1	0	0	67	131
2017	60	0	1	0	3	1	0	0	60	125
2018	44	15	0	1	1	0	15	7	46	129
2019	39	16	0	1	1	0	16	6	48	127
2020	41	16	0	1	1	2	19	9	58	147
2021	41	21	0	1	7	8	18	12	68	176

Source: SCAG HR Department.

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

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Transportation										
No. of projects undertaken	48	49	82	85	89	80	27	71	67	68
Grants & Contracts Revenue	\$ 23,819,826	23,880,028	23,120,187	25,928,208	26,127,909	21,402,980	10,227,859	18,068,335	17,390,426	28,879,062
Modeling										
No. of projects undertaken							36	33	36	25
Grants & Contracts Revenue	\$						12,546,320	11,872,339	12,503,509	12,374,774
High Speed Rail										
No. of projects undertaken	1	1	1	1	1	1				
Grants & Contracts Revenue	\$ 137,330	21,200	263,579	281,779	290,593	339,370				
Aviation										
No. of projects undertaken	2	1	1	1	1	1				
Grants & Contracts Revenue	\$ 461,819	347,880	196,948	579,242	550,584	267,597				
Environmental										
No. of projects undertaken	9	6	13	1	5	20	17	8	10	8
Grants & Contracts Revenue	\$ 2,881,315	587,435	1,601,570	1,587,158	1,448,295	6,592,728	5,144,977	3,358,447	4,322,956	3,400,938
Public Involvement										
No. of projects undertaken							4	4	4	5
Grants & Contracts Revenue	\$						2,600,060	2,445,350	2,894,305	3,988,245
Housing										
No. of projects undertaken	2	2	3	3	2	9	9			
Grants & Contracts Revenue	\$ 1,345,833	2,088,856	1,599,668	1,176,694	960,528	3,187,930	2,032,313			
Sustainability Initiatives										
No. of projects undertaken	6	9	12	14	25	28	41	8	27	38
Grants & Contracts Revenue	\$ 6,200,905	6,089,132	2,511,049	5,457,158	7,345,383	7,098,027	8,719,261	6,142,700	5,090,102	15,321,082
Expenditure classifications were changed in FY19 to better reflect the changing mix in SCAG's initiatives. FY18 expenditures were restated to be comparable to FY19. Fiscal years before FY18 were not restated.										
Total No. of projects undertaken							134	124	144	144
Grants & Contracts Revenue							41,270,790	41,887,171	42,201,298	63,964,101

Southern California Association of Governments

Table 20 – Outstanding Debt

Last Ten Fiscal Years

Fiscal Year	Claims Payable	Financing Agreements	Tenant Improvement Allowance	Total Outstanding Debt	Program Revenues	Ratio of Debt to Revenues
2012	-	\$ -	509,174	\$ 509,174	\$ 38,005,055	1.3%
2013	-	-	162,993	\$ 162,993	\$ 35,290,013	0.5%
2014	-	-	135,846	\$ 135,846	\$ 34,667,807	0.4%
2015*	-	-	108,700	\$ 108,700	\$ 44,190,475	0.2%
2016	-	-	81,553	\$ 81,553	\$ 42,517,833	0.2%
2017	-	-	54,406	\$ 54,406	\$ 41,612,012	0.1%
2018**	-	1,812,696	4,682,709	\$ 6,495,405	\$ 44,240,085	14.7%
2019	-	1,457,488	4,371,379	\$ 5,828,867	\$ 42,630,252	13.7%
2020	-	1,083,858	4,062,393	\$ 5,146,251	\$ 52,020,937	9.9%
2021	-	690,846	3,753,407	\$ 4,444,253	\$ 57,855,072	7.7%



CPAs & BUSINESS ADVISORS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern California Association of Governments (SCAG), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise SCAG's basic financial statements, and have issued our report thereon dated February 15, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Rancho Cucamonga, California
February 15, 2022

Annual Comprehensive FINANCIAL REPORT | 2021

YEAR ENDED JUNE 30, 2021

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