



**San Gabriel Valley Council of Governments**  
**AGENDA AND NOTICE OF THE REGULAR MEETING**  
**OF THE SGVCOG EXECUTIVE COMMITTEE**

**Monday, March 3, 2025 – 10:00 AM**

**SGVCOG Monrovia Office**

**1333 S. Mayflower Ave, Suite 360, Monrovia, CA 91016**

President

**Tim Hepburn**

1<sup>st</sup> Vice President

**Ed Reece**

2<sup>nd</sup> Vice President

**Cory Moss**

3<sup>rd</sup> Vice President

**Michael Allawos**

Past President

**Becky Shevlin**

Transportation Chair

**Ed Reece**

Homelessness Chair

**Becky Shevlin**

EENR Chair

**Jennifer Stark**

CPCC Chair

**Tim Hepburn**

Ex-Officio

**Tim Sandoval, Metro**

*SGVCOG Representative*

Ex-Officio

**Jessica Binnquist, City**

*Managers' Steering*

*Committee Chair*

Thank you for participating in tonight's meeting. The SGVCOG encourages public participation and invites you to share your views on agenda items.

**MEETINGS:** *Regular Meetings of the Executive Committee are held on the first Monday of each month at 10:00 AM at the SGVCOG Monrovia Office (1333 South Mayflower Avenue, Suite 360, Monrovia, CA 91016).* The agenda packet is available at the SGVCOG's Office, 1333 S. Mayflower Avenue, Suite 360, Monrovia, CA, and on the website, [www.sgvkog.org](http://www.sgvkog.org). Copies are available via email upon request ([sgv@sgvkog.org](mailto:sgv@sgvkog.org)). A copy of the agenda is also posted for public viewing at the entrance of the SGVCOG Monrovia Office Building. Any additional agenda documents that are distributed to a majority of the Committee after the posting of the agenda will be available for review in the SGVCOG office during normal business hours and on the SGVCOG website noted above.

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**TO ADDRESS THE EXECUTIVE COMMITTEE:** At a regular meeting, the public may comment: (i) on any matter within the subject matter jurisdiction of the SGVCOG that is not on the agenda during the public comment period at the beginning of the agenda; (ii) on any item(s) that is on the Consent Calendar prior to action taken on the Consent Calendar; and (iii) on any other agenda item prior to the time it is considered by the Committee. At a special meeting, the public may only comment on items that are on the agenda. Members of the public are requested to state their name prior to speaking. Comments are limited to a maximum of three minutes per person. The Board President may impose additional time limits if comments become repetitious, an individual member of the public seeks to speak on numerous items, or a large number of members of the public seek to speak on an item. Except in limited situations, the Committee may not take action on items not appearing on the agenda and/or discuss them at length.

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<p><b>Claremont City Hall</b> 207 Harvard Avenue Claremont, CA 91711</p>
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### **PRELIMINARY BUSINESS**

1. Call to Order
2. Roll Call
3. Public Comment (*If necessary, the President may place reasonable time limits on all comments*)
4. Changes to the Agenda Order

### **CONSENT CALENDAR**

5. Executive Committee Meeting Minutes – **Page 1**  
*Recommended Action: Review and approve.*
6. State Housing Bond & Local Housing Trust Fund (LHTF) Program Letter – **Page 3**  
*Recommended Action: Receive and file.*

### **ACTION ITEMS**

7. Governing Board Agenda – **Page 8**
  - General Counsel Appointment  
*Recommended Action: Review and approve the draft Governing Board agenda.*

### **PRESENTATION ITEM**

8. FY 2023-2024 Financial Audit: Rey Alimoren, SGVCOG Director of Finance, and Ahmed Badawi, Badawi & Associates – **Page 12**  
*Recommended Action: For information only.*

### **UPDATE ITEMS**

9. Legislative Report
10. President's Report
11. Executive Director's Report
12. General Counsel's Report

### **ANNOUNCEMENTS**

13. Next Executive Committee Meeting – April 7, 2025  
*Recommended Action: For information only.*

### **ADJOURN**



**Unapproved SGVCOG Executive Committee Meeting Minutes**  
**February 3, 2025**  
10:00 AM  
1333 S. Mayflower Ave., Monrovia, CA 91016

**PRELIMINARY BUSINESS**

1. Call to Order  
The meeting was called to order at 10:00 AM.

2. Roll Call  
**Members Present**  
T. Hepburn, President/CPCC Chair  
E. Reece, 1<sup>st</sup> Vice President  
C. Moss, 2<sup>nd</sup> Vice President  
M. Allawos, 3<sup>rd</sup> Vice President  
B. Shevlin, Past President/Homelessness Chair  
J. Stark, EENR Chair  
J. Binnquist, CMS Committee Chair

**Absent**  
T. Sandoval, Metro SGVCOG Representative

**Staff/Guests:**

M. Creter, SGVCOG Executive Director  
S. Wong; R. Choi; R. Alimoren; K. Lai; C. Sims; R. Coronel  
J. Talla; Y. Rivera; K. Ward; B. Salazar;  
V. Urenia; T. Lott; J. Burkart; L. Gardener;  
S. Pederson; S. Mandizvidza; L. Hwang; S. Akin; N. Ryu; SGVCOG Staff  
D. DeBerry, Woodruff & Smart  
A. Raymond, City of Glendora

3. Public Comment  
There were no public comments at this meeting.

4. Changes to the Agenda Order  
There were no changes to the agenda order.

**CONSENT CALENDAR**

5. Review Executive Committee Meeting Minutes  
**There was a motion to approve the consent calendar.**

**(M/S: J. Stark, B. Shevlin)**  
**[Motion Passed]**

<b>AYES:</b>	T. Hepburn, E. Reece, B. Shevlin, J. Stark
<b>NOES:</b>	
<b>ABSTAIN:</b>	C. Moss, M. Allawos
<b>ABSENT:</b>	

**ACTION ITEMS**

**6. Governing Board Agenda**

**There was a motion to approve the draft Governing Board agenda.**

**(M/S: C. Moss, M. Allawos)**

**[Motion Passed]**

<b>AYES:</b>	T. Hepburn, E. Reece, C. Moss, M. Allawos, B. Shevlin, J. Stark
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

**7. Measure A Local Solutions Fund (LSF) Allocation Approach**

**There was a motion to recommend Governing Board support a modified Scenario #4 as the preferred approach for the Local Solutions Fund (LSF) allocation.**

**(M/S: J. Stark, M. Allawos)**

**[Motion Passed]**

<b>AYES:</b>	T. Hepburn, E. Reece, C. Moss, M. Allawos, B. Shevlin, J. Stark
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

**UPDATE ITEM**

- 8. President’s Report**  
T. Hepburn reported on this item.
- 9. Executive Director’s Report**  
M. Creter reported on this item.
- 10. General Counsel’s Report**  
D. DeBerry reported on this item.

**ANNOUNCEMENTS**

- 11. Next Executive Committee Meeting – March 3, 2025**

**ADJOURN**

The meeting was adjourned at 10:59 AM

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**MEMORANDUM**

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**To:** San Gabriel Valley Council of Governments  
Executive Committee  
Governing Board

**From:** Townsend Public Affairs  
Carlin Shelby, Senior Associate  
Elisa Arcidiacono, Senior Associate

**Date:** March 3, 2025

**Subject:** State Housing Bond & Local Housing Trust Fund (LHTF) Program Letter

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Background

In the 2024 legislative session, the Legislature prioritized climate and school facilities bonds over a statewide housing bond. Now, in 2025, lawmakers are refocusing efforts on advancing a housing bond proposal. Two bills—one in each house—have been introduced to authorize a \$10 billion statewide housing bond.

AB 736 by Assemblymember Buffy Wicks (D-Oakland) and SB 417 by Senator Christopher Cabaldon (D-Yolo) both propose bonds to fund affordable housing, though they differ slightly in scope and funding allocations. Below is a high-level overview of both measures:

If approved by voters in the 2026 election, AB 736 and SB 417 would allocate \$10 billion as follows:

- \$5.25 billion for the Multifamily Housing Program to support affordable rental housing. SB 417 would also allocate a portion of these funds to the Infill Infrastructure Grant Program.
- \$1.75 billion for supportive housing for individuals experiencing homelessness, funded through the Multifamily Housing Program.
- \$800 million for the Portfolio Reinvestment Program, which rehabilitates existing affordable housing.
- \$500 million for the Community Anti-Displacement and Preservation Program, modeled after last year's SB 225, to acquire and preserve long-term affordability of existing unsubsidized housing.
- \$1 billion for homeownership assistance, split between:
  - The CalHome Program, which provides grants to local governments and nonprofits.
  - CalHFA's Downpayment Assistance Program, which offers direct aid to first-time homebuyers.
- \$250 million for tribal housing, allocated through the new Tribal Housing Grant Program.

- \$250 million for farmworker housing, administered under the Joe Serna, Jr. Farmworker Housing Grant Program.
- \$200 million to address regional housing needs, with differences in each bill's approach:
  - AB 736 (Assembly version) prioritizes energy efficiency programs for affordable housing.
  - SB 417 (Senate version) directs funds to rental assistance and housing in wildfire-impacted areas.

### Status

Both AB 736 and SB 417 were introduced before the February 19 bill introduction deadline and may be acted upon as early as March 21. Their legislative trajectory is expected to follow a path similar to AB 1657 (Wicks, 2024), which also proposed a \$10 billion housing bond and successfully moved through housing and fiscal committees before reaching the floor.

### Author Statements

Assemblymember Buffy Wicks (D-Oakland):

*"We cannot afford to slow down on affordable housing investments when so many Californians are facing immense hardship. These bonds are a necessary step to address the staggering need for safe, stable, and affordable housing. Even in a tight fiscal climate, we must act with urgency."*

Senator Christopher Cabaldon (D-Yolo):

*"Affordable housing providers have made steady progress, but there is still much more work to do. The housing crisis has only been worsened in areas impacted by wildfires—disasters that have destroyed homes, tightened rental markets, and made it even harder to build affordable housing. One of the most important ways California can respond is through a substantial new housing bond."*

With bipartisan support and numerous co-authors in both chambers, AB 736 and SB 417 will move through the legislative process in parallel this year, ensuring that members of both houses have the opportunity to help shape the final bond proposal.

### Support and Opposition

A full list of supporters and opponents will be made available before the first policy committee hearing. However, given the precedent set by AB 1657, the measures are likely to receive strong backing from local governments, housing advocacy organizations, and affordable housing developers.

### Position

The San Gabriel Valley Council of Governments (SGVCOG) and the San Gabriel Valley Regional Housing Trust (SGVRHT) have written to the bills' authors to indicate a "Support if Amended" position on both bills. Specifically, SGVCOG supports the bond if amended to restore funding for the Local Housing Trust Fund (LHTF) Program, which empowers regional housing trusts to develop tailored housing solutions. LHTF is one of California's most effective tools for addressing housing affordability by leveraging additional resources and accelerating production.

The LHTF Program was a key component of SB 3 (Beall, 2017)—the last statewide housing bond—which provided \$300 million for local and regional housing trusts. These funds have played a crucial role in closing financing gaps and ensuring affordable housing projects reach completion. The SGVRHT, in partnership with the SGVCOG, has successfully used LHTF funds to finance critical affordable housing projects, providing stability and opportunity for families while combating homelessness and housing insecurity. By leveraging funding awards under this program, the SGVRHT has been able to double its investment into affordable housing projects in the SGV. However, with the final Notice of Funding Availability (NOFA) issued in 2024, the program is now nearly fully expended. Importantly, LHTF is the only state funding program that directly supports housing trusts like SGVRHT. Renewing this funding within the 2026 bond would further strengthen local efforts to tackle the housing crisis.

This stance aligns with SGVCOG's and SGVRHT's 2024 Housing Bond advocacy and the SGVCOG 2025-2026 Legislative Platform, which was adopted by resolution on January 16, 2025. In particular, the Platform notes that "SGVCOG supports [...] funding for the San Gabriel Valley Regional Housing Trust." Furthermore, the resolution authorizes the Executive Director to advocate for positions on bills, policies, and regulations in a manner that aligns with the 2025-2026 Legislative Platform and is favorable to the San Gabriel Valley.

The letter, attached below, was sent on February 20 to lawmakers.





February 20, 2025

The Honorable Buffy Wicks  
California State Assembly  
1021 O Street, Suite 8140  
Sacramento, CA 95814

The Honorable Christopher Cabaldon  
California State Senate  
1021 O Street, Suite 7320  
Sacramento, CA 95814

**RE: AB 736 (Wicks) and SB 417 (Cabaldon): Housing Bond Proposals  
Notice of Support if Amended**

Dear Assembly Member Wicks and Senator Cabaldon,

On behalf of the San Gabriel Valley Council of Governments (SGVCOG), representing 31 incorporated cities and unincorporated communities in Los Angeles County, and more than 2 million residents across 374 square miles, I write to express our support if amended for your \$10 billion statewide housing bond proposals, SB 417 and AB 736, should they be revised to include additional funding for the Local Housing Trust Fund (LHTF) Program.

The LHTF program, administered by the Department of Housing and Community Development (HCD), is a proven and effective model for leveraging state and local resources to advance affordable and permanent supportive housing production. Since 2018, it has distributed \$300 million, catalyzing the development of over half a billion dollars in housing statewide. The program directly empowers regional housing trusts to drive housing solutions tailored to local needs, making it one of the most impactful tools available for addressing California's housing crisis.

The Program was a key component of the last statewide housing bond, SB 3 (Beall, 2017), which provided \$300 million to support local and regional housing trusts. This funding has been instrumental in leveraging additional resources, accelerating housing production, and ensuring that projects reach completion. LHTF serves as a critical gap financing tool, providing the last necessary funding to bring affordable housing projects from near completion to full operation. Given its proven success, it is essential that future housing bond measures, including SB 417 and AB 736, continue to invest in this effective program to maximize state and local housing resources.

The San Gabriel Valley Regional Housing Trust, in partnership with the SGVCOG, has successfully used LHTF funds to finance critical affordable housing projects, providing stability and opportunity for families while combating homelessness and housing insecurity. However, with the final Notice of Funding Availability (NOFA) issued in 2024, the program is now nearly fully expended. Without a new round of funding, California risks losing this vital tool for sustained housing production.

To ensure continuity, we respectfully request that any housing bond proposal, including SB 417 and AB 736, incorporate additional funding for the LHTF program. This would prevent disruptions in affordable housing development and enable local governments to continue leveraging state investments to meet our shared housing goals.

While we recognize ongoing concerns regarding housing element compliance, we believe that continuing to support jurisdictions making good-faith efforts toward certification—rather than broadly restricting access to housing funds—will be the most effective path toward increased housing production. Incentivizing compliance while maintaining access to critical funding will ensure that cities across California can continue to contribute to the state’s ambitious housing goals.

We appreciate your leadership in advancing housing solutions and urge you to include dedicated LHTF funding in SB 417 and AB 736. We look forward to working with you to strengthen California’s housing infrastructure through continued state and local collaboration.

Sincerely,



Marisa Creter

Executive Director

San Gabriel Valley Council of Governments & San Gabriel Valley Regional Housing Trust

- cc: San Gabriel Valley Legislative Caucus  
Assembly Member Jesse Gabriel, Chair, Assembly Budget Committee  
Senator Scott Wiener, Chair, Senate Budget Committee  
Assembly Member Matt Haney, Chair, Assembly Housing and Community Development Committee  
Senator Aisha Wahab, Chair, Senate Housing Committee  
Allison Hughes, Chief Consultant, Senate Housing Committee  
Lisa Engel, Chief Consultant, Assembly Housing and Community Development Committee  
Katie Kolitsos, Policy Consultant, Office of Assembly Speaker Rivas  
Misa Lenox, Principal Consultant, Office of Senate Speaker Pro Tem McGuire



# AGENDA/NOTICE OF THE REGULAR MEETING OF THE SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS (SGVCOG) GOVERNING BOARD

Thursday, March 20, 2025 - 4:00 P.M.  
SGVCOG Office

1333 S. Mayflower Avenue, Suite 360, Monrovia, CA 91016

President  
**Tim Hepburn**

1<sup>st</sup> Vice President  
**Ed Reece**

2<sup>nd</sup> Vice President  
**Cory Moss**

3<sup>rd</sup> Vice President  
**Michael Allawos**

**Members**

*Alhambra*

*Arcadia*

*Azusa*

*Baldwin Park*

*Bradbury*

*Claremont*

*Covina*

*Diamond Bar*

*Duarte*

*El Monte*

*Glendora*

*Industry*

*Irwindale*

*La Cañada Flintridge*

*La Puente*

*La Verne*

*Monrovia*

*Montebello*

*Monterey Park*

*Pasadena*

*Pomona*

*Rosemead*

*San Dimas*

*San Gabriel*

*San Marino*

*Sierra Madre*

*South El Monte*

*South Pasadena*

*Temple City*

*Walnut*

*West Covina*

*First District, LA County*

*Unincorporated Communities*

*Fifth District, LA County*

*Unincorporated Communities*

*SGV Water Districts*

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<b>Industry City Hall</b> 15625 Mayor Dave Way Industry, CA 91744	<b>Pasadena City Hall</b> Council Conference Room 100 N. Garfield Ave. Pasadena, CA 91101	<b>Chuck Bader Conference Rm.</b> 505 S. Garey Ave. Pomona, CA 91767
6131 Camellia Ave. Temple City, CA 91780	<b>Three Valleys Municipal Water District</b> 1021 E. Miramar Ave. Claremont, CA 91711	

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**PRELIMINARY BUSINESS**

**5 MINUTES**

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Public Comment (*If necessary, the President may place reasonable time limits on all comments*)
5. Changes to Agenda Order: Identify emergency items arising after agenda posting and requiring action prior to next regular meeting.

**CONSENT CALENDAR**

**5 MINUTES**

*(It is anticipated that the SGVCOG Governing Board may take action on the following matters)*

Administrative Items:

6. Governing Board Meeting Minutes  
*Recommended Action: Adopt Governing Board minutes.*
7. Monthly Cash Disbursements/Balances/Transfers  
*Recommended Action: Approve Monthly Cash Disbursements/Balances/Transfers.*
8. Committee/TAC/Governing Board Attendance  
*Recommended Action: Receive and file.*
9. SGVCOG Governing Board Future & Recurring Agenda Items: 2025  
*Recommended Action: Receive and file.*
10. Legislative Monthly Report (February)  
*Recommended Action: Receive and file.*
11. Contract Summary Report – First Quarter  
*Recommended Action: Receive and file.*
12. SGVCOG Committee Appointments & External Appointments  
*Recommended Action: Appoint the City of South Pasadena to the Transportation Committee.*
13. Winter Housing and Homelessness Report  
*Recommended Action: Receive and file.*
14. Advocacy Letters
  - a. State Housing Bond & Local Housing Trust Fund (LHTF) Program Letter
  - b. Californians Against Waste Coalition Letter*Recommended Action: Receive and file.*
15. FY 2023-2024 Financial Audit  
*Recommended Action: Receive and file.*

**ACTION ITEM**

**30 MINUTES**

16. Appoint General Counsel to Succeed General Counsel David DeBerry  
*Recommended Action: Appoint Cassie Trapesonian as General Counsel effective May 1, 2025.*

**UPDATE ITEMS**

**10 MINUTES**

17. President's Report
18. Executive Director's Report
19. General Counsel's Report

**COMMITTEE/BOARD REPORTS**

**10 MINUTES**

- 20. Capital Projects and Construction Committee
- 21. Energy, Environment and Natural Resources Committee
- 22. Homelessness Committee
- 23. San Gabriel Valley Regional Housing Trust Board
- 24. Transportation Committee

**LIAISON REPORTS**

**10 MINUTES**

- 25. Executive Committee for Regional Homeless Alignment
- 26. Foothill Transit
- 27. Gold Line Foothill Extension Construction Authority
- 28. League of California Cities
- 29. Los Angeles County Metropolitan Transportation Authority
- 30. San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy
- 31. San Gabriel Valley Mosquito & Vector Control District
- 32. South Coast Air Quality Management District
- 33. Southern California Association of Governments

**ANNOUNCEMENTS**

- 34. Upcoming Governing Board Meetings
  - Regular Meeting – April 17, 2025 at 4pm

**GOVERNING BOARD MEMBER COMMENTS**

**ADJOURN**

DRAFT

# REPORT

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DATE: March 3, 2025

TO: Executive Committee  
City Manager's Steering Committee  
Governing Board

FROM: Marisa Creter, Executive Director

RE: **FY 2023-2024 FINANCIAL AUDIT**

## **RECOMMENDED ACTION**

For information only.

## **BACKGROUND**

The SGVCOG's auditors Badawi & Associates completed a comprehensive audit of the financial statements for the SGVCOG for the fiscal year ending June 30, 2024. Attachment A contains the auditor's full report for the agency. SGVCOG Finance Director, Rey Alimoren, and representatives from Badawi & Associates will present the annual financial audit to the Executive Committee on March 3, 2025.

Prepared by: Stephan Wong  
Steph Wong  
Principal Management Analyst

Approved by: Marisa Creter  
Marisa Creter  
Executive Director

## **ATTACHMENTS**

Attachment A - SGVCOG Audited Financial Statements Year Ending June 30, 2024



**Audited Financial Statements**  
***As of and For the Year Ended June 30, 2024***  
***with Independent Auditor's Report***



**San Gabriel Valley Council of Governments  
Audited Financial  
Statements as of and for the  
Year *Ended June 30, 2024 with  
Independent Auditor's Report***

# San Gabriel Valley Council of Governments

## Basic Financial Statements

For the year ended June 30, 2024

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Governing Board  
of San Gabriel Valley Council of Governments  
Monrovia, California

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the accompanying financial statements of San Gabriel Valley Council of Governments (SGVCOG), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the SGVCOG's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the SGVCOG, as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SGVCOG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the SGVCOG's ability to continue as a going concern for a reasonable period of time.

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

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, defined benefit pension plan information, and OPEB plan information on pages 5-11 and pages 46-50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

To the Members of the Governing Board  
of San Gabriel Valley Council of Governments  
Monrovia, California  
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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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2025 on our consideration of the SGVCOG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the SGVCOG's internal control over financial reporting and compliance.



Badawi & Associates, CPAs  
Berkeley, California  
February 25, 2025

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# San Gabriel Valley Council of Governments

## Management's Discussion and Analysis

### Year ended June 30, 2024

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Our discussion and analysis of the San Gabriel Valley Council of Governments (SGVCOG) financial performance presents an overview of SGVCOG's financial activities during the year ended June 30, 2024. We encourage readers to consider information presented here in conjunction with the financial statements (beginning on page 15). The financial statements, notes and this discussion and analysis were prepared by management and are the responsibility of management.

#### **Background**

SGVCOG was created on March 17, 1994, by a Joint Powers Agreement (JPA) among various member San Gabriel Valley Cities to promote cooperation, exchange ideas, coordinate regional government programs and to provide recommendations and solutions to common problems and to general concern of member governments.

In 1998, SGVCOG created the Alameda Corridor - East Construction Authority (ACE) to mitigate the effects of increasing Union Pacific Railroad (UPRR) train traffic in the San Gabriel Valley (Valley). There were 55 "at-grade" crossings in the Valley where vehicular and pedestrian traffic cross directly over railroad tracks and must stop while trains pass by. This creates congestion, degrades the local environment, and compromises safety. The ACE Project will separate 20 crossings at the busiest intersections - by either raising or lowering the railroad or the intersecting street - along the 35-mile freight rail corridor from East Los Angeles to Pomona.

On August 17, 2017, the SGVCOG governing board approved the integration of ACE into SGVCOG. Full integration of ACE (now called ACE Project) into SGVCOG was completed during the fiscal year ended June 30, 2019.

The accompanying financial statements present the combined financial position and changes in financial position of SGVCOG and ACE. However, the following sections present analysis and discussions of each of the entity's financial statements.

#### **Financial Highlights**

##### Primary Government

SGVCOG's financial highlights as of and for the year ended June 30, 2024, are as follows:

- Net position increased by \$151,703, an increase of 6% from the previous year.
- Total Operating revenues and expenses decreased by \$2,686,077 (19%) and \$2,528,607 (20%), respectively, from the previous year. This was mainly attributable to the Stormwater Program, Regional Early Action Program (REAP), and the East SGV Multimodal Improvement Project activities.



**San Gabriel Valley Council of Governments**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2024**

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Component Unit

ACE's financial highlights as of and for the year ended June 30, 2024, are as follows:

- Net position increased by \$461,967, reflecting a 2% increase from the previous year.
- Construction in progress increased by \$81.5 million, a 14% increase from the previous year.
- Total revenues increased by \$56.1 million, a 55% increase from the previous year.
- Total project expenses increased by \$53.1 million, an 51% increase from the previous year.

**Overview of Financial Statements**

The financial statements present the financial picture of the SGVCOG from the economic resources measurement focus using the accrual basis of accounting. These statements include all recordable position of the SGVCOG as well as all liabilities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The statement of cash flows provides information about the SGVCOG's cash receipts, cash payments, and net changes in cash resulting from operating, capital and related investing activities during the reporting period.

The statement of net position and the statement of revenues, expenses and changes in net position report the SGVCOG's net position and related changes. Net position is the difference between the recorded assets and deferred outflows of resources and liabilities and deferred inflows of resources. The recorded activities include all revenues from dues and operating expenses related to the operation of the SGVCOG. In addition, all of SGVCOG's revenues and expenses related to its construction activities and other programs and services are reflected in the statements.

Various disclosures accompany the financial statements in order to provide a full picture of SGVCOG's finances. The notes to the financial statements are on pages 21-44.

**San Gabriel Valley Council of Governments**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2024**

**Financial Analysis**

Primary Government

*Condensed Statements of Net Position*

The following table summarizes the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of SGVCOG's primary government as of June 30, 2024, and 2023:

	June 30		Variance	
	2024	2023	Amount	%
Assets	\$ 12,361,913	\$ 11,630,023	\$ 731,890	6%
Deferred Outflow of resources	708,704	884,001	(175,297)	-20%
Total assets and deferred outflows of resources	13,070,617	12,514,024	556,593	4%
Liabilities	9,871,047	9,447,163	423,884	4%
Deferred inflows of resources	352,913	371,907	(18,994)	-5%
Total liabilities and deferred inflows of resource	10,223,960	9,819,070	404,890	4%
Net position				
Net investment in capital assets	218,235	206,667	11,568	
Restricted	2,483,948	2,344,184	139,764	6%
Unrestricted	144,474	144,103	371	0%
	2,846,657	2,694,954	151,703	5.63%

Assets increased in 2024 by \$731,890 or 6%, and liabilities increased by \$423,884 or 4%. The increase in assets is primarily due to purchases of depreciable assets and an increase in prepayments of grant fundings. The increase in liabilities is largely due to the increase in unearned revenues.

As previously discussed, net position can serve as an indicator of financial health. SGVCOG's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,846,657 and \$2,694,954 as of June 30, 2024, and 2023, respectively.

**San Gabriel Valley Council of Governments**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2024**

*Condensed Statements of Activities*

The following table presents the SGVCOG's revenues, expenses, and changes in net position for the years ended June 30, 2024, and 2023:

	June 30		Variance	
	2024	2023	Amount	%
<b>OPERATING REVENUES:</b>				
Dues:				
Membership	\$ 876,960	\$ 855,175	\$ 21,785	3%
Transportation	151,406	140,956	10,450	7%
	<u>1,028,366</u>	<u>996,131</u>	<u>32,235</u>	<u>3%</u>
Grants and matches from other governments:	10,122,644	12,840,956	(2,718,312)	-21%
Total operating revenues	<u>11,151,010</u>	<u>13,837,087</u>	<u>(2,686,077)</u>	<u>-19%</u>
<b>OPERATING EXPENSES:</b>				
Administrative	792,550	1,141,263	(348,713)	-31%
Vehicle Miles Traveled Study	170,714	102,071	68,643	67%
Stormwater Program	423,714	6,514,021	(6,090,307)	-93%
Homlessness Program	2,558,290	2,180,428	377,862	17%
Transportation	151,406	140,956	10,450	7%
MTA Open Street Program	-	489,408	(489,408)	-100%
Energywise	303,000	284,502	18,498	7%
Coyote Management	57,495	90,000	(32,505)	-36%
Measure M Program	49,678	15,309	34,369	225%
SGVRHT Trust	-	1,320	(1,320)	-100%
Rio Hondo	188,933	233,494	(44,561)	-19%
Strategy Plan EAP	461,000	326,680	134,320	41%
Wildfire Program	109,308	126,072	(16,764)	-13%
Mission to Mission MTA	-	43,922	(43,922)	-100%
SGV Slow Street	120,528	180,494	(59,966)	-33%
Workforce Development	592,891	330,553	262,338	79%
REAP	588,180	783,952	(195,772)	-25%
Regional Food Recovery	643,732	281,773	361,959	128%
ULAR Fire Effects	550,254	208,263	341,991	164%
E SGV Multimodal Improvement	(90,415)	105,375	(195,790)	-186%
Food Insecurity	71,745	104,705	(32,960)	-31%
Housing Linkage	242,692	78,051	164,641	211%
HOTF	-	7,330	(7,330)	-100%
Broadband	348,542	17,916	330,626	1845%
Community Wildfire Protection	256,867	3,879	252,988	6522%
Arroyo Fest	382,622	45,262	337,360	745%
Other Direct program expenses	2,138,674	104,008	2,034,666	1956%
Total operating expenses	<u>11,112,400</u>	<u>13,941,007</u>	<u>(2,828,607)</u>	<u>-20%</u>
Operating Income (Loss)	<u>38,610</u>	<u>(103,920)</u>	<u>142,530</u>	<u>-137%</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	160,541	53,096	107,445	202%
Interest expense	(47,448)	(39)	(47,409)	121562%
Total nonoperating income	<u>113,093</u>	<u>53,057</u>	<u>(47,409)</u>	<u>-89%</u>
Change in net position	151,703	(50,863)	95,121	-187%
Net position, beginning of year	2,694,954	2,745,817	(50,863)	-2%
Net position, end of year	<u>\$ 2,846,657</u>	<u>\$ 2,694,954</u>	<u>\$ 44,258</u>	<u>2%</u>

**San Gabriel Valley Council of Governments**  
**Management’s Discussion and Analysis**  
**Year ended June 30, 2024**

During fiscal year 2024, total operating revenues decreased by \$2,800,865 or 20% from the previous year. As mentioned above, this was mainly attributable to the activity decrease in the Stormwater Program, Regional Early Action Program (REAP), and East SGV Multimodal Project.

Revenues for SGVCOG consist primarily of dues from 31 member cities, two Los Angeles County supervisorial districts, and a Joint Power Authority of the water agencies, which represents three municipal water districts, cost reimbursable grants from the Regional Homelessness Program, Food Recovery Program, SGV Care Program, Workforce Development Program, and grant matching funds from Los Angeles County MTA. The total grants and matches from other governments were \$10,122,644 in FY2024 compared to \$12,840,956 in FY2023, a decrease of \$2,718,312 or 21%.

Operating expenses were \$11,112,400 in FY2024 compared to \$13,941,007 in FY2023, a decrease of \$2,828,607 or 20%. The decrease is primarily attributable to the completion of Stormwater Phase 1, REAP and East SGV Multimodal Project.

Component Unit (ACE)

*Condensed Statements of Net Position*

The following table summarizes the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of ACE as of June 30, 2024, and 2023:

	June 30		Variance	
	2024	2023	Amount	%
Current and other assets	\$ 83,859,814	\$ 60,881,479	\$ 22,978,335	38%
Net pension assets	1,438,255	1,602,633	(164,378)	-10%
Construction in progress	662,264,560	580,722,702	81,541,858	14%
Less: Due to member cities and Union Pacific Railroad	(662,264,560)	(580,722,702)	(81,541,858)	14%
Total Assets	85,298,069	62,484,112	22,813,957	37%
Deferred outflow of resources	1,062,573	1,325,555	(262,982)	-20%
Liabilities	(57,505,358)	(35,381,375)	(22,123,983)	63%
Deferred inflow of resources	(484,281)	(519,256)	34,975	-7%
Net Position	\$ 28,371,003	\$ 27,909,036	\$ 461,967	2%

Organizations are normally required to report construction in progress (that is, the sum of prior and current year’s construction expense) on the statement of net position as an asset. This would normally be done by treating each year’s construction as a capital expense, which would be excluded from the statement of revenues, expenses and changes in net position. However, the grant reimbursements generated by construction would be included in the statement of revenues, expenses and changes in net position as revenue. ACE is obligated to transfer components of completed projects to the Union Pacific Railroad (UPRR) and the cities so that they can be included in their financial statements. The resulting reduction in assets would flow through the statement of revenues, expenses and changes in net position as a loss. The net effect would be to produce widely fluctuating net position depending on whether ACE was constructing (surplus) or transferring assets to member cities (deficit).

**San Gabriel Valley Council of Governments**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2024**

Therefore, ACE elected to treat construction in progress as an asset and recognize a liability to member cities and UPRR. This shows the total cost of ACE's projects and the resulting liability to transfer the assets upon completion while not unduly affecting the statement of revenues, expenses and changes in net position.

Total assets increased by \$23 million or 38%, mainly due to the increase in grant and retention receivables from the 57/60 Confluence Project, as well as the Turnbull Canyon & Montebello Grade Separation Projects.

Construction in progress rose by 14% to \$580.7 million, primarily due to the 57/60 Confluence Project, and the Turnbull Canyon & Montebello Grade Separation Projects.

Unbilled receivables increased by \$40% to \$38 million due to the commencement of construction on the Turnbull & Montebello Grade Separation Projects, as well as the 57/60 Confluence Project.

*Condensed Statements of Revenues, Expenses and Changes in Net Position*

The following table shows the condensed statements of revenues, expenses and changes in net position for the years ended June 30, 2024, and 2023.

Total net position increased by \$461,967 or 2% for the year ended June 30, 2024.

	June 30		Variance	
	2024	2023	Amount	%
Project expenses				
Direct (Construction)	\$ 154,397,096	\$ 100,704,532	\$ 53,692,564	53%
Indirect expenses charged to operations	3,011,118	3,610,743	(599,625)	-17%
Total project expenses	157,408,214	104,315,275	53,092,939	51%
Operating revenues				
Grant reimbursements	79,738,561	67,709,753	12,028,808	18%
Other operating revenues	78,007,667	33,942,871	44,064,796	130%
Total revenues	157,746,228	101,652,624	56,093,604	55%
Loss from operations	338,014	(2,662,651)	3,000,665	-113%
Nonoperating income (expense)				
Interest Income	171,401	413,567	(242,166)	-59%
Interest expense	(47,448)	(933,061)	885,613	-95%
Gain on sale of property	-	1,090,000	(1,090,000)	
Total nonoperating income	123,953	570,506	(446,553)	-78%
Change in net position	461,967	(2,092,145)	2,554,112	-122%
Net position, beginning of year, as restated	27,909,036	30,001,181	(2,092,145)	-7%
Net position, end of year	28,371,003	27,909,036	461,967	2%

**San Gabriel Valley Council of Governments**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2024**

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**Capital Assets**

Primary Government

The SGVCOG had \$1,556,832 invested in capital assets, net of depreciation, as of June 30, 2024. The assets are from purchases of office furniture, leasehold improvement, equipment, and from GASB 87 lease asset.

Component Unit

ACE had \$1,438,255 invested in capital assets, net of depreciation, as of June 30, 2024.

**Economic Factors and Next Year's Budget**

Primary Government

The budget for fiscal year 2025 assumes that the on-hand net position as of June 30, 2024, will be required and available to fulfill the program and administrative expense requirements.

Component Unit

Budget expenses in fiscal year 2025 increased 47.5% over 2023 due to the full construction of the 57/60 Confluence Project, and Turnbull Canyon & Montebello Grade Separation Project.

**Further Information**

This report has been designed to provide SGVCOG's stakeholders a general overview of the SGVCOG's financial condition and related issues. Inquiries should be directed to the Director of Finance, 1333 S. Mayflower Avenue, Suite 360, Monrovia, CA 91706.

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# BASIC FINANCIAL STATEMENTS

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**San Gabriel Valley Council of Governments**  
**Statement of Net Position**  
**June 30, 2024**

	SGVCOG	ACE	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 6,413,583	\$ 8,573,691	\$ 14,987,274
Restricted cash and investments	155,614	1,243,397	1,399,011
Grants receivable	1,739,985	16,597,468	18,337,453
Unbilled receivables	1,957,867	38,463,682	40,421,549
Internal balances	209,599	(209,599)	-
Retention receivable	-	9,137,243	9,137,243
Interest receivable	-	20,338	20,338
Prepaid expenses	13,332	691,777	705,109
Due from other governments	315,101	-	315,101
Property held for resale	-	8,168,603	8,168,603
Under-recovery of indirect costs	-	1,173,214	1,173,214
Total current assets	<u>10,805,081</u>	<u>83,859,814</u>	<u>94,664,895</u>
Noncurrent assets:			
Depreciable capital assets	1,556,832	1,438,255	2,995,087
Construction in progress	-	662,264,560	662,264,560
Less due to member cities and Union Pacific Railroad	-	(662,264,560)	(662,264,560)
Total noncurrent assets	<u>1,556,832</u>	<u>1,438,255</u>	<u>2,995,087</u>
<b>Total assets</b>	<u>12,361,913</u>	<u>85,298,069</u>	<u>97,659,982</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pension	706,837	1,060,255	1,767,092
Deferred outflows of resources related to OPEB	1,867	2,318	4,185
Total deferred outflows of resources	<u>708,704</u>	<u>1,062,573</u>	<u>1,771,277</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expense	3,641,091	46,432,058	50,073,149
Accrued retention payable	-	1,920,088	1,920,088
Unearned revenue	4,283,572	6,969,488	11,253,060
Lease liabilities	115,264	115,264	230,528
Total current liabilities	<u>8,039,927</u>	<u>55,436,898</u>	<u>63,476,825</u>
Noncurrent liabilities:			
Compensated absences	135,378	192,632	328,010
Lease Liabilities	1,223,333	1,223,333	2,446,666
Net pension liability	254,767	382,150	636,917
Total OPEB Liability	217,642	270,345	487,987
Total noncurrent liabilities	<u>1,831,120</u>	<u>2,068,460</u>	<u>3,899,580</u>
<b>Total liabilities</b>	<u>9,871,047</u>	<u>57,505,358</u>	<u>67,376,405</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pension	178,040	267,061	445,101
Deferred inflows of resources related to OPEB	174,873	217,220	392,093
Total deferred inflows of resources	<u>352,913</u>	<u>484,281</u>	<u>837,194</u>
<b>NET POSITION</b>			
Net investment in capital assets	218,235	99,658	317,893
Restricted	2,483,948	28,127,242	30,611,190
Unrestricted	144,474	144,103	288,577
<b>Total net position</b>	<u>\$ 2,846,657</u>	<u>\$ 28,371,003</u>	<u>\$ 31,217,660</u>

**San Gabriel Valley Council of Governments**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the year ended June 30, 2024**

	SGVCOG	ACE	Total
<b>OPERATING REVENUES:</b>			
Dues:			
Membership	\$ 876,960	\$ -	\$ 876,960
Transportation	151,406	-	151,406
Total dues	1,028,366	-	1,028,366
Grants and matches from other governments:			
Stormwater Program	400,724	-	400,724
Vehicle Miles Travelled Study	170,717	-	170,717
Coyote Management	57,495	-	57,495
Homelessness Program	2,558,290	-	2,558,290
Southern California Edison - Energywise	303,000	-	303,000
Measure M Program	49,678	-	49,678
SGVRHT Trust	461,000	-	461,000
Rio Hondo	457,167	-	457,167
Wildfire Program	109,308	-	109,308
Workforce Development	592,891	-	592,891
REAP	588,180	-	588,180
Regional Food Recovery	643,732	-	643,732
SGV Slow Street	360,838	-	360,838
ULAR Fire Effects	550,254	-	550,254
Food Insecurity	71,745	-	71,745
Housing Linkage	242,692	-	242,692
Broadband	348,542	-	348,542
Community Wildfire Protection	149,063	-	149,063
Arroyo Fest	382,622	-	382,622
E SGV Multimodal Improvement	377,665	-	377,665
Other Grant and Matches	1,247,041	79,209,151	80,456,192
Construction project reimbursements	-	529,410	529,410
Other operating construction revenues	-	78,007,667	78,007,667
<b>Total operating revenues</b>	<b>11,151,010</b>	<b>157,746,228</b>	<b>168,897,238</b>

**San Gabriel Valley Council of Governments**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the year ended June 30, 2024**

	SGVCOG	ACE	Total
<b>OPERATING EXPENSES:</b>			
Administrative	792,550	-	792,550
Vehicle Miles Travelled Study	170,714	-	170,714
Stormwater Program	423,714	-	423,714
Homeless Program	2,558,290	-	2,558,290
Transportation	151,406	-	151,406
Energywise	303,000	-	303,000
Coyote Management	57,495	-	57,495
Measure M Program	49,678	-	49,678
Rio Hondo	188,933	-	188,933
Strategy Plan EAP	461,000	-	461,000
Wildfire Program	109,308	-	109,308
SGV Slow Street	120,528	-	120,528
Workforce Development	592,891	-	592,891
REAP exp	588,180	-	588,180
Regional Food Recovery	643,732	-	643,732
ULAR Fire Effects	550,254	-	550,254
E SGV Multimodal Improvement	(90,415)	-	(90,415)
Food Insecurity	71,745	-	71,745
Housing Linkage	242,692	-	242,692
Broadband	348,542	-	348,542
Community Wildfire Protection	256,867	-	256,867
Arroyo Fest	382,622	-	382,622
CPA Program	2,787	-	2,787
FLM SMIP	284,537	-	284,537
MIMCM	327,857	-	327,857
MME Expense	392,694	-	392,694
Mobile Crisis	632,262	-	632,262
ATP SMIP	320,983	-	320,983
Direct construction project expenses	177,554	154,397,096	154,574,650
Indirect construction project expenses charged to operations	-	3,011,118	3,011,118
<b>Total operating expenditures</b>	<b>11,112,400</b>	<b>157,408,214</b>	<b>168,520,614</b>
<b>OPERATING INCOME (LOSS)</b>	<b>38,610</b>	<b>338,014</b>	<b>376,624</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	160,541	171,401	331,942
Interest expense	(47,448)	(47,448)	(94,896)
<b>Total nonoperating revenues (expenses)</b>	<b>113,093</b>	<b>123,953</b>	<b>237,046</b>
<b>Change in net position</b>	<b>151,703</b>	<b>461,967</b>	<b>613,670</b>
<b>NET POSITION:</b>			
Beginning of year	2,694,954	27,909,036	30,603,990
End of year	<b>\$ 2,846,657</b>	<b>\$ 28,371,003</b>	<b>\$ 31,217,660</b>

# San Gabriel Valley Council of Governments

## Statement of Cash Flows

For the year ended June 30, 2024

	SGVCOG	ACE	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from construction activities	\$ -	\$ 125,693,586	\$ 125,693,586
Cash receipts from cities	1,028,366	-	1,028,366
Cash receipts from all other services	10,034,284	-	10,034,284
Cash paid for operating expenses	(9,484,594)	(126,786,149)	(136,270,743)
Cash paid for employee compensation and related costs	(431,635)	(2,472,361)	(2,903,996)
<b>Net cash provided by (used in) operating activities</b>	<b>1,146,421</b>	<b>(3,564,924)</b>	<b>(2,418,503)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Interfund advances	409,960	(409,960)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>409,960</b>	<b>(409,960)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Interest paid	(47,448)	(47,448)	(94,896)
Principal paid on leases	(57,369)	(57,369)	(114,738)
Acquisition of capital assets	(131,752)	(15,266)	(147,018)
Interest received	160,541	164,696	325,237
<b>Net cash provided by (used in) capital and financing activities</b>	<b>(76,028)</b>	<b>44,613</b>	<b>(31,415)</b>
<b>Net cash flows</b>	<b>1,480,353</b>	<b>(3,930,271)</b>	<b>(2,449,918)</b>
<b>CASH AND INVESTMENTS - Beginning of year</b>	<b>5,088,844</b>	<b>13,747,359</b>	<b>18,836,203</b>
<b>CASH AND INVESTMENTS - End of year</b>	<b>\$ 6,569,197</b>	<b>\$ 9,817,088</b>	<b>\$ 16,386,285</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 38,610	\$ 338,014	\$ 376,624
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	177,553	164,379	341,932
Changes in assets, liabilities, deferred outflows, and deferred inflows (Increase) decrease in:			
Grants receivable	1,147,748	(9,773,349)	(8,625,601)
Unbilled receivable	(980,485)	(15,478,806)	(16,459,291)
Retention receivable	(75)	(3,345,120)	(3,345,195)
Prepaid expenses	(2,249)	(309,568)	(311,817)
Due from other government	127,763	-	127,763
Under-recovery of indirect cost	-	2,430,167	2,430,167
Deferred outflows of resources related to pension	175,115	262,672	437,787
Deferred outflows of resources related to OPEB	182	310	492
Increase (decrease) in:			
Accounts payable and accrued expense	659,952	24,889,767	25,549,719
Accrued retention payable	-	436,202	436,202
Unearned revenue	(383,311)	(3,455,367)	(3,838,678)
Compensated absences	20,472	52,139	72,611
Deferred inflows of resources related to pension	(15,880)	(23,819)	(39,699)
Deferred inflows of resources related to OPEB	(3,114)	(11,156)	(14,270)
Net pension Liability	144,095	216,142	360,237
Total OPEB Liability	40,045	42,469	82,514
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,146,421</b>	<b>\$ (3,564,924)</b>	<b>\$ (2,418,503)</b>

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# NOTES TO BASIC FINANCIAL STATEMENTS

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**San Gabriel Valley Council of Governments**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT POLICIES**

**A. Organization and Activities**

The San Gabriel Valley Council of Governments (the "SGVCOG") was created effective March 17, 1994 by a Joint Powers Agreement (JPA) among various San Gabriel Valley cities to promote cooperation, exchange ideas, coordinate regional government programs and to provide recommendations and solutions to common problems and to general concern of member governments. It is the immediate successor to the San Gabriel Valley Association of Cities, an unincorporated association. Its members organized the SGVCOG because they recognized a need for a more permanent and formalized structure.

The SGVCOG is supported by contributions from its members and also receives grant funds to conduct regional studies on Transportation, Air Quality, Environmental Matters, as a sub-grantee of other governmental entities. The SGVCOG is a non-profit California Public Agency and it is tax exempt.

**B. Reporting Entity**

The San Gabriel Valley Council of Governments (SGVCOG) is a legally separate and independent entity that has no component unit organization under its control. Therefore, this annual financial report and the financial statements contained within represent solely the activities, transactions, and status of the SGVCOG.

ACE is a single purpose construction authority created by the SGVCOG in 1998 to mitigate the effects of increasing Union Pacific Railroad train traffic in the San Gabriel Valley.

On August 17, 2017, the SGVCOG governing board approved the integration of ACE into SGVCOG to accomplish the following objectives:

- Restructure ACE so it will be an ongoing operation as a division of SGVCOG, and not expire at the end of its mission (currently estimated to be in fiscal year 2023-28).
- Expand the jurisdiction of ACE as a construction and projects entity that can serve all of the San Gabriel Valley.
- Restructure the ACE Board so that it has representation from the entire San Gabriel Valley and revise its role so it is no longer a separate Board with management control over ACE but instead will be a standing committee advisory to the Governing Board regarding the ACE operation.
- Integrate SGVCOG and ACE staff under a single personnel system reporting to the Executive Director of SGVCOG.

Full integration of ACE into SGVCOG was completed during the fiscal year ended June 30, 2019.

**C. Basis of Accounting**

The government-wide financial statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and cash flows) report information about the primary government (the SGVCOG). The financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.



**San Gabriel Valley Council of Governments**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT POLICIES, Continued**

**C. Basis of Accounting, Continued**

The financial statements are presented in accordance with the provisions of GASB Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and *Audits of State and Local Governmental Units* issued by the Governmental Accounting Standards Board. Statement No. 34 established standards for external financial reporting for all state and local governmental entities. Statement No. 63 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted – This component of net position consists of constraints placed on resources through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net position consists of resources that do not meet the definition of “restricted” or “net investment in capital assets.”

The following are the major revenue components of the SGVCOG:

Homelessness – The San Gabriel Valley Council of Governments (SGVCOG) is taking a leadership role in addressing homelessness within the region. Guided by the Governing Board and the Homelessness Committee, the SGVCOG has been directed to pursue funding and resources to support cities in the San Gabriel Valley. These efforts are focused on providing immediate services to address homelessness and helping individuals experiencing homelessness, ensuring a coordinated regional response to this critical issue.

Food Recovery Program - The SGVCOG launched the San Gabriel Valley Regional Food Recovery Program on September 29, 2021, to help member agencies comply with SB 1383’s food recovery mandates and tackle food waste in the region. As one of the largest regional food recovery programs in California, it focuses on assessing commercial edible food waste generators, building partnerships with local food recovery organizations, conducting outreach and education, and developing inspection protocols.

Now entering Phase 2, the program will expand by establishing subregional food recovery hubs, increasing the region's food recovery infrastructure and capacity, and continuing to educate edible food waste generators, food recovery organizations, and residents about SB 1383 regulations. This phase aims to further strengthen food recovery efforts and sustainability across the San Gabriel Valley.

**San Gabriel Valley Council of Governments**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT POLICIES, Continued**

**C. Basis of Accounting, Continued**

SGV Care - This program introduced alternative mobile crisis response teams aimed at addressing non-violent service calls and proactively engaging youth in mental health support. By dispatching clinicians and peer support navigators to these calls, the program seeks to improve outcomes, build trust within communities, and respond more effectively to mental health crises. Additionally, this approach helps free law enforcement to focus on situations they are specifically trained to handle, ultimately promoting a more appropriate and compassionate response to mental health-related incidents.

Workforce Development - The San Gabriel Valley Homeless, Mental Health, and Crisis Response Program offers paid job training, case management support, and comprehensive wrap-around services for adults and transition-age youth who are experiencing, or at risk of experiencing, homelessness. The program also serves residents at the tiny home interim housing sites in Baldwin Park and Montebello.

In partnership with God’s Pantry and Goodwill Industries of Southern California, SGVCOG is working to implement the program and is actively building additional partnerships to further its impact. To expand and continue these efforts, SGVCOG received a \$2 million FY23 federal earmark, which will help enhance workforce opportunities and support services for vulnerable residents in the San Gabriel Valley.

SCAG REAP (Local) - The SGVCOG has secured funding from the Southern California Association of Governments (SCAG) through the Regional Early Action Program (REAP) Subregional Partnership Program. REAP aims to accelerate housing production across the SCAG region, including the San Gabriel Valley, and positively impact housing supply by supporting housing planning efforts and helping to meet the goals set by the sixth cycle Regional Housing Needs Assessment (RHNA).

The SGVCOG is currently working on implementing several key initiatives under this program, including the Surplus Land Inventory, the SGVRHT Funding/Implementation Strategy, an Affordable Housing Incubator, the Housing Leadership Academy, and the San Gabriel Valley Regional Land Trust. These efforts are designed to support the development of affordable housing and improve housing access throughout the region.

Regional Broadband - The SGVCOG's initiative to secure funding through the California Public Utilities Commission’s Local Agency Technical Assistance Grant is a significant step toward bridging the digital divide in the San Gabriel Valley. By conducting a region-wide broadband needs assessment and crafting a strategic plan with the help of Magellan Advisors, the project aims to bring high-speed internet access to unserved and underserved communities. This effort will not only benefit residents but also enhance the services provided by government agencies, schools, libraries, and businesses, contributing to a more inclusive and connected economy.

This project’s focus on accessibility and affordability of broadband is critical, especially in areas where access to reliable internet has been a barrier to education, business growth, and overall quality of life. It will also help improve the delivery of essential services such as emergency response and public transportation.

**San Gabriel Valley Council of Governments**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT POLICIES, Continued**

**D. Budgetary Reporting**

It is the ACE's policy not to start any phase of a project (i.e., design, right-of-way acquisition, or construction), unless there are sufficient funds to complete that phase. All project related expenses are reimbursable from existing grants and, as such, budgeted revenues are not budgeted separately, but derived from budgeted expenditures.

**E. Cash and Investments**

The SGVCOG considers money market funds and all equivalent liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Deposits with the State of California's Local Agency Investment Fund (LAIF) Operating Fund and the investments portfolio managed by financial institutions are considered cash equivalents.

**F. Grants Receivable**

Grants receivable relate to expense reimbursements due from governmental and other agencies and are expected to be fully collectible. Accordingly, an allowance for doubtful accounts is not provided.

**G. Grant Revenues and Expenditures**

All grant agreements are between the SGVCOG and the granting authority. ACE has been given authority to obtain and administer funding in the name of SGVCOG. The Los Angeles County Metropolitan Transportation Authority (Metro) grant was in existence when ACE was created and all subsequent grants therefore are administered by ACE.

Historically, all grants with the exception of the Union Pacific Railroad (UPRR) contributions are, and are anticipated to be in the future, cost reimbursable. That is, ACE must first incur the expense and then bill for reimbursement from the grantors.

**H. Capital Assets - Leasehold Improvements and Equipment**

The threshold for capitalization is \$5,000 in accordance with federal guidelines. Items that meet the capitalized threshold are recorded as capital assets and are depreciated based upon their estimated useful lives on a straight-line basis. Useful lives of assets categories are as follows:

Leasehold improvements	10 years
Office furniture	10 years
Computer, office and telephone equipment	5 years

**San Gabriel Valley Council of Governments**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT POLICIES, Continued**

***I. Construction in Progress***

Under GASB Statement No. 34, construction in progress is reported on the statement of net position as an asset. Therefore, construction costs would normally be capitalized and excluded from the statement of revenues, expenses and changes in net position. However, the grant reimbursements generated by construction would be included in the statement of revenues, expenses and changes in net position as program revenue. ACE is obligated to transfer components of completed projects to the UPRR and the member cities so that they can be included in their financial statements. The resulting reduction in assets would flow through the statement of revenues, expenses and changes in net position as a loss. The net effect would be to produce widely fluctuating net position depending on whether ACE was constructing (surplus) or transferring assets to member cities (deficit). Therefore, ACE elected to treat construction in progress as an asset and recognize a liability to member cities and UPRR. This shows the total cost of ACE's projects and the resulting liability to transfer the assets upon completion while not unduly impacting the statement of revenues, expenses and changes in net position.

***J. Deferred Outflows and Inflows of Resources***

Pursuant to GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and 65, Items Previously Reported as Assets and Liabilities, SGVCOG and ACE recognize deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net assets by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net assets by the government that is applicable to a future reporting period. Refer to Note 9 and 10 for the list of deferred outflows and deferred inflows of resources that SGVCOG and ACE have recognized as of June 30, 2024.

***K. Pension***

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 position of SGVCOG's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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 Postemployment Benefits (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the SGVCOG's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the California Employers' Retiree Benefit Trust (CERBT). For this purpose, benefit payments are recognized when currently due and payable in accordance with benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

**San Gabriel Valley Council of Governments**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**1. SUMMARY OF SIGNIFICANT POLICIES, Continued**

**M. Use of Estimates**

The process of presenting financial information requires the use of estimates and assumptions regarding certain assets and liabilities and their related income and expense items. Grant reimbursements and construction costs are especially vulnerable to such assumptions and accordingly actual results may differ from estimated amounts.

**N. Property Held for Sale**

The property held for sale is recorded at the lower of acquisition cost or estimated net realizable value. At June 30, 2024, property held for resale was \$8,168,603.

**O. Implementation of New Accounting Pronouncements**

During the fiscal year ended June 30, 2024, SGVCOG adopted the following new Statement of the Governmental Accounting Standards Board (GASB):

- GASB Statement No. 100, Accounting Changes and Error Corrections – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The SGVCOG implemented this statement to disclose the changes in reporting entity as certain funds met the criteria to be reported major or no longer met such criteria.

**2. CASH AND INVESTMENTS**

Cash and investments as of June 30, 2024 are as follows:

<u>SGVCOG</u>	
Deposits with financial institution	\$ 3,228,428
Investments	2,926,125
LAIIF	259,030
Subtotal	6,413,583
<u>ACE</u>	
Cash in bank	2,961,930
LAIIF	1,795,921
Money market funds	3,738,976
Investments	76,864
Subtotal	8,573,691
Total unrestricted cash and investments	\$ 14,987,274
<u>SGVCOG</u>	
Restricted cash - money market funds	\$ 5,135
Investment held in pension trust	150,479
Subtotal	155,614
<u>ACE</u>	
Investment held in pension trust	1,243,397
Total restricted cash and investments	\$ 1,399,011

**San Gabriel Valley Council of Governments**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**2. CASH AND INVESTMENTS, Continued**

**A. Investments Authorized by the California Government Code and San Gabriel Valley Council of Governments' Investment Policy**

The table on the following page identifies the investment types that are authorized for SGVCOG by the California Government Code (or SGVCOG's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or SGVCOG's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Primary government:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Notes	5 years	100%	None
Treasury Notes of the State of California	5 years	25%	None
Indebtness of Any Local Agency within CA	5 years	25%	None
U.S. Government Agencies	5 years	50%	15%
Banker's Acceptances	180 days	40%	10%
Commercial Paper	270 days	10%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Repurchase Agreements	90 days	20%	None
Medium-Term Notes	5 years	30%	10%
Shares of Beneficial Interest Issued by Diversified Companies Registered with the SEC	None	20%	10%
State of CA Local Agency Investment Fund (LAIF)	None	None	None
Mortgage-backed Securities	5 years	15%	None

**B. Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the SGVCOG manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity over time as necessary to provide the cash flow and liquidity needed for operations.



**San Gabriel Valley Council of Governments**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**2. CASH AND INVESTMENTS, Continued**

**B. Disclosures Relating to Interest Rate Risk, Continued**

Information about the sensitivity of the fair values of the SGVCOG’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the SGVCOG’s investments by maturity.

Investment Type	Total	Remaining Maturity (in Months)	
		12 Months or Less	13 to 24 Months
<u>SGVCOG</u>			
LAIF	\$ 259,030	\$ 259,030	\$ -
Money Market Mutual Funds	5,135	5,135	-
Liquidity Funds	1,612,129	1,612,129	-
Government Agencies	1,127,442	610,397	517,045
Corporate Bonds	186,554	-	186,554
Total for SGVCOG	3,190,290	2,486,691	703,599
<u>ACE</u>			
LAIF	1,795,921	1,795,921	-
Money Market Funds	3,738,976	3,738,976	-
Liquidity Funds	76,864	76,864	-
Total for ACE	5,611,761	5,611,761	-
Total investments	\$ 8,802,051	\$ 8,098,452	\$ 703,599

**C. Investment with Fair Values Highly Sensitive to Interest Rate Fluctuations**

The SGVCOG and ACE (a division of SGVCOG) have no investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

**San Gabriel Valley Council of Governments**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**2. CASH AND INVESTMENTS, Continued**

**D. Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, SGVCOG’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type		Minimum Legal Rating	Rating as of June 30, 2023					Not Rated
			AAA	AA+	A+	A	AA-	
<u>SGVCOG</u>								
LAIF	\$ 259,030	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,030
Money Market Funds	5,135	A	5,135	-	-	-	-	-
Liquidity Funds	1,612,129	N/A	-	-	-	-	-	1,612,129
Government Agencies	1,127,442	A	-	787,340	-	-	-	340,102
Corporate Bonds	186,554	A	-	-	-	186,554	-	-
Subtotal	3,190,290		5,135	787,340	-	186,554	-	2,211,261
<u>ACE</u>								
LAIF	1,795,921	N/A	-	-	-	-	-	1,795,921
Money Market Funds	3,738,976	A	3,738,976	-	-	-	-	-
Liquidity Funds	76,864	N/A	-	-	-	-	-	76,864
Government Agencies	-	A	-	-	-	-	-	-
Corporate Bonds	-	A	-	-	-	-	-	-
Municipals	-	A	-	-	-	-	-	-
Subtotal	5,611,761		3,738,976	-	-	-	-	1,872,785
Total	\$ 8,802,051		\$ 3,744,111	\$ 787,340	\$ -	\$ 186,554	\$ -	\$ 4,084,046

**E. Concentrations of Credit Risk**

The investment policy of the SGVCOG contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2024, the SGVCOG and ACE (a division of SGVCOG) have no investments in any one issuer (other than money market funds and external investment pools) that represent 10% or more of total SGVCOG and ACE’s (a division of SGVCOG) investments.

**F. 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.



**San Gabriel Valley Council of Governments**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**2. CASH AND INVESTMENTS, Continued**

**F. Custodial Credit Risk, Continued**

The California Government Code and SGVCOG'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% of the total amount deposited by the public agencies. California law also allows financial institutions to secure local government units' deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2024, the SGVCOG's cash in bank balances of \$3,228,428 exceeded the \$250,000 deposit insurance of the Federal Deposit Insurance Corporation (FDIC) by \$2,978,428. Similarly, ACE's deposit of \$2,961,930 with financial institutions is in excess of federal depository insurance limits, yet these funds are held in collateralized accounts.

**G. Investments in State Investment Pool**

The SGVCOG and ACE are voluntary participants in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California.

The fair value of the SGVCOG's investment in this pool is \$259,030 at June 30, 2024 based upon the SGVCOG's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). LAIF's (and the SGVCOG's) exposure to risk (credit, market or legal) is not currently available.

The fair value of ACE's investment in this pool is \$1,795,921 at June 30, 2024 based upon ACE's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). LAIF's (and ACE's) exposure to risk (credit, market or legal) is not currently available.

**H. Fair Value Measurement**

GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. SGVCOG categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices for identical assets or liabilities in active markets that government can access at the measurement date.
- Level 2 inputs are other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

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**2. CASH AND INVESTMENTS, Continued**

*H Fair Value Measurement, Continued*

The following table presents the fair value hierarchy for SGVCOG and ACE's financial assets measured at fair value on a recurring basis:

Investment Type	June 30, 2024				Total
	Investments that are not subject to the leveling disclosure	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
<b>SGVCOG</b>					
LAIF	\$ 259,030	\$ -	\$ -	\$ -	\$ 259,030
Money Market Funds	-	-	5,135	-	5,135
Government Agencies	-	-	1,127,442	-	1,127,442
Corporate Bonds	-	-	186,554	-	186,554
Total for SGVCOG	259,030	-	2,931,260	-	3,190,290
<b>ACE</b>					
LAIF	1,795,921	-	-	-	1,795,921
Money Market Funds	-	-	3,738,976	-	3,738,976
Liquidity Funds	-	-	76,864	-	76,864
Total for ACE	1,795,921	-	3,815,840	-	5,611,761
Total investments	\$ 2,054,951	\$ -	\$ 6,747,100	\$ -	\$ 8,802,051

**3. CAPITAL ASSETS**

The capital assets of the SGVCOG and ACE are recorded at cost and consist of the following:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<b>Cost:</b>				
Leasehold improvements	\$ 19,762	\$ -	\$ -	\$ 19,762
Computer equipment	349,816	-	-	349,816
Telephone equipment	12,086	-	-	12,086
Office furniture	630,634	-	-	630,634
Vehicles	-	131,752	-	131,752
Right-of-use building	2,814,619	-	-	2,814,619
Total cost	3,826,917	131,752	-	3,958,669
<b>Less Accumulated depreciation and amortization for:</b>				
Leasehold improvements	19,762	-	-	19,762
Computer equipment	349,816	-	-	349,816
Telephone equipment	12,086	-	-	12,086
Office furniture	65,438	66,931	-	132,369
Vehicles	-	13,175	-	13,175
Right-of-use building	174,549	261,825	-	436,374
Total accumulated depreciation and amortization	621,651	341,931	-	963,582
Capital assets, net	\$ 3,205,266	\$ (210,179)	\$ -	\$ 2,995,087

Depreciation expense included in indirect expenses for the year ended June 30, 2024 amounted to \$341,931.

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**4. RECEIVABLES**

Receivables as of June 30, 2024, in the aggregate, including retention, are as follows:

Receivables	SGVCOG	ACE	Total
Grants	\$ 1,739,985	\$ 16,597,468	\$ 18,337,453
Unbilled	1,843,080	38,463,682	40,306,762
Retention	(2,192)	9,137,243	9,135,051
Interest	-	20,338	20,338
Total	<u>\$ 3,580,873</u>	<u>\$ 64,218,731</u>	<u>\$ 67,799,604</u>

**5. GRANTS RECEIVABLE**

During the year ended June 30, 2024, ACE was the recipient, primarily from the U.S. Department of Transportation through California Department of Transportation (CalTRANS), of cost reimbursement type grants. Local matching share funds are also received from LACMTA. These grants are expenditure driven; funds must be expended before reimbursement is received. Certain amounts have been held back by the grantor agency pending completion of certain phases of contracted work and certain costs incurred may be subject to disallowance. Grants receivable and unbilled grants receivable at June 30, 2024 are shown net of disallowed costs. CalTRANS approved, under Uniform Guidance section 2 CFR 200.516, an indirect overhead allocation formula of 244.26% of total direct salaries and fringe benefit costs. Indirect costs incurred charged to grants for the year ended June 30, 2024 were \$526,060.

In June 2019, CalTRANS auditors did not allow one-time reimbursement for the payments made to unfunded pension liability for the fiscal years 2015 through 2019 totaling \$3,039,392 because the payments were not supported by CalPERS billing. The CalTRANS auditors allowed ACE to deduct these payments using a 20-year amortization schedule. With this disallowance, previously approved indirect cost rates for fiscal years 2017-2018 and 2018-2019 were reduced from 184.6% to 132.2% and from 282.2% to 151.4%, respectively.

**San Gabriel Valley Council of Governments**  
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**6. ADMINISTRATIVE EXPENSES**

The following were the administrative expenses of the primary government for the year ended June 30, 2024:

Salaries and wages	\$ 729,109
Fringe benefits	(125,691)
GASB 68 pension valuation adjustment	303,330
GASB 75 pension valuation adjustment	37,113
Professional services	109,792
Legal	52,230
Rent - other	(344)
Meetings / travel	39,722
Printing / publications	13,136
Insurance	360
Webpage / software services	73,196
Utilities	601
Administrative fees	8,896
Office supplies	8,359
Equipment and soft acquisition	5,276
Dues and subscriptions	4,956
Postage	2,026
Miscellaneous	56,544
Administrative expenses charged to grants	(526,060)
	<u>\$ 792,550</u>

**7. LEASE LIABILITY (OFFICE BUILDING)**

On November 1, 2022, the SGVCOG entered into a 130-month Lease Agreement as lessee of a site for the office building. The SGVCOG pays the landlord \$22,687 monthly with a 3% increase. An initial lease liability was recorded in the amount of \$2,814,619. As of June 30, 2024, the value of the lease liability is \$2,677,194. The SGVCOG is required to make monthly payments of \$22,687 and increase annually by 3% every month. The lease has an interest rate of 2.157%. The value of the right to use asset as of June 30, 2024, of \$2,814,619 with accumulated amortization of \$261,825 is included in the intangible assets on the capital assets activities table found in Note 3 above.

**San Gabriel Valley Council of Governments**  
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**7. LEASE LIABILITY (OFFICE BUILDING), Continued**

Annual debt service requirements for the lease is as follow:

Year Ending June 30,	Principal	Interest
2025	\$ 230,528	\$ 55,497
2026	244,216	50,390
2027	258,462	44,983
2028	273,286	39,263
2029	288,708	33,217
2030-2034	<u>1,381,994</u>	<u>65,587</u>
Total	<u>\$ 2,677,194</u>	<u>\$ 288,936</u>

**8. RELATED PARTY TRANSACTIONS**

As of June 30, 2024, ACE owed SGVCOG \$209,598 for technical, administrative, accounting support, and other related agency transactions.

**9. EMPLOYEE BENEFIT PLAN**

*A. General Information about the Pension Plans*

Plan Description

All qualified permanent and probationary employees are eligible to participate in SGVCOG’s Miscellaneous Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Classic participants (defined as eligible participants prior to January 1, 2013) are required to contribute 7% of their annual covered salary. New participants (defined as eligible employees brought into CalPERS membership for the first time on or after January 1, 2013 PEPRA) contribute at least half the normal cost rate as determined by CalPERS. SGVCOG contributes the remaining amounts necessary to fund the benefits for its employees, using the actuarial basis adopted by the CalPERS Board of Administration.

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 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.

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**9. EMPLOYEE BENEFIT PLAN, Continued**

**A. General Information about the Pension Plans, Continued**

The Plan's provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous Plan	
	Classic	PEPRA
	Prior to Jan. 1, 2013	On or after Jan. 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-63	52 - 67
Monthly benefits , as a % of eligible compensation	1.1% to 2.5%	1.0% to 2.5%
Required employee contribution rates	6.92%	7.75%
Required employer contribution rates	11.840%	7.680%

**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 both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. SGVCOG and ACE (a division of SGVCOG) are required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the measurement period ended June 30, 2023, the contributions made to the Plan were as follows:

	Miscellaneous Plan		
	SGVCOG	ACE	Total
Contributions-employer	\$ 168,115	\$ 252,173	\$ 420,288

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2024, SGVCOG and ACE (a division of SGVCOG) reported net pension liabilities (assets) for their proportionate shares of the net pension liabilities (assets) of the Plan as follows:

	Proportionate Share of Net Pension Liabilities (Assets)		
	SGVCOG	ACE	Total
Miscellaneous Plan	\$ 254,767	\$ 382,150	\$ 636,917

**San Gabriel Valley Council of Governments**  
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**9. EMPLOYEE BENEFIT PLAN, Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued**

The net pension liabilities (assets) for the Plan are measured as the proportionate share of the net pension liabilities (assets). The net pension liabilities (assets) of the Plan are measured as of June 30, 2023, and the total pension liabilities (assets) for the Plan used to calculate the net pension liabilities (assets) were determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. SGVCOG's and ACE (a division of SGVCOG)'s proportion of the net pension liabilities (assets) were based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, which are actuarially determined.

Effective for measurement period 2015, CalPERS provides the GASB Statement No.68 Accounting Valuation Report for the miscellaneous risk pool and allocation methodology to be used by participants in the risk pool. The schedules of employer allocation include allocation for the Total Pension Liability, Plan Fiduciary Net Position and all other pension amounts (e.g. deferred outflows/inflows of resources and pension expense). The Total Pension Liability and other pension amounts are allocated based on the Actuarial Accrued Liability from the most recent Actuarial Valuation Report as of June 30, 2022 used for funding purposes. The Plan Fiduciary Net Position is allocated based on the sum of the Plan's Market Value of Assets from the most recent Actuarial Valuation as of June 30, 2022 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.

The SGVCOG's and ACE (a division of SGVCOG)'s proportionate share of the net pension liability for the Plan as of the measurement date June 30, 2022 and 2023 were as follows:

Proportion - June 30, 2022	0.002395%
Proportion - June 30, 2023	0.005105%
Change - Increase (Decrease)	<u>0.002710%</u>

At June 30, 2024, SGVCOG and ACE (a division of SGVCOG) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan					
	SGVCOG		ACE		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 168,115	\$ -	\$ 252,173	\$ -	\$ 420,288	\$ -
Differences between actual and expected experience	13,015	2,019	19,522	3,028	32,537	5,047
Changes in assumption	15,382	-	23,072	-	38,454	-
Changes in employer's proportion	469,076	-	703,614	-	1,172,690	-
Differences between the employer's contribution and the employer's proportionate share of contributions	-	176,022	-	264,032	-	440,054
Net differences between projected and actual earnings on pension plan investments	41,249	-	61,874	-	103,123	-
<b>Total</b>	<b>\$ 706,837</b>	<b>\$ 178,040</b>	<b>\$1,060,255</b>	<b>\$ 267,061</b>	<b>\$1,767,092</b>	<b>\$ 445,101</b>



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**9. EMPLOYEE BENEFIT PLAN, Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued**

SGVCOG and ACE (a division of SGVCOG) reported \$168,115 and \$252,173, respectively, as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	SGVCOG	ACE	Total
2025	\$ 206,300	\$ 309,449	\$ 515,749
2026	126,455	189,682	316,137
2027	26,743	40,114	66,857
2028	1,184	1,389	2,960

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	Miscellaneous June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Investment rate of return	6.90%
Inflation	2.30%
Salary increases	(1)
Mortality (4)	(2)
Post-Retirement Benefit Increase	(3)

(1) Varies by entry age and service

(2) Derived using CalPERS' Membership Data for all funds

(3) Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

(4) The mortality table used was developed based on CalPERS-specific data. The rate incorporates General Mortality to capture ongoing mortality improvement using 80% of Scale of MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.



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**9. EMPLOYEE BENEFIT PLAN, Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued**

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

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects the expected real rate of return by asset class.

Asset Class	Assumed Asset Allocation	Real Return (a,b)
Global Equity-Cap weighted	30.00%	4.54%
Global Equity-non-Cap weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage Backed Securities	5.00%	0.50%
Investment Grade Corporate	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Estate	15.00%	3.21%
Liquidity	-5.00%	-0.59%
Total	100%	

(a) An expected inflation of 2.3% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

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**9. EMPLOYEE BENEFIT PLAN, Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued**

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -*

The following presents SGVCOG's and ACE (a division of SGVCOG)'s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what SGVCOG's and ACE (a division of SGVCOG)'s proportionate share of the 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 Plan		
	SGVCOG	ACE	Total
1% Decrease	5.90%	5.90%	5.90%
Net Pension Liability(Asset)	\$ 1,060,977	\$ 1,591,466	\$ 2,652,443
Current Discount Rate	6.90%	6.90%	6.90%
Net Pension Liability(Asset)	\$ 254,767	\$ 382,150	\$ 636,917
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability(Asset)	\$ (408,814)	\$ (613,221)	\$ (1,022,035)

**C. Pension Plan Fiduciary Net Position**

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

**D. Payable to the Pension Plan**

At June 30, 2024, SGVCOG and ACE did not have outstanding balance for contribution to the pension plan required for the year ended June 30, 2024.

**E. Deferred Compensation Plan**

ACE (a division of SGVCOG) has entered into a salary reduction deferred compensation plan for its 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 a week in advance prior to the effective date of the withdrawal. At June 30, 2024, plan assets totaling \$3,269,309 were held by independent trustees. Accordingly, such amounts 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 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).

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**10. OTHER POSTEMPLOYMENT BENEFITS PLAN**

**A. Plan Description**

The SGVCOG has established an Other Postemployment Benefits plan (OPEB Plan) and participates in a single employer defined benefit retiree healthcare plan. The SGVCOG joined the Public Employees’ Medical & Hospital Care Act (PEMHCA) on 1/1/2019. The PEMHCA minimum amount is based on the 5 % unequal method, which starts from 5% in 2020. For the surviving spouse healthcare benefit, the retiree benefit is paid to surviving spouse of retiree who elected CalPERS joint and survivor payment option and spouse of active who died while eligible to retire receiving CalPERS survivor benefit.

As of June 30, 2024 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

	SGVCOG	ACE	Total
Inactives currently receiving benefits	-	1	1
Inactives entitled to but not yet receiving benefits	2	8	10
Active employees	23	22	45
Total	<u>25</u>	<u>31</u>	<u>56</u>

**B. Contributions**

The contribution requirements of the plan members and the SGVCOG are established and may be amended by the SGVCOG. For the measurement period, contributions totaled \$5,884, which includes \$5,481 implied subsidy benefit payments.

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**10. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued**

**C. Net OPEB Liability**

The SGVCOG’s net OPEB liability as of June 30, 2024 was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability for measurement date June 30, 2024 was determined by an actuarial valuation dated June 30, 2023 based on the following actuarial methods and assumptions:

	Retiree Health Care Plan
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Contribution Policy	No pre-funding
Discount Rate	3.93% at June 30, 2024 (Bond Buyer 20-Bond Index)
	3.65% at June 30, 2023 (Bond Buyer 20-Bond Index)
General Inflation	2.50% annually
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Salary Increases	Aggregate - 2.75% annually Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076
PEMHCA Minimum Increase	3.50% annually
Participation at Retirement	Actives and surviving spouses: Covered - 80% Waived - 80% Retirees and surviving spouses: Covered - 100% (n/a) Waived - 0%

**D. Discount Rate**

The discount rate used to measure the total OPEB liability as of June 30, 2024 was 3.93 percent. The SGVCOG’s OPEB Plan is a no pre-funding plan and the discount rate was set to the Bond Buyer 20 General Obligation Municipal Bond Index, as of the measurement date.

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**10. OTHER POST EMPLOYMENT BENEFITS PLAN, Continued**

*E. Changes in the OPEB Liability*

The changes in the total OPEB liability for the OPEB Plan are as follows:

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2023</b>	\$ 405,473
Changes during the year:	
Service cost	94,108
Interest on the total OPEB liability	18,128
Changes in assumptions	(23,864)
Benefit payments	(5,858)
Net changes	82,514
<b>Balance at June 30, 2024</b>	<b>\$ 487,987</b>

*F. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the SGVCOG and ACE (a division unit of SGVCOG) if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	Changes in the Discount Rate		
	SGVCOG	ACE	Total
1% Decrease	2.93%	2.93%	2.93%
Total OPEB Liability	\$ 259,043	\$ 321,770	\$ 580,813
Current Discount Rate	3.93%	3.93%	3.93%
Total OPEB Liability	\$ 217,642	\$ 270,345	\$ 487,987
1% Increase	4.93%	4.93%	4.93%
Total OPEB Liability	\$ 184,664	\$ 229,381	\$ 414,045

*G. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the net OPEB liability of the SGVCOG and ACE if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	Changes in the Health Trend Rate		
	SGVCOG	ACE	Total
1% Decrease			
Total OPEB Liability	\$ 172,867	\$ 214,728	\$ 387,595
Current Trend			
Total OPEB Liability	\$ 217,642	\$ 270,345	\$ 487,987
1% Increase			
Total OPEB Liability	\$ 277,849	\$ 345,130	\$ 622,979

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**10. OTHER POST EMPLOYMENT BENEFITS PLAN, Continued**

*H. Recognition of Deferred Outflows and Deferred Inflows of Resources*

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

*I. OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB*

For the fiscal years ended June 30, 2024, the SGVCOG and ACE (a division of SGVCOG) recognized OPEB expense of \$74,620. For the fiscal years ended June 30, 2024, the SGVCOG and ACE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SGVCOG		ACE		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ 50,532	\$ -	\$ 62,769	\$ -	\$ 113,301
Changes in assumption	1,867	124,341	2,318	154,451	4,185	278,792
<b>Total</b>	<b>\$ 1,867</b>	<b>\$ 174,873</b>	<b>\$ 2,318</b>	<b>\$ 217,220</b>	<b>\$ 4,185</b>	<b>\$ 392,093</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as expense as follows:

Year Ending	SGVCOG	ACE	Total
June 30			
2025	\$ (16,788)	\$ (20,854)	\$ (37,642)
2026	(16,788)	(20,854)	(37,642)
2027	(16,788)	(20,854)	(37,642)
2028	(16,788)	(20,854)	(37,642)
2029	(16,788)	(20,854)	(37,642)
Thereafter	(89,066)	(110,632)	(199,698)

**11. COMMITMENTS AND CONTINGENCIES**

As discussed in Note 6, ACE receives reimbursement type grants from federal, state and local sources. Certain expenses are not subject to reimbursement. Also, there may be disallowed costs. Management's experience in this regard indicates disallowances, if any, will not be material.

The SGVCOG is involved in claims and litigations arising from the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material effect on the SGVCOG's financial position.

**San Gabriel Valley Council of Governments**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**11. COMMITMENTS AND CONTINGENCIES, Continued**

*A. Escrow Agreements for Contract Retention*

Pursuant to contracts entered into between ACE and several of its contractors, funds are deposited with an Escrow Agent. The Escrow Agent holds the fund for the benefit of the contractors until the escrow is terminated. The Escrow Agent, contractor or ACE may terminate this Escrow Agreement, with or without cause, by providing 30 days prior written notice to the other parties. In the event of termination of this Escrow Agreement, all the funds on deposit shall be paid to ACE and any accrued interest less escrow fees shall be paid to the contractor. ACE has recognized expenses related to contract retention payments totaling \$9,424,352 for the fiscal year ended June 30, 2024. Funds are deposited in several escrow accounts until release to the contractor is authorized.

**12. CONSTRUCTION IN PROGRESS AND TRANSFER OF COMPLETED PROJECTS**

Except for minor acquisitions that may be sold by ACE when no longer needed, all of the construction projects, when completed, will be deeded and transferred to the UPRR and the cities in which they are located at no cost to the acquirer. At June 30, 2024, \$662,264,560 of costs was accumulated on projects in process and \$1,147,801,247 had been transferred to UPRR and impacted cities.

Under the full accrual basis of accounting, project expenses would be reported under the construction in progress account (i.e., treated as a cash flow expense and not a current year expense). This would substantially overstate income while reporting the disposal and expensing the accumulated costs would distort the cost of operations at the time of transfer of the completed projects to the member cities. In this case, net position would greatly fluctuate, depending on the timing of construction and transfer of the completed projects.

To alleviate this situation, management has elected to record a liability (same amount as the construction in progress) to UPRR and governments likely to be the eventual owner of the improvements/grade separations upon project completion. This approach will minimize the effects both the acquisition of property for construction and the accumulation of construction costs and their eventual disposal.

**13. SUBSEQUENT EVENTS**

SGVCOG and ACE have evaluated events or transactions that occurred subsequent to the balance sheet date through February 25, 2025, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined that no subsequent matters required disclosure or adjustment to the accompanying financial statements.

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# REQUIRED SUPPLEMENTARY INFORMATION

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**San Gabriel Valley Council of Governments**  
**Required Supplementary Information**  
**For the year ended June 30, 2024**

*Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Years\**

	Measurement Period		
	2023	2022	2021
	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan
Proportion of the net pension liability (asset)	0.00511%	0.00240%	-0.03823%
Proportionate share of the net pension liability (asset)	\$ 636,917	\$ 276,680	\$ (2,067,369)
Covered payroll	\$ 4,051,439	\$ 3,060,627	\$ 2,724,885
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	15.72%	9.04%	-75.87%
Plan's proportionate share of the fiduciary net position as as a percentage of the total pension liability	76.21%	76.68%	88.29%

**Notes to Schedule:**

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, decreased from 7.65% to 7.15% in fiscal year 2018, and then decreased from 7.15% to 6.9% in fiscal year 2023.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

<b>Measurement Period</b>						
<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan
-0.0275%	-0.00494%	-0.00715%	0.00348%	0.01125%	0.01214%	0.00000%
\$ (298,796)	\$ (506,076)	\$ (689,323)	\$ 344,628	\$ 973,847	\$ 833,171	\$ -
\$ 3,114,693	\$ 3,409,212	\$ 4,050,997	\$ 3,781,297	\$ 2,989,505	\$ 2,919,902	\$ 2,414,903
-9.59%	-14.84%	-17.02%	9.11%	32.58%	28.53%	0.00%
75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

**San Gabriel Valley Council of Governments**  
**Required Supplementary Information**  
**For the year ended June 30, 2024**

*Schedule of Pension Contributions - Last 10 Years\**

	Fiscal Year		
	2024	2023	2022
	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan
Actuarially determined contributions	\$ 420,288	\$ 346,818	\$ 268,246
Contributions in relation to the actuarially determined contributions	(420,288)	(346,818)	(268,246)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 5,089,999	\$ 4,051,439	\$ 3,060,627
Contributions as a percentage of covered payroll	8.26%	8.56%	8.76%

Notes to Schedule

\*Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

Methods and assumptions used to determine contribution rates:

Valuation date (for contractually required contribution):	6/30/2021	6/30/2020	6/30/2019
Actuarial cost method:	Entry Age	Entry Age	Entry Age
Amortization method:	(1)	(1)	(1)
Assets valuation method:	Market Value	Market Value	Market Value
Inflation:	2.30%	2.50%	2.50%
Salary increases:	(2)	(2)	(2)
Investment rate of return:	6.80%	7.00%	7.00%
Retirement age:	(3)	(3)	(3)
Mortality:	(4)	(4)	(4)

<sup>(1)</sup> Level percentage of payroll, closed

<sup>(2)</sup> Depending on age, service, and type of employment

<sup>(3)</sup> 50 for all plans, with the exception of 52 for Miscellaneous PEPRA 2%@62

<sup>(4)</sup> Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

Fiscal Year						
2021	2020	2019	2018	2017	2016	2015
Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan
\$ 263,948	\$ 455,998	\$ 411,327	\$ 1,334,594	\$ 1,427,296	\$ 441,843	\$ 696,060
(263,948)	(455,998)	(411,327)	(1,334,594)	(1,427,296)	(441,843)	(696,060)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,724,885	\$ 3,114,693	\$ 3,409,212	\$ 4,050,997	\$ 3,781,297	\$ 2,989,505	\$ 2,919,902
9.69%	14.64%	12.07%	32.94%	37.75%	14.78%	23.84%
6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Entry Age (1)	Entry Age (1)	Entry Age (1)	Entry Age (1)	Entry Age (1)	Entry Age (1)	Entry Age (1)
Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
(2)	(2)	(2)	(2)	(2)	(2)	(2)
7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
(3)	(3)	(3)	(3)	(3)	(3)	(3)
(4)	(4)	(4)	(4)	(4)	(4)	(4)

**San Gabriel Valley Council of Governments**  
**Required Supplementary Information**  
**For the year ended June 30, 2024**

*Schedule of Changes in the Total OPEB Liability and Related Ratios - Last 10 Years\**

For the Measurement Period Ended:	6/30/2024	6/30/2023	6/30/2022	6/30/2021
<b>Total OPEB Liability</b>				
Service cost	\$ 94,108	\$ 88,340	\$ 120,206	\$ 115,531
Interest	18,128	23,586	15,983	13,297
Differences between actual and expected experience	-	(134,479)	-	-
Changes in assumptions	(23,864)	(147,440)	(174,842)	6,153
Benefit payments	(5,858)	(4,950)	(1,384)	(1,293)
<b>Net change in the total OPEB liability</b>	82,514	(174,943)	(40,037)	133,688
<b>Total OPEB liability - beginning</b>	405,473	580,416	620,453	486,765
<b>Total OPEB liability</b>	<u>\$ 487,987</u>	<u>\$ 405,473</u>	<u>\$ 580,416</u>	<u>\$ 620,453</u>
Covered employee payroll	\$ 5,089,999	\$ 4,051,439	\$ 3,060,627	\$ 2,862,626
Total OPEB liability as a percentage of covered employee payroll	9.59%	10.01%	18.96%	21.67%

\* Fiscal year 2021 was the 1st year of implementation.

Note - No monies are held in trust for OPEB benefits.

**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**

*Independent Auditor's Report*

To the Members of the Governing Board  
of San Gabriel Valley Council of Governments  
Monrovia, California

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 San Gabriel Valley Council of Governments (SGVCOG), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the SGVCOG's basic financial statements and have issued our report thereon dated February 25, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the SGVCOG's internal control over financial reporting (internal control) to determine the 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 the SGVCOG's internal control. Accordingly, we do not express an opinion on the effectiveness of the SGVCOG'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.

To the Members of the Governing Board  
of San Gabriel Valley Council of Governments  
Monrovia, California  
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***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the SGVCOG'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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.



Badawi & Associates, CPAs  
Berkeley, California  
February 25, 2025