San Gabriel Valley Council of Governments*

AGENDA AND NOTICE OF THE MEETING OF THE CITY MANAGERS' STEERING COMMITTEE

Date: Wednesday, May 5, 2021 – 12:00 PM

Zoom Meeting Link: https://zoom.us/j/97543124400

Livestream is Available at: https://youtu.be/vDwkVGHzVso

Thank you for participating in the City Managers' Steering Committee meeting. The City Managers' Steering Committee encourages public participation and invites you to share your views on agenda items.

MEETINGS: ***Regular Meetings of the City Managers' Steering Committee are held on the first Wednesday of each month at 12:00 noon at the Foothill Transit Office (100 S. Vincent Ave., Suite 200 West Covina, CA 91790.*** The City Managers' Steering Committee agenda packet is available at the San Gabriel Valley Council of Government's (SGVCOG) Office, 1000 South Fremont Avenue, Suite 10210, Alhambra, CA, and on the website, www.sgvcog.org. Copies are available via email upon request (sgv@sgvcog.org). Documents distributed to a majority of the Committee after the posting will be available for review in the SGVCOG office and on the SGVCOG website. Your attendance at this public meeting may result in the recording of your voice.

PUBLIC PARTICIPATION: Your participation is welcomed and invited at all City Managers' Steering Committee meetings. Time is reserved at each regular meeting for those who wish to address the Committee. SGVCOG requests that persons addressing the Committee refrain from making personal, slanderous, profane or disruptive remarks.

TO ADDRESS THE CITY MANAGERS' STEERING COMMITTEE: At a regular meeting, the public may comment on any matter within the jurisdiction of the Committee during the public comment period and may also comment on any agenda item at the time it is discussed. At a special meeting, the public may only comment on items that are on the agenda. Members of the public wishing to speak are asked to complete a comment card or simply rise to be recognized when the Chair asks for public comments to speak. We ask that members of the public state their name for the record and keep their remarks brief. If several persons wish to address the Committee on a single item, the Chair may impose a time limit on individual remarks at the beginning of discussion. **The City Managers' Steering Committee may not discuss or vote on items not on the agenda.**

AGENDA ITEMS: The Agenda contains the regular order of business of the City Managers' Steering Committee. Items on the Agenda have generally been reviewed and investigated by the staff in advance of the meeting so that the City Managers' Steering Committee can be fully informed about a matter before making its decision.

CONSENT CALENDAR: Items listed on the Consent Calendar are considered to be routine and will be acted upon by one motion. There will be no separate discussion on these items unless a Committee member or citizen so requests. In this event, the item will be removed from the Consent Calendar and considered after the Consent Calendar. If you would like an item on the Consent Calendar discussed, simply tell Staff or a member of the Committee.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SGVCOG office at (626) 457-1800. Notification 48 hours prior to the meeting will enable the SGVCOG to make reasonable arrangement to ensure accessibility to this meeting.

***MEETING MODIFICATIONS DUE TO THE STATE AND LOCAL STATE OF EMERGENCY RESULTING FROM THE THREAT OF COVID-19**: On March 17, 2020, Governor Gavin Newsom issued Executive Order N-29-20 authorizing a local legislative body to hold public meetings via teleconferencing and allows for members of the public to observe and address the meeting telephonically or electronically to promote social distancing due to the state and local State of Emergency resulting from the threat of the Novel Coronavirus (COVID-19).

To follow the new Order issued by the Governor and ensure the safety of Committee Members and staff for the purpose of limiting the risk of COVID-19, in-person public participation at the City Managers' Steering Committee meeting scheduled for May 5, 2021 at 12:00 PM will not be allowed. To allow for public participation, the City Managers' Steering Committee will conduct its meeting through Zoom Video Communications. To participate in the meeting, download Zoom on any phone or computer device and copy and paste the following link into your browser to access the live meeting: https://zoom.us/j/97543124400. You may also access the meeting via the livestream link on the front of the agenda page.

Submission of Public Comments: For those wishing to make public comments on agenda and non-agenda items you may submit comments via email or by Zoom.

- Email: Please submit via email your public comment to Katie Ward (kward@sgvcog.org) at least 1 hour prior to the scheduled meeting time. Please indicate in the Subject Line of the email "FOR PUBLIC COMMENT." Emailed public comments will be read into the record and will be part of the recorded meeting minutes. Public comment may be summarized in the interest of time, however the full text will be provided to all members of the Committee prior to the meeting.
- Zoom: Through Zoom, you may speak by using the web interface "Raise Hand" feature. Wait to be called upon by staff, and then you may provide verbal comments for up to 3 minutes. Public comment is taken at the beginning of the meeting for items not on the agenda. Public comment is also accepted at the beginning of each agenda item.

Any member of the public requiring a reasonable accommodation to participate in this meeting should contact Katie Ward at least 48 hours prior to the meeting at (626) 457-1800 or at kward@sgvcog.org.

PRELIMINARY BUSINESS

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

CONSENT CALENDAR

5. City Managers' Steering Committee Minutes – Page 1
   Recommended Action: Approve City Managers' Steering Committee Minutes.
6. FY 2019-2020 Financial Audit – Page 3
   Recommended Action: Receive and file.

DISCUSSION ITEMS *(It is anticipated that the Committee may take action on the following matters)*

7. Update on Los Angeles County Coordination Survey – Page 73
   Recommended Action: For information only.

UPDATE ITEMS *(It is anticipated that the Committee may take action on the following matters)*

8. Update on State and Congressional Redistricting Coordination
   Recommended Action: For information only.
9. Update on Regional Broadband Efforts – Page 77
   Recommended Action: For information only.
10. Executive Director's Monthly Report
    Recommended Action: For information only.

COMMITTEE MEMBER ITEMS
ANNOUNCEMENTS
ADJOURN

SGVCOG City Managers' Steering Committee Special Meeting
Unapproved Minutes
March 31, 2021
12:00 PM
Via Zoom/Teleconference

1. Call to Order
   B. Russi called the meeting to order at 12:01 PM.

2. Roll Call:

Members Present:
Alhambra, J. Binnquist
Arcadia, D. Lazzaretto
Azusa, S. Gonzalez
Baldwin Park, S. Yauchzee
Bradbury, K. Kearney
Diamond Bar, D. Fox
La Canada Flintridge, M. Alexander
La Verne, B. Russi
Rosemead, G. Molleda
Temple City, B. Cook

Members Absent:
El Monte, Alma Martinez
Glendora, A. Raymond
Montebello, R. Bobadilla
Monterey Park, R. Bow
San Marino, M. Marlowe

SGVCOG Staff:
M. Creter, Executive Director
K. Ward; C. Sims; E. Shen; A. Fung; S. Pedersen; A. Bordallo B. Acevedo, Staff

3. Public Comment.
   No public comment was received for the meeting.
4. Changes to Agenda Order.
   No changes were requested.

CONSENT CALENDAR

5. City Managers' Steering Committee Minutes
   Recommended Action: Approve City Managers' Steering Committee Minutes.
6. Draft SGVCOG FY 21-22 Budget
   Recommended Action: Receive and file.

There was a motion to approve the consent calendar (M/S: J. Binnquist/D. Fox).

[MOTION PASSED]

AYES:	Alhambra, Arcadia, Azusa, Baldwin Park, Bradbury, Diamond Bar, La Canada Flintridge, La Verne, Temple City, Rosemead
NOES:	
ABSTAIN:	
ABSENT:	Glendora, San Marino, El Monte, Montebello, Monterey Park

PRESENTATION

7. SGVCOG Neighborhood Coyote Program 2020 Update/Recap
   S. Pedersen and A. Bordallo presented on this item.

DISCUSSION ITEMS

8. Job Order Contracting Pilot Program Proposal
   E. Shen presented on this item.
9. Los Angeles County Coordination Survey and Outline
   M. Creter presented on this item.
10. State and Congressional Redistricting Open Discussion
    M. Creter presented on this item.

UPDATE ITEMS

11. Executive Director's Monthly Report
    M. Creter provided an update on this item.

ADJOURN

The meeting adjourned at 1:02 PM.

REPORT

DATE: May 5, 2020

TO: Executive Committee
City Managers' Steering Committee
Governing Board

FROM: Marisa Creter, Executive Director

RE: FY 2019-2020 FINANCIAL AUDIT

RECCOMENDED ACTION

Receive and file.

BACKGROUND

The SGVCOG's auditors Vasquez & Company LLP completed a comprehensive audit of the financial statements for the SGVCOG for fiscal year ending June 30, 2020. The following attachments outline the auditor's full report:

- Attachment A – FY 2019-20 Financial Statement (Primary Government/SGVCOG)
- Attachment B – FY 2019-20 Financial Statement (ACE)

Representatives from Vasquez & Company LLP will present the audit report to the SGVCOG Executive Committee, and Governing Board Members.

Prepared by: ______________________
Katie Ward
Senior Management Analyst

Approved by: Marisa Creter ______________________
Marisa Creter
Executive Director

ATTACHMENTS

Attachment A – FY 2019-20 Financial Statement (Primary Government/SGVCOG)
Attachment B – FY 2019-20 Financial Statement (ACE)

SGVCOG
San Gabriel Valley Council of Governments

Audited Financial Statements
(Primary Government)
As of and for the Year Ended June 30, 2020
with Independent Auditor's Report

An independently owned member
RSM US Alliance
RSM

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

San Gabriel Valley Council of Governments
Audited Financial Statements
(Primary Government)
As of and for the Year Ended June 30, 2020
with Independent Auditor's Report

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San Diego
Manila

Independent Auditor's Report

Members of the Governing Board
San Gabriel Valley Council of Governments

Report on the Financial Statements

We have audited the accompanying financial statements of the primary government of San Gabriel Valley Council of Governments (SGVCOG), which comprise the statement of net position as of June 30, 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise SGVCOG's basic financial statements.

Management's Responsibility on the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the primary government of San Gabriel Valley Council of Governments as of June 30, 2020, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above include only the primary government of the San Gabriel Valley Council of Governments, which consists of all funds and departments that comprise San Gabriel Valley Council of Governments' legal entity. These primary government financial statements do not include financial data for the San Gabriel Valley Council of Governments' component unit, the Alameda Corridor - East Project, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the SGVCOG's primary government. As a result, the primary government's financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the San Gabriel Valley Council of Governments as of June 30, 2020, the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

We have audited in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of San Gabriel Valley Council of Governments as of and for the year ended June 30, 2020, and our report thereon, dated April 21, 2021, expressed an unmodified opinion on those financial statements.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and the required supplementary information on pages 25 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Vasquez & Company LLP

Glendale, California
April 21, 2021

Our discussion and analysis of the San Gabriel Valley Council of Governments (the "SGVCOG") financial performance presents an overview of the SGVCOG's financial activities during the fiscal year ended June 30, 2020. We encourage readers to consider information presented here in conjunction with the financial statements (beginning on page 7). The financial statements, notes and this discussion and analysis were prepared by management and are the responsibility of management.

Background

The 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, the 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.

Overview of Financial Statements

In FY 2020, operating revenues decreased by 16% from the previous year. The decrease was mainly attributable to the lower Bike Share grant revenues earned in 2020.

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 the SGVCOG's revenues and expenses related to its other programs and services are reflected in the statements.

Various disclosures accompany the financial statements in order to provide a full picture of the SGVCOG's finances. The notes to the financial statements are on pages 10-24.

Financial Analysis

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 the SGVCOG as of June 30, 2020 and 2019:

	June 30		Variance	
	2020	2019	Amount	%
Assets	**$ 8,572,013**	$ 2,990,009	$ 5,582,004	187%
Deferred outflows of resources	**223,901**	133,634	90,267	68%
Total assets and deferred outflows of resources	**8,795,914**	3,123,643	5,672,271	182%
Liabilities	**7,070,874**	1,722,720	5,348,154	310%
Deferred inflows of resources	**48,277**	38,618	9,659	25%
Total liabilities and deferred inflows of resources	**7,119,151**	1,761,338	5,357,813	304%
Net position				
Restricted	**110,691**	110,578	113	0%
Unrestricted	**1,566,072**	1,251,727	314,345	25%
Total net position	**$ 1,676,763**	$ 1,362,305	$ 314,458	23%

Assets increased in 2020 by $5,582,004 or 187%, and liabilities increased by $5,348,154 or 310%. Increase in assets and liabilities was largely due to the $5.6 million funds received from the State of California for the Regional Housing Trust which were mostly unspent as of June 30, 2020 increasing the cash and cash equivalents balance in 2020. The increase in assets was offset by the higher balance in liabilities, particularly the unearned revenue account, due to the unspent funds for the Regional Housing Trust homelessness program.

As previously discussed, net position can serve as an indicator of financial health. The SGVCOG's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,676,763 and $1,362,305 as of June 30, 2020 and 2019, respectively.

Statements of Revenues, Expenses and Changes in Net Position

The following table presents the SGVCOG's revenues, expenses and changes in net position for the years ended June 30, 2020 and 2019:

	Years ended June 30,		Variance	
	2020	2019	Amount	%
Operating revenues				
Dues:				
General Fund	**$ 484,929**	$ 443,814	$ 41,115	9%
Transportation	**294,971**	310,193	(15,222)	-5%
	779,900	754,007	25,893	3%
Sponsorships	**1,098**	35,075	(33,977)	-97%
Grants and matches from other governments:				
Bike Share Program	**489,328**	1,265,014	(775,686)	-61%
Stormwater Program	**262,956**	224,150	38,806	17%
Open Streets - El Monte	**262,234**	-	262,234	100%
Vehicle Miles Traveled Study	**223,393**	-	223,393	100%
Los Angeles County Metropolitan Transportation Authority	**101,451**	97,549	3,902	4%
Southern California Gas - Energywise	**67,891**	50,361	17,530	35%
Coyote Management	**66,667**	-	66,667	100%
Homelessness Program	**39,500**	158,000	(118,500)	-75%
Housing Homeless	**34,284**	-	34,284	100%
Southern California Edison - Energywise	**24,834**	68,989	(44,155)	-64%
Measure M Program	**22,246**	31,185	(8,939)	-29%
Others	**6,418**	154,456	(148,038)	-96%
Total operating revenues	**2,382,200**	2,838,786	(456,586)	-16%
Operating expenses				
Administrative	**386,079**	761,890	(375,811)	-49%
Bike Share Program	**493,340**	1,265,014	(771,674)	-61%
Vehicle Miles Traveled Study	**223,393**	-	223,393	100%
Open Streets - El Monte	**170,899**	-	170,899	100%
Stormwater Program	**168,584**	124,868	43,716	35%
Homelessness Program	**143,201**	132,635	10,566	8%
Transportation	**136,823**	131,040	5,783	4%
MTA Open Street Program	**89,749**	4,991	84,758	1698%
Cost Comparison / Joint Study Program	**76,229**	18,173	58,056	319%
Energywise	**56,023**	50,663	5,360	11%
Coyote Management	**53,455**	-	53,455	100%
Housing Homeless	**45,422**	-	45,422	100%
Measure M Program	**22,245**	31,185	(8,940)	-29%
Others	**6,490**	21,523	(15,033)	-70%
Total operating expenses	**2,071,932**	2,541,982	(470,050)	-18%
Operating income	**310,268**	296,804	13,464	5%
Nonoperating income				
Interest income	**4,190**	5,803	(1,613)	-28%
Total nonoperating income	**4,190**	5,803	(1,613)	-28%
Change in net position	**314,458**	302,607	11,851	4%
Net position, beginning of year	**1,362,305**	1,059,698	302,607	29%
Net position, end of year	**$ 1,676,763**	$ 1,362,305	$ 314,458	23%

During fiscal year 2020, total operating revenues decreased by 16% from the previous year. The decrease was mainly attributable to the lower Bike Share grant revenues earned in 2020.

Revenues for SGVCOG consist primarily of dues from 30 member cities, three 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 Bike Share program, Stormwater program, Homelessness program, Vehicle Miles Traveled Study program, Southern California Edison (SCE), a local utility, grant matching funds from Los Angeles County MTA, and fees on the aggregate cost for the bonds issued to fund installation of renewable energy efficiency improvements from the Home Energy Renovation Opportunity (HERO) program. Grants and matches from other governments and Sponsorships were $1,602,300 in FY2020 compared to $2,084,779 in FY2019, a decrease of $482,479 or 23%. The decrease was mostly due to the lower Bike Share grant revenues earned in FY2020.

Operating expenses were $2,071,932 in FY2020 compared to $2,541,982 in FY 2019, a decrease of $470,050 or 18%. The decrease is primarily attributable to lower program expenses from the Bike Share program.

Next Year's Budget

The budget for fiscal year 2021 assumes that the on-hand net position as of June 30, 2020 will be required and available to fulfill the program and administrative expense requirements.

Further Information

This report has been designed to provide a general overview, to the stakeholders, of the SGVCOG's financial condition and related issues. Inquiries should be directed to Maritza Ramos, Director of Finance, 4900 Rivergrade Road, Suite A120 Irwindale, CA 91706.

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ASSETS		
Current assets		
Cash and cash equivalents	$	2,257,907
Restricted cash		5,637,896
Grants receivable		359,906
Other receivables		209,846
Prepaid expenses		13,607
Total current assets		8,479,162
Noncurrent assets		
Office equipment, net		-
Net pension asset		92,851
Total noncurrent assets		92,851
Total assets		8,572,013
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pension		223,901
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses		381,988
Unearned revenues		6,404,804
Due to ACE		247,768
Total current liabilities		7,034,560
Noncurrent liabilities		
Compensated absences		36,314
Total liabilities		7,070,874
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pension		48,277
NET POSITION		
Restricted for :		
Water Quality Improvement		55,730
MS4-National Pollutant Discharge Elimination System		54,961
Unrestricted		1,566,072
Net position	$	1,676,763

See notes to financial statements.

Operating revenues		
Dues:		
General Fund	$	484,929
Transportation		294,971
		779,900
Sponsorships		1,098
Grants and matches from other governments:		
Bike Share Program		489,328
Stormwater Program		262,956
Open Streets - El Monte		262,234
Vehicle Miles Traveled Study		223,393
Los Angeles County Metropolitan Transportation Authority		101,451
Southern California Gas - Energywise		67,891
Coyote Management		66,667
Homelessness Program		39,500
Housing Homeless		34,284
Southern California Edison - Energywise		24,834
Measure M Program		22,246
Others		6,418
Total operating revenues		2,382,200
Operating expenses		
Administrative		386,079
Bike Share Program		493,340
Vehicle Miles Traveled Study		223,393
Open Streets - El Monte		170,899
Stormwater Program		168,584
Homelessness Program		143,201
Transportation		136,823
MTA Open Street Program		89,749
Cost Comparison / Joint Study Program		76,229
Energywise		56,023
Coyote Management		53,455
Housing Homeless		45,422
Measure M Program		22,245
Others		6,490
Total operating expenses		2,071,932
Operating income		310,268
Nonoperating income		
Interest income		4,190
Change in net position		314,458
Net position, beginning of year		1,362,305
Net position, end of year	$	1,676,763

See notes to financial statements.

Cash flows from operating activities		
Cash receipts from cities	$	779,900
Cash receipts from all other services		2,849,450
Cash paid for operating expenses		(1,510,880)
Cash paid for employee compensation and related costs		(361,820)
Net cash provided by operating activities		1,756,650
Cash flows from noncapital financing activity		
Payment of advances to ACE		(976,280)
Cash used in noncapital financing activity		(976,280)
Cash flows from investing activity		
Cash receipts from interest		5,710
Cash provided by investing activity		5,710
Change in cash and cash equivalents		786,080
Cash and cash equivalents - beginning of year		1,471,827
Cash and cash equivalents - end of year	$	2,257,907

Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	310,268
Adjustment to reconcile operating income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable		982,712
Other receivables		(107,310)
Prepaid expenses		(1,585)
Net pension asset		(33,365)
Deferred outflows of resources		(90,267)
Increase (decrease) in:		
Accounts payable and accrued expenses		313,452
Unearned revenues		371,748
Compensated absences		1,338
Deferred inflows of resources		9,659
Net cash provided by operating activities	$	1,756,650

See notes to financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT POLICIES

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.

The Reporting Entity

The accompanying financial statements do not include the financial statements of a component unit, the Alameda Corridor - East Project (ACE) and do not purport to, and do not, present the financial position of the reporting entity of San Gabriel Valley Council of Governments as of June 30, 2020, the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 2022-23).
- 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.

NOTE 1 SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The following are SGVCOG's major revenue components:

Vehicle Miles Traveled Study - Funds for the implementation of the San Gabriel Valley Regional Vehicle Miles Traveled Analysis Model to assist member-agencies with compliance to Senate Bill No. 743 mandates.

Energywise - Funds to implement a program to reduce energy usage in the region by providing enhanced rebates for installing energy efficiency measures in municipal facilities, technical assistance, and various training and educational opportunities.

Homelessness – Funds to provide coordination services among the San Gabriel Valley cities, homeless providers, and community stakeholders relative to the implementation of the Homeless Initiative and the delivery of homeless services within the San Gabriel Valley.

MTA Open Streets – Funded by the Los Angeles County Metropolitan Transportation Authority (MTA) to provide a series of regional car-free events. It aims to provide: (a) opportunities for riding transit, walking, and riding a bike possibly for the first time; (b) encourage future mode shift to more sustainable transportation modes; and, (c) for civic engagement to foster the development of multi-modal policies and infrastructure at the city/community level. In September 2018, MTA approved funding for SGVCOG to host two open streets events, including an event in the cities of El Monte and South El Monte on October 26, 2019 and another event in the cities of San Dimas, La Verne and Pomona on April 19, 2020 (postponed to 2021 due to COVID-19). This funding will cover planning, event production, public safety, traffic controls and other support services related to these events. This funding will be used as the local match requirement for the Bike Share Program by hosting bike share launch events in conjunction with the open streets events.

Bike Share Program – The Bike Share Program is an effort by the SGVCOG to bring cost effective transportation alternatives to the region. In partnership with 15 member agencies, the SGVCOG has entered into an agreement for the purchase and implementation of pedal-assist bicycles. The program is being funded through a Statewide Active Transportation Program (ATP) grant.

NOTE 1 SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

Basis of Accounting (Continued)

Stormwater Project/ULAR Project – The Los Angeles Regional Water Quality Control Board (Regional Board) established a Coordinated Integrated Monitoring Program (CIMP) to monitor the Upper Los Angeles River (ULAR) Enhanced Watershed Management Program (EWMP) progress toward meeting clean water goals. In 2015, all ULAR permittees voluntarily entered into a Memorandum of Agreement (MOA) with the City of Los Angeles to perform CIMP functions on behalf of the EWMP. The City of Los Angeles and all eleven SGVCOG cities in the ULAR have tasked the SGVCOG to take over the billing portion of the MOA. As a component of the ULAR CIMP management, the SGVCOG anticipates executing contracts with 3rd party consultants, as needed, to support special studies and other identified tasks. All staff costs associated with managing this project are also covered by the administration fee.

Cash and Cash Equivalents

The SGVCOG considers money market funds and all equivalent liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Grants Receivable

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

Office Equipment

Office equipment is carried at historical cost. Depreciation is provided using the straight-line method over the individual assets' estimated useful life, usually five years for computers, copiers and other electronic equipment, ten years for cabinets, desks and furniture. As of June 30, 2020, the cost of the office equipment has been fully depreciated.

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.

NOTE 1 SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles (GAAP) requires the use of estimates in many areas. Estimates used in these financial statements relate primarily to fixing estimated useful lives to depreciable assets. Based upon the preceding information, estimates do not have a material effect on these financial statements.

Implementation of New Accounting Pronouncement

During the fiscal year ended June 30, 2020, SGVCOG adopted the following new Statement of the Governmental Accounting Standards Board (GASB):

GASB statement No. 95

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance".* This Statement postponed the effective dates of certain Statements to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

NOTE 2 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents and restricted cash as of June 30, 2020 consist of the following:

Deposits with financial institution	$ 2,014,400
Short-term investments	243,507
Cash and cash equivalents	$ 2,257,907
Restricted cash - money market funds	$ 5,637,896

Restricted cash represents funds sent by the State of California in October 2019 to SGVCOG as administrator of the Regional Housing Trust Fund. This fund will be used for the homelessness program of the state.

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

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

The table below 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.

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 SCE	None	20%	10%
State of CA Local Agency Investment Fund (LAIF)	None	None	None
Mortgage-backed Securities	5 years	15%	None

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 due over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of 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	12 Months or less
LAIF	$ 243,507
Money market funds	5,637,896
	$ 5,881,403

Investment with Fair Values Highly Sensitive to Interest Rate Fluctuations
The SGVCOG has no investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

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	Amount	Minimum Legal Rating	Rating as of June 30, 2020 AAA	Rating as of June 30, 2020 Not Rated
LAIF	$ 243,507	N/A	$ -	$ 243,507
Money market funds	5,637,896	A	5,637,896	-
	$ 5,881,403		$ 5,637,896	$ 243,507

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, 2020, the SGVCOG had no investments in any one issuer (other than money market funds and external investment pools) that represent 10% or more of total SGVCOG's investments.

Custodial Credit Risk
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and 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, 2020, the SGVCOG's cash in bank balance of $2,014,000 exceeded the $250,000 deposit insurance of the Federal Depository Insurance Corporation (FDIC) by $1,764,000.

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk (Continued)

The SGVCOG is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. At June 30, 2020, the total market value of LAIF, including accrued interest was approximately $102 billion. The fair value of the SGVCOG's investment in this pool is $243,507 at June 30, 2020 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.

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.

The following table presents SGVCOG's fair value hierarchy for its financial assets measured at fair value on a recurring basis.

Investment Type	Investments That Are Not Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
LAIF	$ 243,507	$ -	$ -	$ -	$ 243,507
Money market funds	-	-	5,637,896	-	5,637,896
	$ 243,507	$ -	$ 5,637,896	$ -	$ 5,881,403

NOTE 3 EMPLOYEE BENEFIT PLAN

A. General Information about the Pension Plans

Plan Description

SGVCOG's employee benefit plan was assigned to its component unit, ACE. SGVCOG has employees enrolled under the Classic and PEPRA Plans. SGVCOG currently contributes about 2% to the Classic Plan and about 65% to the PEPRA Plan. All qualified permanent and probationary employees are eligible to participate in ACE'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 and ACE resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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.

Certain information presented in the accompanying financial statements and under this note disclosure represent amounts paid by and allocated to SGVCOG only.

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.

NOTE 3 EMPLOYEE BENEFIT PLAN (CONTINUED)

Benefits Provided (Continued)
The Plans' provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous Plan	
	Classic	PEPRA
Hire date	Prior to Jan. 1, 2013	On or after Jan. 1, 2013
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 - 55	52 - 67
Monthly benefits , as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	6.91%	6.75%
Required employer contribution rates	9.68%	6.99%

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 is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the contributions made to the Plan were as follows:

	Miscellaneous Plan
Contributions - employer	$ 83,663

NOTE 3 EMPLOYEE BENEFIT PLAN (CONTINUED)

B. Pension Liability (Asset), Pension Expenses and Deferred Outflows / Inflows of Resources Related to Pensions

As of June 30, 2020, SGVCOG reported net pension liability (asset) for its proportionate share of the net pension liability (asset) of the Plan as follows:

	Miscellaneous Plan
Net Pension Liability (Asset)	$ (92,851)

SGVCOG's net pension liability (asset) for the Plan is measured as the proportionate share of the net pension liability (asset). The net pension liability (asset) of the Plan are measured as of June 30, 2019, and the total pension liability (asset) for the Plan used to calculate the net pension liability (asset) were determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. SGVCOG's proportion of the net pension liability (asset) was based on a projection of the SGVCOG's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, which is 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, 2018 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, 2018 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.

SGVCOG's proportionate share for pension items as provided by CalPERS are as follows:

	2020
Total pension liability and other pension amounts	0.0006385
Plan fiduciary net position	0.0008576

NOTE 3 EMPLOYEE BENEFIT PLAN (CONTINUED)

B. Pension Liability (Asset), Pension Expenses and Deferred Outflows / Inflows of Resources Related to Pensions (Continued)

At June 30, 2020, SGVCOG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 83,663	$ -
Differences between actual and expected experience	(6,449)	(500)
Changes in assumption	(4,428)	(1,570)
Changes in employer's proportion	26,462	38,794
Differences between the employer's contribution and the employer's proportionate share of contributions	123,030	11,553
Net differences between projected and actual earnings on pension plan investments	1,623	-
	$ 223,901	$ 48,277

$83,663 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	Amount
2021	$ 54,096
2022	34,702
2023	3,491
2024	(328)

NOTE 3 EMPLOYEE BENEFIT PLAN (CONTINUED)

B. Pension Liabilities (Assets), Pension Expenses and Deferred Outflows / Inflows of Resources Related to Pensions (continued)

Actuarial Assumptions

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

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Investment rate of return	7.15%
Inflation	2.50%
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 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.
(4) The mortality table used was developed based on CalPERS-specific data. The includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

NOTE 3 EMPLOYEE BENEFIT PLAN (CONTINUED)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set to equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

NOTE 3 EMPLOYEE BENEFIT PLAN (CONTINUED)

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

The following presents SGVCOG's proportionate share of the collective net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what 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
1% Decrease		6.15%
Net Pension Liability	$	190,519
Current Discount Rate		7.15%
Net Pension Liability (Asset)	$	(92,851)
1% Increase		8.15%
Net Pension Liability (Asset)	$	(326,752)

C. Pension Plan Fiduciary Net Position

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

D. Payable to the Pension Plan

At June 30, 2020, SGVCOG did not have outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

NOTE 4 RELATED PARTY TRANSACTIONS

For the year ended June 30, 2020, SGVCOG paid ACE a total of $18,804 for transportation technical, administrative, and accounting support, and travel expenses. As of June 30, 2020, SGVCOG owed ACE $247,768, including advances made by ACE for SGVCOG's program expenses.

NOTE 5 CONTINGENCIES

The SGVCOG is involved in claims 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.

NOTE 6 COMMITMENTS

The SGVCOG has entered into an office space lease agreement covering the period from July 1, 2018 to April 30, 2021.

Future minimum rental payments including tenant improvements are as follows:

Year ending June 30	Amount
2021	$ 60,011

NOTE 7 IMPACT OF COVID-19 PANDEMIC ON SGVCOG'S OPERATIONS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries.

To date, it is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities. Management believes that financial impact, if any, will not materially affect the June 30, 2020 financial statements.

NOTE 8 SUBSEQUENT EVENTS

SGVCOG has evaluated events or transactions that occurred subsequent to the balance sheet date through April 21, 2021, 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.

REQUIRED SUPPLEMENTARY INFORMATION

	Measurement Period					
	2019	2018	2017	2016	2015	2014
	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan
Proportion of the net pension liability (asset)	-0.01829%	-0.01829%	0.00874%	0.02803%	0.03744%	0.00001%
Proportionate share of the net pension liability (asset)**	$ (92,851)	$ (59,486)	$ 38,933	$ 85,698	$ (1,407)	$ 538
Covered - employee payroll [(1)]**	$ 294,201	$ 586,768	$ 358,859	$ 164,916	$ 155,191	$ 128,351
Proportionate share of the net pension liability as percentage of covered-employee payroll**	-31.56%	-10.14%	10.85%	51.96%	-0.91%	0.42%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability**	105.77%	96.11%	87.02%	87.61%	83.02%	83.02%
Plan's proportionate share of aggregate employer contributions [(2)]**	$ 35,496	$ 27,794	$ 21,399	$ 15,076	$ 88	$ 17,254

** Plan pertains to the Miscellaneous Plan of ACE and SGVCOG. Information presented here and in the financial statements represent amounts allocated to SGVCOG.

Notes to Schedule

Certain information presented above and in the financial statements represent amounts allocated to SGVCOG.

1 Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

2 The plan's proportionate share of aggregate employer contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

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

See Independent Auditor's Report.

Schedule of Pension Contributions
Last Ten Years*

	Reporting Year					
	2020	2019	2018	2017	2016	2015
	Miscellaneous Plan**	Miscellaneous Plan**	Miscellaneous Plan**	Miscellaneous Plan**	Miscellaneous Plan**	Miscellaneous Plan**
Actuarially determined contributions	$ 83,663	$ 59,706	$ 58,845	$ 66,429	$ 8,824	$ 8,214
Contributions in relation to the actuarially determined contributions	(83,663)	(59,706)	(58,845)	(66,429)	(8,824)	(8,214)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll	$ 571,459	$ 294,201	$ 586,768	$ 358,859	$ 164,916	$ 155,191
Contributions as a percentage of covered-employee payroll	14.64%	20.29%	10.03%	18.51%	5.35%	5.29%

** Plan pertains to the Miscellaneous Plan of ACE and SGVCOG

Notes to Schedule:

Valuation date	June 30, 2018
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry age normal
Amortization method / Period	Level percent of payroll
Remaining amortization period	15 years as of valuation date
Asset valuation method	5 year Smoothed Market
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.15%, net of pension plan investment expense
Retirement age	55 years
Mortality	Derived using CalPERS Membership Data for all funds

* Fiscal year 2015 was the first year of implementation, therefore only six years are shown.

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Alameda Corridor – East Project
(A Component Unit of San Gabriel Valley Council of Governments)
Audited Financial Statements
As of and for the Year Ended June 30, 2020
with Independent Auditor's Report

Alameda Corridor – East Project
(A Component Unit of San Gabriel Valley Council of Governments)
Audited Financial Statements
As of and for the Year Ended June 30, 2020
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OFFICE LOCATIONS:
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Sacramento
San Diego
Manila

Independent Auditor's Report

The Honorable Members of the Board of Directors
Alameda Corridor – East Project

Report on the Financial Statements

We have audited the accompanying financial statements of Alameda Corridor - East Project (ACE), a component unit of San Gabriel Valley Council of Governments (SGVCOG), which comprise the statement of net position as of June 30, 2020, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise ACE's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alameda Corridor – East Project as of June 30, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only the Alameda Corridor – East Project (ACE), a component unit of San Gabriel Valley Council of Governments (SGVCOG) and do not purport to, and do not, present fairly the financial position of the reporting entity of SGVCOG as of June 30, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–9 and the required supplementary information on pages 31–32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Vasquez & Company LLP

Glendale, California
April 21, 2021

The management's discussion and analysis (MD&A) of the financial performance and activity of the Alameda Corridor – East Project (ACE) provides an overview of ACE financial statements for the year ended June 30, 2020. This discussion was prepared by management and should be read in conjunction with the accompanying financial statements and notes, which follow this section.

Background

The San Gabriel Valley Council of Governments (SGVCOG) created ACE in 1998. ACE is a single purpose construction authority established to implement a construction program intended to mitigate the adverse impacts at rail-roadway crossings in the San Gabriel Valley of increasing rail traffic along the nationally significant Alameda Corridor East Trade Corridor. Train counts through the Valley are projected to nearly double by the year 2035 as increasing numbers of freight trains carry freight to and from the nation's busiest container ports in San Pedro Bay.

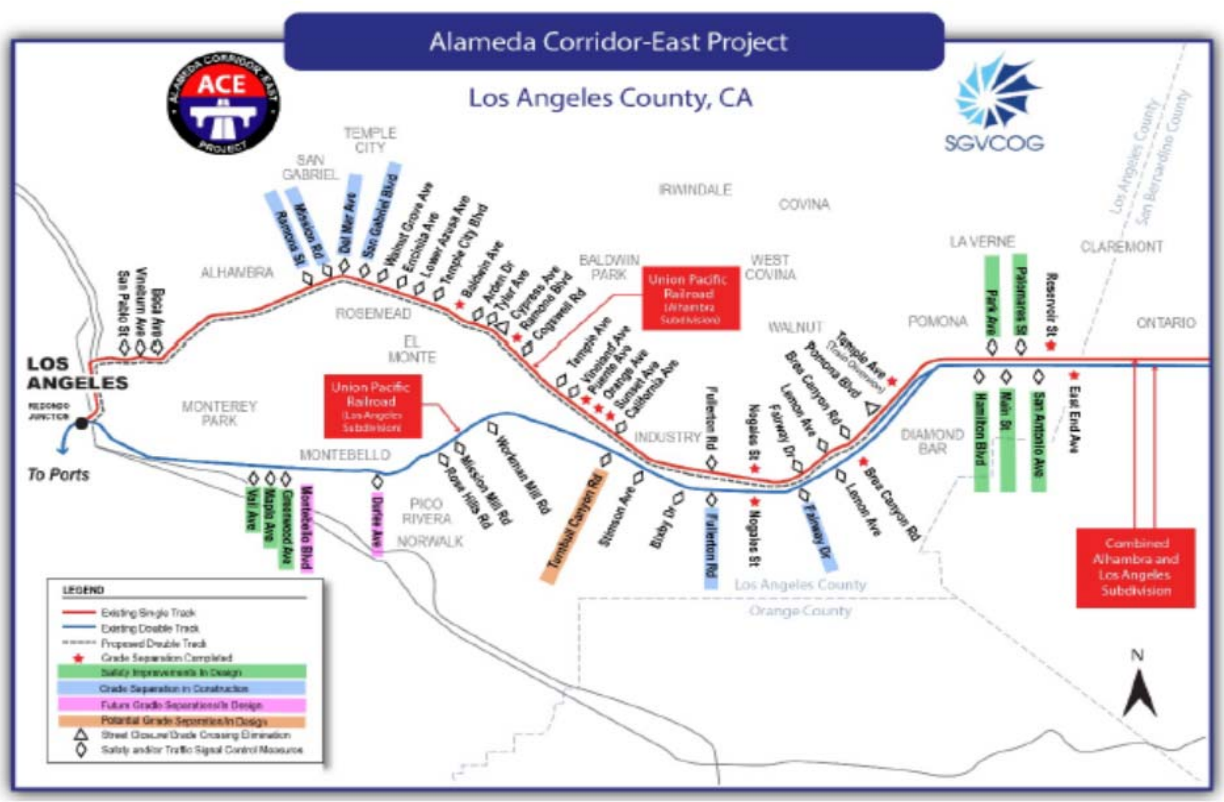
The ACE Project is a comprehensive program of constructing grade separations, where the road goes over or under the railroad, and safety and mobility upgrades at fifty-two crossings in the San Gabriel Valley. Construction has been completed on ten rail-roadway grade separations. Four additional grade separation projects are under construction. Two grade separation projects are in design along with improved pedestrian and vehicle safety gate at another eight crossings. Safety improvements have been completed at 39 at-grade crossings.

The cost estimate as of June 30, 2020 for the completed safety improvements and 14 grade separations either completed or going into construction is $1.781 billion.

Projects under construction include the Fullerton Road, Fairway Drive, Durfee Avenue and Puente Avenue grade separations. Currently in design is the Rio Hondo Project, Montebello Maple Avenue Overhead Pedestrian Bridge, Montebello Corridor Project, the Turnbull Canyon Road Grade Separation Project, Montebello At Grade Crossing Project and the Pomona At-Grade Crossing Safety Improvements.

Project Progress During FY 2020

Project	06/19 – 06/20
Rio Hondo (220)	Design (90% complete)
Maple Ave (214)	Design (35% complete)
At-Grade Crossing - Montebello (215)	Design (65% complete)
At Grade Safety Improvements - Pomona (212)	Design (89% complete)
Turnbull Canyon (210)	Final Design (87% complete) / ROW Acquisitions
Montebello (209)	Final Design (60% complete) / ROW Acquisitions
Durfee (208)	ROW Acquisitions / Construction
Fairway Drive (204)	ROW Acquisitions / Construction
Fullerton (207)	ROW Acquisitions / Construction
Nogales - LA (250)	ROW Acquisitions/ Construction
Puente Avenue (202)	Construction Completed
San Gabriel Trench (201)	Construction Completed
Temple/Pomona (119)	Construction Completed



As of June 30, 2020, the following funding had been committed to the ACE project:

	ACE Funding Commitments ($ millions)	
Federal		
TEA-21 Earmark	$ 132.6	
Annual Appropriations (FY 2000-10)	21.5	
SAFETEA-LU Earmark	67.4	
Rail-Highway Crossing Program	10.0	
ISTEA (Nogales LA)	6.9	
CMAQ (Nogales LA)	6.3	
Total Federal		$ 244.7
State		
Trans. Imp. Program (FY 2000-04)	39.0	
PUC Grade Separation Fund	25.0	
Trans. Cong. Relief Prog. (TCRP)	130.3	
Trade Corr. Impr. Fund (TCIF)	422.2	
Hwy. Rail Crossing Safety Act (HRCSA)	46.6	
SB1	78.0	
Total State		741.1
L.A. County MTA		
17% - Match	269.9	
FY 2007 Call-for-projects	28.8	
Measure R	400.0	
Total L.A. County MTA		698.7
City/County Funds/MWD Funds		12.1
Railroad Contributions		36.4
City/Railroad/Betterments/Property Sales		57.5
Total ACE Project Funding		**$ 1,790.5**

The committed/pledged amounts may differ slightly from authorized funding due to budgetary holdbacks on multi-year grants, and reflect management's best estimate as to the amount that will be available. Railroad contributions reflect a regulatory ceiling of 5% of construction cost pro-rated over the construction phase of the various projects.

ACE manages its projects to avoid risk wherever possible. All projects are designed to be within the scope allowed by federal, state and local guidelines. The project host city is responsible for paying for any "betterments" not needed for the basic grade separation. In addition, the California Department of Transportation (CalTRANS) must approve each phase - design, right-of-way (ROW) acquisition and utility relocation, and construction - for reimbursement in advance.

ACE must pay contractors and vendors first before invoicing grantors for reimbursement. Reimbursements are currently running between two to four weeks for CalTRANS (Federal and State funding) and the Los Angeles County Metropolitan Transportation Authority ("LACMTA") (local funding). Working capital therefore remains a major consideration. ACE and LACMTA entered into an agreement to provide ACE $45M subordinate Proposition C Sales Tax Revenue Revolving Obligation Construction Fund, which replaced the Grants Anticipation Notes as the primary bridge funding.

Financial Highlights

For the year ended June 30, 2020:

- Net position decreased by $233 thousand, a decrease of 1.6%.
- Construction in progress increased by $86.3 million, an increase of 9.8%.
- Total revenues increased by $3.6 million, an increase of 4.3%.
- Total project expenses increased by $3.6 million, an increase of 4.3%.

Overview of Basic Financial Statements

The financial statements present the financial picture of ACE from the economic resources measurement focus using the accrual basis of accounting. These statements include all recordable position of ACE 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 ACE'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 ACE'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 and operating expenses related to the construction activities of ACE.

Various disclosures accompany the financial statements in order to provide a full picture of ACE's finances. The notes to the financial statements are on pages 13-30.

Condensed Statements of Net Position

The following table shows the condensed statements of net position for the past two years:

	June 30		Variance	
	2020	2019	Amount	%
Current and other assets	**$ 117,142,993**	$ 117,466,759	$ (323,766)	-0.3%
Capital assets	**9,404**	15,456	(6,052)	-39.2%
Construction in progress	**966,161,089**	879,874,869	86,286,220	9.8%
Less: Due to member cities and Union Pacific Railroad	**(966,161,089)**	(879,874,869)	(86,286,220)	-9.8%
Total assets	**117,152,397**	117,482,215	(329,818)	-0.3%
Deferred outflows of resources	**996,452**	1,414,919	(418,467)	-29.6%
Net pension assets	**413,225**	629,837	(216,612)	-34.4%
Liabilities	**(103,802,002)**	(104,340,139)	538,137	0.5%
Deferred inflows of resources	**(214,850)**	(408,883)	194,033	47.5%
Net position	**$ 14,545,222**	$ 14,777,949	$ (232,727)	-1.6%

All 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).

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 slightly decreased by 0.3% to $117.2 million, mainly due to reduction in intercompany receivable balance from SGVCOG.

Construction in progress increased by 9.8% to $966.2 million, primarily because of increased construction activites on Fairway Drive and Durfee projects.

Unbilled receivables increased 139% to $37.2 million due to increased construction activities on Fairway Drive and Durfee projects.

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, 2020 and 2019.

Total net position decreased by $233 thousand or 1.6% for the year ended June 30, 2020. The decrease was due to adjustment of retirement expenses resulting from the change in the valuation of pension-related accounts.

	Years ended June 30		Variance	
	2020	2019	Amount	%
Project expenses				
Direct (Construction)	$ **85,527,868**	$ 82,090,370	$ 3,437,498	4.2%
Indirect expenses charged to operations	**2,114,871**	1,951,846	163,025	8.4%
Total project expenses	**87,642,739**	84,042,216	3,600,523	4.3%
Operating revenues				
Grant reimbursements	**83,179,490**	83,138,616	40,874	0.0%
Other operating revenues	**4,016,151**	499,443	3,516,708	704.1%
Total revenues	**87,195,641**	83,638,059	3,557,582	4.3%
Loss from operations	**(447,098)**	(404,157)	(42,941)	-10.6%
Nonoperating income (expense)				
Investment income	**1,090,726**	1,286,186	(195,460)	-15.2%
Interest expense	**(876,355)**	(1,242,661)	366,306	29.5%
Net nonoperating income	**214,371**	43,525	170,846	392.5%
Change in net position	**(232,727)**	(360,632)	127,905	35.5%
Net position at beginning of year	**14,777,949**	15,138,581	(360,632)	-2.4%
Net position at end of year	$ **14,545,222**	$ 14,777,949	$ (232,727)	-1.6%

Capital Assets

ACE had $9,404 invested in capital assets, net of depreciation, as of June 30, 2020.

LACMTA Promissory Note Payable

Liabilities amount include a promissory note payable entered into by ACE in June 2013 to borrow up to $45 million, in variable rate, from the Los Angeles County MetropolitanTransportation Authority (LACMTA) to be used as working capital. The note payable balance outstanding at June 30, 2020 amounted to $45 million.

Economic Factors and New Year's Budget

Budget expenses in fiscal year 2021 decreased 27% over 2020 due to completion of the San Gabriel Trench Project in 2020. Based on 2021 third quarter expenditures, it is anticipated the 2021 budget will be 11% less of budgeted expenditures due to suspension of contruction in the Fullerton Road project.

Requests for Information:

These financial statements are designed to provide citizens, taxpayers, customers, and creditors with a general overview of ACE's finances and to demonstrate accountability for the money it receives. If there are any questions about this report or a need for additional information, please contact ACE, 4900 Rivergrade Road, Suite A120, Irwindale, CA 91706, or call (626) 962-9292.

ASSETS		
Current assets		
Cash and investments	$	55,399,144
Grants receivable		7,547,158
Unbilled receivable		37,212,986
Notes receivable		150,000
Interest receivable		6,158
Retention receivable		2,587,393
Due from SGVCOG		247,768
Prepaid expenses		183,188
Property held for sale		11,100,036
Under-recovery of indirect cost		2,709,162
Total current assets		117,142,993
Noncurrent assets		
Capital assets - Leasehold improvement and equipment		9,404
Construction in progress		966,161,089
Less: Due to member cities and Union Pacific Railroad		(966,161,089)
Net pension asset		413,225
Total noncurrent assets		422,629
Total assets		117,565,622
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions		996,452
Total deferred outflows of resources		996,452
LIABILITIES		
Current liabilities		
Accounts payable and accrued expense		16,157,118
Accrued retention payable		1,479,962
Unearned revenue		41,011,906
Compensated absences		153,016
MTA promissory note payable		45,000,000
		103,802,002
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions		214,850
Total deferred outflows of resources		214,850
NET POSITION		
Net position		
Net investment in capital assets		9,404
Unrestricted		14,535,818
Total net position	$	14,545,222

See notes to financial statements.

Project expenses		
Direct (Construction)		$ 85,527,868
Indirect expenses charged to operations		2,114,871
	Total project expenses	87,642,739
Operating revenues		
Grant reimbursements		83,179,490
Other operating revenues		4,016,151
	Total revenues	87,195,641
	Loss from operations	(447,098)
Nonoperating income (expense)		
Investment income		1,090,726
Interest expense		(876,355)
	Net nonoperating income	214,371
Change in net position		(232,727)
Net position at beginning of year		14,777,949
Net position at end of year		$ 14,545,222

See notes to financial statements.

Cash flows from operating activities		
Cash receipts from construction activities	$	86,070,133
Cash paid for construction activities and other operating expenses		(84,190,152)
Cash paid for employee compensation and related costs		(2,628,028)
Net cash used in operating activities		(748,047)
Cash flows from noncapital financing activities		
Advances to SGVCOG		976,280
Interest paid on MTA promissory note payable		(822,225)
Net cash provided by noncapital financing activities		154,055
Cash flows from investing activity		
Cash receipts from interest		1,040,975
Cash provided by investing activity		1,040,975
Change in cash and investments		446,983
Cash and investments - beginning of year		54,952,161
Cash and investments - end of year	$	55,399,144

Reconciliation of operating income to net cash used in operating activities:		
Operating loss	$	(447,098)
Adjustment to reconcile operating income to net cash used in operating activities:		
Depreciation		6,052
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable		21,907,414
Unbilled receivable		(21,634,097)
Retention receivable		(579,548)
Other receivables		542,593
Prepaid expenses		60,686
Property held for sale		(7,793)
Under-recovery of indirect cost		(499,165)
Deferred outflows of resources related to pensions		418,467
Increase (decrease) in:		
Accounts payable and accrued expense		713,068
Accrued retention payable		(414,884)
Unearned revenue		(854,912)
Compensated absences		18,591
Net pension liability (asset)		216,612
Deferred inflows of resources related to pensions		(194,033)
Net cash used in operating activities	$	(748,047)

See notes to financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The accompanying financial statements present only the Alameda Corridor - East Project (ACE) which is a component unit of the San Gabriel Valley Council of Governments (SGVCOG).

SGVCOG created ACE in 1998. ACE is a single purpose construction authority established to implement a construction program intended to mitigate the adverse impacts at rail-roadway crossings in the San Gabriel Valley of increasing rail traffic along the nationally significant Alameda Corridor East Trade Corridor. The ACE Project is a comprehensive program of constructing grade separations, where the road goes over or under the railroad, and safety and mobility upgrades at fifty-two crossings 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 2022-23).
- 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.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

ACE's 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:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

- 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.”

Budgetary Reporting
It is 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, revenues are not budgeted separately, but derived from budgeted expenditures.

Cash Equivalents
Cash equivalents are those short-term investments readily converted into cash. 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.

Grant Revenues and Expenditures
All grant agreements are between the SGVCOG and the granting authorities. ACE has been given authority to obtain and administer funding in the name of SGVCOG. The Los Angeles County Metropolitan Transportation Authority (LACMTA) grant was in existence when ACE was created and all subsequent grants are therefore 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 expenditure and then bill for reimbursement from the grantors.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.

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 revenues and construction costs are especially vulnerable to such assumptions and accordingly actual results may differ from estimated amounts.

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, 2020, property held for resale was $11,100,036.

Deferred Outflows and Inflows of Resources
Pursuant to GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and 65, Items Previously Reported as Assets and Liabilities*, ACE recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Note 6 for the list of deferred outflows and deferred inflows of resources that ACE has recognized as of June 30, 2020.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plans and additions to/deductions from the Plans' 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.

Implementation of New Accounting Pronouncement

During the fiscal year ended June 30, 2020, SGVCOG adopted the following new Statement of the Governmental Accounting Standards Board (GASB):

GASB statement No. 95

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance."* This Statement postponed the effective dates of certain Statements to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

NOTE 2 CAPITAL ASSETS

Capital assets are recorded at cost and consist of the following:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Cost:				
Leasehold improvements	$ 19,762	$ -	$ -	$ 19,762
Computer equipment	349,816	-	-	349,816
Telephone equipment	12,086	-	-	12,086
Office furniture	31,972	-	-	31,972
Total cost	413,636	-	-	413,636
Less accumulated depreciation for:				
Leasehold improvements	19,762	-	-	19,762
Computer equipment	334,360	6,052	-	340,412
Telephone equipment	12,086	-	-	12,086
Office furniture	31,972	-	-	31,972
Total accumulated depreciation	398,180	6,052	-	404,232
Capital assets, net	$ 15,456	$ (6,052)	$ -	$ 9,404

Depreciation expense included in indirect expenses for the year ended June 30, 2020 amounted to $6,052.

NOTE 3 CASH AND INVESTMENTS

Cash and investments at June 30, 2020 consist of the following:

Cash in bank	$	5,566,016
Pooled funds		1,687,703
Money market funds		18,858,387
Investments		29,287,038
	$	55,399,144

Investments Authorized by the California Government Code and ACE's Investment Policy

The table below identifies the investment types that are authorized for ACE by the California Government Code ("Code") or ACE's investment policy ("Policy"), which is more restrictive. The table also identifies certain provisions of the Code (or the Policy) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements, rather than the general provisions of the Code or the Policy.

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 SCE	None	20%	10%
State's Local Agency Investment Fund	None	None	None
Mortgage-backed Securities	5 years	15%	None

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 ACE manages its exposure to interest rate risk is by purchasing a combination of short-term and long-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. Information about the sensitivity of the fair values of ACE's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of ACE's investments by maturity:

		Remaining Maturity (in Months)		
Investment Type	Total	12 Months Or Less	13 to 24 Months	25-60 Months
LAIF	$ 1,687,703	$ 1,687,703	$ -	$ -
Money Market Funds	18,858,387	18,858,387	-	-
Fidelity Government Portfolio	1,841,618	1,841,618	-	-
Government Agencies	20,582,992	1,776,057	1,404,594	17,402,341
Certificates of Deposit	706,273	706,273	-	-
Corporate Bonds	5,900,615	1,283,963	3,240,693	1,375,959
Municipals	255,540	101,673	153,867	-
Total	$ 49,833,128	$ 26,255,674	$ 4,799,154	$ 18,778,300

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations
ACE has no investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Disclosures Relating to 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 Code and the Policy and the actual rating at the end of the year for each investment type.

Investment Type	Total	Minimum Legal Rating	Rating as of June 30, 2020 AAA	AA	A	Not Rated
LAIF	$ 1,687,703	N/A	$ -	$ -	$ -	$ 1,687,703
Money Market Funds	18,858,387	A	18,858,387	-	-	-
Fidelity Government Portfolio	1,841,618	N/A	-	-	-	1,841,618
Government Agencies	20,582,992	A	77,568	10,180,951	-	10,324,473
Certificates of Deposit	706,273	N/A	-	-	253,315	452,958
Corporate Bonds	5,900,615	A	-	899,855	5,000,760	-
Municipals	255,540	A	-	255,540	-	-
Total	$ 49,833,128		$ 18,935,955	$ 11,336,346	$ 5,254,075	$ 14,306,752

Concentration of Credit Risk
ACE's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Code. As of June 30, 2020, ACE had no investments in any one issuer (other than money market funds and external investment pools) that represent 10% or more of ACE's total investments.

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.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)
The Code and the 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 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 public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2020, ACE's deposit of $6,000,000 with financial institutions is in excess of federal depository insurance limits but are held in collateralized accounts.

As of June 30, 2020, the following investment types were held by the same broker-dealer (counterparty) that was used by ACE to buy the securities:

Investment Type		Reported Amount
Money market funds	$	18,858,387

Investments in State Investment Pool
ACE is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the Code under the oversight of the Treasurer of the State of California. At June 30, 2020, the total fair value of LAIF, including accrued interest was approximately $102 billion. The fair value of ACE's investment in this pool is $1,687,703 at June 30, 2020 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.

Fair Value Measurement
GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. ACE 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.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement (Continued)

- 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.

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

Investment Type	Investments That Are Not Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
LAIF	$ 1,687,703	$ -	$ -	$ -	$ 1,687,703
Money Market Funds	-	-	18,858,387	-	18,858,387
Fidelity Government Portfolio	-	-	1,841,618	-	1,841,618
Government Agencies	-	-	20,582,992	-	20,582,992
Certificates of Deposit	-	-	706,273	-	706,273
Corporate Bonds	-	-	5,900,615	-	5,900,615
Municipals	-	-	255,540	-	255,540
Total	$ 1,687,703	$ -	$ 48,145,425	$ -	$ 49,833,128

NOTE 4 LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (LACMTA) PROMISSORY NOTE PAYABLE

In June 2013, ACE entered into a promissory note to borrow up to $45,000,000, in variable rate, from the LACMTA to be used as working capital. The note payable balance outstanding at June 30, 2020 amounted to $45,000,000. Interest rates vary according to market conditions and have ranged from 1.38% to 2.25%.

The proceeds of the loan is used as working capital pursuant to the terms of the *Alameda Corridor East Phase II Grade Separations Master Funding Agreement* ("Master Agreement"), dated June 14, 2013. Except as otherwise provided in the Master Agreement and the promissory note, including, but not limited to, LACMTA's right to set off against the Measure R and/or Proposition C funds reimbursement due borrower, the entire unpaid balance of the working capital loan, all accrued and outstanding Commercial Paper costs and any fees are unsecured and due on September 9, 2023, ten years after the first drawdown date.

NOTE 5 GRANTS RECEIVABLE

During the year ended June 30, 2020, 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, 2020 are shown net of disallowed costs. CalTRANS approved, under Uniform Guidance section 2 CFR 200.516, an indirect overhead allocation formula of 194.1% of total direct salaries and fringe benefit costs. Indirect costs incurred charged to grants for the year ended June 30, 2020 were $2,193,967.

In June 2019, CalTRANS auditors did not allow one-time payment for the unfunded pension liability for the fiscal years 2015 through 2019 totaling $3,039,392 because the payment was 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.

NOTE 6 EMPLOYEE BENEFIT PLANS

A. General Information about the Pension Plans

Plan Description

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

Classic participants (defined as eligible participants prior to January 1, 2013) are required to contribute about 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. ACE contributes the remaining amounts necessary to fund the benefits for its employees, using the actuarial basis adopted by the CalPERS Board of Administration.

NOTE 6 EMPLOYEE BENEFIT PLAN (CONTINUED)

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.

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

	Miscellaneous Plan	
	Classic	PEPRA
Hire date	Prior to Jan. 1, 2013	On or after Jan. 1, 2013
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 - 55	52 - 67
Monthly benefits , as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	6.91%	6.75%
Required employer contribution rates	9.68%	6.99%

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. ACE is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the contributions made by ACE to the Plan were as follows:

	Miscellaneous Plan
Contributions - employer	$ 372,335

NOTE 6 EMPLOYEE BENEFIT PLAN (CONTINUED)

B. Pension Liability (Asset), Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As a component unit of SGVCOG, ACE was allocated pension liability (asset), pension expense and deferred inflows and outflows of resources based on ACE's share of the pension contribution during the fiscal year 2020.

As of June 30, 2020, ACE reported net pension liability (asset) for its proportionate shares of the net pension liability (asset) of the Plan as follows:

	Miscellaneous Plan
Net Pension Liability (Asset)	$ (413,225)

ACE's net pension liability (asset) for the Plan are measured as the proportionate share of the net pension liability (asset). The net pension liability (asset) of the Plan are measured as of June 30, 2019, and the total pension liability (asset) for the Plan used to calculate the net pension liability (asset) were determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. ACE's proportion of the net pension liability (asset) was based on a projection of the ACE's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, which is 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, 2018 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, 2018 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.

SGVCOG's proportionate share for pension items as provided by CalPERS are as follows:

	2020
Total pension liability and other pension amounts	0.0006385
Plan fiduciary net position	0.0008576

NOTE 6 EMPLOYEE BENEFIT PLAN (CONTINUED)

At June 30, 2020, ACE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 372,335	$ -
Differences between actual and expected experience	(28,700)	(2,223)
Changes in assumption	(19,704)	(6,985)
Changes in employer's proportion	117,767	172,649
Differences between the employer's contribution and the employer's proportionate share of contributions	547,529	51,409
Net differences between projected and actual earnings on pension plan investments	7,225	-
	$ 996,452	$ 214,850

$372,335 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	Amount
2021	$ 240,750
2022	154,438
2023	15,538
2024	(1,459)

NOTE 6 EMPLOYEE BENEFIT PLAN (CONTINUED)

Actuarial Assumptions

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

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Investment rate of return	7.15%
Inflation	2.50%
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 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.
(4) The mortality table used was developed based on CalPERS-specific data. The includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set to equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 6 EMPLOYEE BENEFIT PLAN (CONTINUED)

Long-term Expected Rate of Return (Continued)

The expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

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

The following presents ACE's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what ACE'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
1% Decrease		6.15%
Net Pension Liability	$	847,891
Current Discount Rate		7.15%
Net Pension Liability (Asset)	$	(413,225)
1% Increase		8.15%
Net Pension Liability (Asset)	$	(1,454,187)

C. Pension Plan Fiduciary Net Position

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

D. Payable to the Pension Plan

At June 30, 2020, ACE did not have outstanding balance for contributions to the pension plan required for the year ended June 30, 2020.

NOTE 6 EMPLOYEE BENEFIT PLAN (CONTINUED)

E. Deferred Compensation Plan

ACE 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, 2020, plan assets with a total fair value of $1,955,321 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).

NOTE 7 COMMITMENTS AND CONTINGENCIES

As discussed in Note 5, ACE receives reimbursement type grants from federal, state and local sources. Certain expenditures 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.

In the ordinary course of operations, ACE is the subject of claims and litigations from outside parties. In the opinion of management, there is no pending litigation or unasserted claims, the outcome of which would materially affect ACE’s financial position.

Lease

ACE occupies its office from Metropolitan Life Insurance Company subject to a lease expiring April 30, 2021. The monthly base rent and the unused lease commitment, as defined in the lease agreement, follows:

Period from / to	Monthly Rent	Annual Amount
May 1, 2020 to April 30, 2021	$ 22,717	$ 272,608

NOTE 7 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 funds 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 $502,509 for fiscal year ended June 30, 2020. Funds are deposited in several escrow accounts until release to the contractor is authorized.

NOTE 8 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, 2020, $966,161,089 of costs was accumulated on projects in process and $463,758,906 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.

NOTE 9 IMPACT OF COVID-19 PANDEMIC ON ACE'S OPERATIONS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries.

To date, it is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities. Management believes that financial impact, if any, will not materially affect the June 30, 2020 financial statements.

NOTE 10 SUBSEQUENT EVENTS

ACE has evaluated events or transactions that occurred subsequent to the balance sheet date through April 21, 2021, 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.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability
Last Ten Years*

	Measurement Period 2019 Miscellaneous Plan	2018 Miscellaneous Plan	2017 Miscellaneous Plan	2016 Miscellaneous Plan	2015 Miscellaneous Plan	2014 Miscellaneous Plan Classic	2014 Miscellaneous Plan PEPRA
Proportion of the net pension liability (asset)	-0.01829%	-0.01829%	0.00874%	0.02803%	0.03744%	0.01668%	0.00001%
Proportionate share of the net pension liability (asset)**	$ (413,225)	$ (629,837)	$ 344,628	$ 973,847	$ 835,047	$ 1,038,037	$ 664
Covered - employee payroll [(1)]**	$ 3,115,011	$ 3,464,229	$ 3,422,438	$ 2,824,589	$ 2,764,711	$ 2,149,157	$ 137,396
Proportionate share of the net pension liability as percentage of covered-employee payroll**	-13.27%	-18.18%	10.07%	34.48%	30.20%	48.30%	0.48%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability**	105.77%	96.11%	87.02%	87.61%	83.03%	83.03%	83.02%
Plan's proportionate share of aggregate employer contributions [(2)]**	$ 375,831	$ 305,695	$ 888,148	$ 834,578	$ 1,038,037	$ 686,372	$ 83

** Plan pertains to the Miscellaneous Plan of ACE and SGVCOG. Information presented here and in the financial statements represent amounts allocated to ACE.

Notes to Schedule

1 Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB Statement No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

2 The plan's proportionate share of aggregate employer contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

* Fiscal year 2015 was the first year of implementation, therefore only six years are shown.

See report of independent auditors.

Schedule of Pension Contributions
Last Ten Years*

	Reporting Year						
	2020	2019	2018	2017	2016	2015	
	Miscellaneous Plan**	Miscellaneous Plan**	Miscellaneous Plan**	Miscellaneous Plan**	Miscellaneous Plan**	Miscellaneous Plan	
						Classic**	PEPRA**
Actuarially determined contributions	$ 372,335	$ 363,686	$ 450,749	$ 527,296	$ 318,540	$ 286,167	$ 10,141
Contributions in relation to the actuarially determined contributions	(372,335)	(363,686)	(450,749)	(527,296)	(318,540)	(286,167)	(10,141)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll	$ 2,543,234	$ 3,115,011	$ 3,464,229	$ 3,422,589	$ 2,824,589	$ 2,764,711	$ 176,748
Contributions as a percentage of covered-employee payroll	14.64%	11.68%	13.01%	15.41%	11.28%	10.35%	5.74%

** Plan pertains to the Miscellaneous Plan of ACE and SGVCOG

Notes to Schedule:

Valuation date	June 30, 2018
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry age normal
Amortization method / Period	Level percent of payroll
Remaining amortization period	15 years as of valuation date
Asset valuation method	5 year Smoothed Market
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.15%, net of pension plan investment expense
Retirement age	55 years
Mortality	Derived using CalPERS Membership Data for all funds

*Fiscal year 2015 was the first fiscal year of implementation, therefore, only six years are shown.

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REPORT

DATE: May 5, 2021

TO: Executive Committee
City Managers' Steering Committee

FROM: Marisa Creter, Executive Director

RE: UPDATE ON LOS ANGELES COUNTY COORDINATION SURVEY

RECOMMENDED ACTION

For information only.

BACKGROUND

At the recommendation of the Governing Board, SGVCOG staff solicited member agencies' inputs on the engagement and coordination efforts between the County of Los Angeles and San Gabriel Valley cities and agencies. A survey was released to San Gabriel Valley city managers earlier last month and cities were given approximately three weeks to provide their responses. Specifically, the survey requested member agencies to provide their levels of engagement and contracting relationships with each County department. Respondents also had the opportunity to share specific concerns and comments regarding their relationships with the County. A total of 17 responses were received.

Of the 35 County departments and County-related agencies that were listed, the Los Angeles County Department of Public Health, the Los Angeles County Board of Supervisors' Executive Office, and the Los Angeles County Sheriff's Department were listed as departments that received the highest level of engagements by respondents. Additionally, survey results indicate that the Los Angeles County Sheriff's Department, the Los Angeles County Fire Department, and the Los Angeles County Department of Public Works are the most common departments that San Gabriel Valley cities contract with. A summary of the reported levels of engagement and contracting relationships by County departments can be found in Attachment A.

The results also highlight that San Gabriel Valley cities are interested in contracting with other entities for the following services that are currently being provided by the County:

Services	Respondents Indicating Interest:
Animal Care & Control	6
Public Health	3
District Attorney	1
Fire Department	1
Mental Health	1
Public Works	1
Sheriff	1
Workforce Development, Aging, and Community Services	1

Examining the respondents' comments and feedback received, several cities reported that they are pleased with the County's quality of service. Respondents also indicated the following suggestions and points of concern:

- Many cities suggested that having a more streamlined method of communication with the Los Angeles County Board of Supervisors and the Los Angeles County Chief Executive Office can better address local needs and increase the County's responsiveness to local inquiries and concerns.
- A few cities expressed concerns regarding the Los Angeles County Department of Public Health's Health Officer Orders on business operations, especially the impacts to outdoor dining.
- The County's animal care and control services are expensive and several cities reported that such services are unsatisfactory.
- Many cities also commented that the costs for the County's various services are high and expensive.

Prepared by: ______________________________
Alexander P. Fung
Management Analyst

Approved by: Marisa Creter ______________________________
Marisa Creter
Executive Director

ATTACHMENTS

Attachment A – Summary of Reported Levels of Engagement and Contracting Relationships

SUMMARY OF REPORTED LEVELS OF ENGAGEMENT

County Department	Engagement Score	Cities that Contract with the Department:
Public Health	387	4
Executive Office, Board of Supervisors	356	2
Sheriff	246	6
Fire Department	232	5
District Attorney	223	1
Health Services	190	2
Library	172	3
Registrar-Recorder/County Clerk	151	1
Public Works	147	5
Parks & Recreation	114	0
Regional Planning	87	0
Workforce Development, Aging, and Community Services	80	1
Military & Veteran Affairs	62	1
Children and Family Services	40	0
Mental Health	40	2
Chief Executive Office	39	2
Auditor-Controller	35	2
Assessor	33	2
Medical Examiner-Coroner	32	1
Child Support Services	26	0
Probation	26	0
Treasurer & Tax Collector	24	0
Public Social Services	17	1
Consumer and Business Affairs	16	0
Arts and Culture	14	0
Agricultural Commissioner/Weights & Measures	13	3
County Counsel	12	0
Public Defender	12	0
Animal Care & Control	11	2
Museum of Art	10	0
Human Resources	8	0
Internal Services	8	0
Natural History Museum	8	0
Alternate Public Defender	7	1
Beaches & Harbors	6	0

Engagement Score Calculation (Per Response):
Engage Weekly = 52 | Engage Monthly = 12 | Engage Quarterly = 4 | Engage Annually = 1 | Engage As-Needed: 2

REPORT

DATE: May 5, 2021

TO: City Managers' Steering Committee

FROM: Marisa Creter, Executive Director

RE: UPDATE ON REGIONAL BROADBAND EFFORTS

RECOMMENDED ACTION

For information only.

BACKGROUND

In 2016, the South Bay Cities Council of Governments (SBCCOG) began developing the South Bay Fiber Network, a regional broadband network aimed to connect to at least one city facility in each of the South Bay cities to embrace the digital economy and smart city initiatives, integrate utilities, and boost next-generation economic development activities. With the support from the South Bay Workforce Investment Board and former Los Angeles County Supervisor Mark Ridley-Thomas, the SBCCOG completed a Fiber-Optic Master Plan to plan the development and infrastructure of the South Bay Fiber Network. Upon completing the Master Plan, the SBCCOG secured an innovative collaboration with the Los Angeles County Metropolitan Transportation Authority (Metro) and utilized $6.9 million of the Measure M subregional transportation improvement funds in from the South Bay subregion to fund the Information Technology (IT) infrastructure of the Fiber Network. In November 2020, a dedicated fiber-optic network was completed for the South Bay cities.

Witnessing the benefits of implementing a regional fiber network, San Gabriel Valley cities expressed an interest in collaborating with the SGVCOG to expand broadband infrastructure and services. Particularly, the issue of digital divide in disadvantaged communities was exacerbated by the COVID-19 Pandemic as many families began to telework or telelearn from home. Acknowledging that San Gabriel Valley cities prefer to utilize Measure M funding on active transportation, first/last mile, bus system improvements, and highway efficiency projects, SGVCOG staff began partnering with the Southern California Association of Governments (SCAG) to advocate for various funding sources to assist member agencies to expand broadband infrastructure.

SCAG recently released a survey to solicit responses from Southern California cities and counties with regards to their broadband interests and needs. The survey, which was recently shared with members of the SGVCOG City Managers' Steering Committee and Public Works Technical Advisory Committee, can be found in Attachment A or accessed online via https://www.surveymonkey.com/r/BXXR52C. Results from the survey will assist SGVCOG staff to identify the most effective forms of collaboration with external stakeholders in order to support the needs of member agencies.

Aside from partnering with SCAG, the SGVCOG is involved with the following broadband efforts:

- **National CORE:** The SGVCOG is currently participating in the biweekly digital divide meetings held by National CORE, in collaboration with representatives from the Counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, to join the efforts to advocate for $8 billion in state and federal funding to end digital divide in the seven counties. If successful, the group proposes to have the $8 billion be allocated to SCAG and the San Diego Association of Governments (SANDAG). Both recipients will subsequently allocate the appropriate amounts to their subregional implementers.
- **LA/OC Broadband Consortia:** The SGVCOG is also considering joining the LA/OC Broadband Consortia, a coalition of six subregional consortiums representing communities in Los Angeles and Orange Counties aimed to promote broadband infrastructure development efforts. Managed by the BizFed Institute, the Consortia recently applied for funding from the California Public Utilities Commission (CPUC) to expand broadband infrastructure.
- **AB 34**: Authored by Assemblymember Muratsuchi, AB 34 would authorize the placement of a ballot measure in the 2022 elections to authorize the issuance of $10 billion in State General Obligation Bonds to support broadband infrastructure and internet access services across California. The bill is anticipated to be presented to the SGVCOG Public Works Technical Advisory Committee in May, with recommendations for the Committee to support the bill.

Additionally, President Biden's American Jobs Plan proposes to invest **$100 billion** to build high-speed broadband infrastructure, promote transparency and competition, reduce the cost of broadband internet service, and promote widespread adoption.

SGVCOG staff will provide additional updates on the regional broadband efforts at this meeting.

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ATTACHMENTS

Attachment A – SCAG Broadband Survey

Attachment A

Broadband[1] Survey or Interview Questions for SCAG jurisdictions

Date: ____________________

Agency: ____________________

Contact Name: ____________________

Department: ____________________

Phone Number: ____________________

Email: ____________________

Broadband Planning and Policies:

1. Does your agency have any plans or policies specific to broadband, telecommunications, or digital equity and inclusion? ☐ Yes ☐ No

2. Does your agency include broadband and/or telecommunications in your General Plan or other relevant plans? ☐ Yes ☐ No

3. Is there an agency employee who is the point of contact for questions about broadband? ☐ Yes ☐ No

   If yes, please provide the contact information (name, department, email, phone number):

4. Do you maintain information on broadband access and digital literacy and training resources, and share this information with the public? ☐ Yes ☐ No

[1] High-speed access to the Internet is referred to generically as "broadband" and is defined by governmental agencies and other authoritative organizations in terms of speed of data transfer, such as Kilobits (Kbps) or Megabits (Mbps) per second (1 Mbps is 1,000 times faster than 1 Kbps). Currently, high-speed broadband is generally defined as 25/3 Mbps. However, both the State and Federal Government have proposals to revise the threshold to 100/100 Mbps.

Broadband Permitting and Deployment Practices:

1. What is the permitting process for broadband infrastructure projects in your jurisdiction?

2. What is the cost of a permit? ____________________

3. What is the average length of time for a permit to be processed? ____________________

4. Does your agency offer any exemptions or streamlined permitting for deployment of broadband in underserved areas? ☐ Yes ☐ No

5. Does your agency allow for cost/permit waivers for broadband projects? ☐ Yes ☐ No

6. Does your agency permit grouping/batching multiple projects under one permit to expedite the planning and construction phase? ☐ Yes ☐ No

7. Does your agency allow aerial fiber and other broadband infrastructure to be installed on pre-existing infrastructure such as existing powerlines? ☐ Yes ☐ No

8. When underground construction in the right-of-way occurs, does your agency inform ISPs to make use of "dig-once" practices whereby fiber conduit is installed during road improvements for broadband? ☐ Yes ☐ No

9. Has your agency considered the adoption of an emergency ordinance or exemption to bypass community character provisions to allow for infrastructure such as 5G or aerial fiber? ☐ Yes ☐ No

10. Is your agency aware of federal rulemaking on accelerating wirelines and wireless broadband development (FCC 18-111[2])? ☐ Yes ☐ No

[2] Accelerating Wireline/Wireless Broadband Deployment by Removing Barriers to Infrastructure Investment. Adopted, Aug 2, 2018. Available at: https://docs.fcc.gov/public/attachments/FCC-18-111A1.pdf

11. What do you think is the biggest challenge for broadband deployment in your jurisdiction?

12. What do you think are the opportunities for rapid deployment of broadband in underserved areas?

13. Assuming there are no proprietary issues or can black out any proprietary details, would you be able to provide a sample permit for our review? ☐ Yes ☐ No

Broadband Data Collection:

1. Has your agency conducted surveys or collected data on household broadband access, usage, and barriers to adoption? ☐ Yes ☐ No

2. Has your agency done any analysis of broadband infrastructure gaps or identified underserved areas within your jurisdiction? ☐ Yes ☐ No

3. Does your agency have maps or information on where publicly and/or privately deployed fiber is located within your jurisdiction? ☐ Yes ☐ No

4. Has your agency identified public rights-of-way and public facilities that can be used for broadband deployment? ☐ Yes ☐ No

Broadband Partnerships:

1. Has your agency entered into any fiber sharing agreements or other partnerships that increase broadband access? ☐ Yes ☐ No

2. Does your agency partner with other public and private entities, such as schools, special districts, utilities, and community organizations, to cooperate and joint venture on broadband deployment projects and adoption programs? ☐ Yes ☐ No

3. What has your experience been with broadband partnerships (if answered yes to questions above)?