



**GATEWAY CITIES**  
COUNCIL OF GOVERNMENTS

# **Celebrating the Twentieth Anniversary of the Gateway Cities Council of Governments**

*Wednesday, February 4, 2015  
5:30 p.m. Dinner; 6:00 p.m. Meeting*

Vineyard Ball Room  
Double Tree by Hilton Hotel  
11311 Sycamore Drive  
Norwalk, CA

## **PROGRAM**

- I. Welcome by Brent Tercero, President, Board of Directors
- II. Recognition of Past Presidents of the Board of Directors
- III. Highlights of the First Twenty Years of the Council of Governments
  - Hasan Ikhata, Executive Director of SCAG
  - Mike Egan, City Manager of Norwalk
- IV. Introduction of Keynote Speaker
  - Luis Marquez, President of Eco Rapid Transit
- V. Keynote Address: Honorable Norman Y. Mineta  
Former U.S. Secretary of Transportation
- VI. Closing Remarks

**GATEWAY CITIES COUNCIL OF GOVERNMENTS  
JOINT MEETING OF THE BOARD OF DIRECTORS and  
EXECUTIVE COMMITTEE**

*Wednesday, February 4, 2015*

*7:45 PM*

Vineyard Ball Room  
Double Tree by Hilton Hotel  
11311 Sycamore Drive  
Norwalk, CA

**AGENDA**

**STAFF REPORTS AND OTHER WRITTEN DOCUMENTS ARE AVAILABLE IN THE GATEWAY CITIES COUNCIL OF GOVERNMENTS OFFICES, 16401 PARAMOUNT BOULEVARD, PARAMOUNT, CALIFORNIA. ANY PERSON HAVING QUESTIONS CONCERNING ANY AGENDA ITEM MAY CALL THE COG STAFF AT (562) 663-6850.**

**FOR YOUR INFORMATION:** The Board of Directors will hear from the public on any item on the agenda or an item of interest that is not on the agenda. The Board of Directors cannot take action on any item not scheduled on the agenda. These items may be referred for administrative action or scheduled on a future agenda. Comments are to be limited to three minutes for each speaker, unless extended by the Board of Directors, and each speaker will only have one opportunity to speak on any one topic. You have the opportunity to address the Board of Directors at the following times:

- A. AGENDA ITEM: at this time the Board of Directors considers the agenda item OR during Public Comments, and
- B. NON-AGENDA ITEMS: during Public Comments, comments will be received for a maximum 20-minute period; any additional requests will be heard following the completion of the Board of Directors agenda; and
- C. PUBLIC HEARINGS: at the time for public hearings.

**Please keep your comments brief and complete a speaker card for the President.**

- I. CALL TO ORDER**
- II. ROLL CALL – BY SELF INTRODUCTIONS**
- III. PLEDGE OF ALLEGIANCE**
- IV. AMENDMENTS TO THE AGENDA** - This is the time and place to change the order of the agenda, delete or add any agenda item(s).
- V. PUBLIC COMMENTS** - Three minutes for each speaker.

**VI. MATTERS FROM STAFF**

**VII. CONSENT CALENDAR:** All items under the Consent Calendar may be enacted by one motion. Any item may be removed from the Consent Calendar and acted upon separately by the Board of Directors.

- A. Approval of Minutes – Minutes of the Board of Directors Meeting of January 7, 2015, are presented for approval.
- B. Approval of Warrant Register - Request for Approval of Warrant Register Dated February 4, 2015
- C. December 2014 Local Agency Investment Fund Statement
- D. Status Report from Lobbyist - Edington, Peel & Associates
- E. Approval of Fiscal Year 2013/2014 Audit
- F. Additions to Membership on Strategic Transportation Plan Technical Advisory Committee

CONSENT CALENDAR ACTION:

A MOTION TO APPROVE THE RECOMMENDATIONS FOR CONSENT CALENDAR ITEMS A THROUGH F.

**XI. MATTERS FROM THE BOARD OF DIRECTORS**

**XII. MATTERS FROM THE PRESIDENT**

**XIV. ADJOURNMENT**

NOTICE: New items will not be considered after 8:00 p.m. unless the Board of Directors votes to extend the time limit. Any items on the agenda that are not completed will be forwarded to the next regular Board of Directors meeting scheduled for Wednesday, March 4, 2015, 6:00 PM.

IN COMPLIANCE WITH THE AMERICAN WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE COG OFFICE AT (562) 663-6850. NOTIFICATION 48 HOURS PRIOR TO THE MEETING WILL ENABLE THE COUNCIL OF GOVERNMENTS TO MAKE REASONABLE ARRANGEMENT TO ENSURE ACCESSIBILITY TO THIS MEETING.

**VII. CONSENT CALENDAR**  
**Item A**  
**Approval of Minutes**

**MINUTES OF THE JOINT MEETING OF THE  
BOARD OF DIRECTORS OF THE  
GATEWAY CITIES COUNCIL OF GOVERNMENTS  
AND THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS  
Gateway Cities Council of Governments  
16401 Paramount Boulevard  
Paramount, California  
January 7, 2015**

President Tercero called the meeting to order at 6:00 p.m.

**PRESENT:** President Brent Tercero, City of Pico Rivera  
First Vice President Rosa E. Perez, City of Huntington Park  
Second Vice President Ali Saleh, City of Bell  
Immediate Past President Tony Lima, City of Artesia  
Member Cinde Cassidy, City of Avalon  
Member Raymond Dunton, City of Bellflower  
Member Pedro Aceituno, City of Bell Gardens  
Member Joe Aguilar, City of Commerce  
Member Janna Zurita, City of Compton  
Member Luis Marquez, City of Downey  
Member Reynaldo Rodriguez, City of Hawaiian Gardens  
Member Tim Spohn, City of Industry  
Member Andrew Sarega, City of La Mirada  
Member Diane DuBois, City of Lakewood  
Member Al Austin, City of Long Beach  
Member Roberto Uranga, City of Long Beach  
Member Salvador Alatorre, City of Lynwood  
Member Jack Hadjinian, City of Montebello  
Member Leonard Shryock, City of Norwalk  
Member Gene Daniels, City of Paramount  
Member Jay Sarno, City of Santa Fe Springs  
Member Edward H. J. Wilson, City of Signal Hill  
Member Gil Hurtado, City of South Gate  
Member William Davis, City of Vernon  
Member Owen Newcomer, City of Whittier  
Member Connie Sziebl, Office of Supervisor Don Knabe  
Member Doug Drummond, Port of Long Beach

**ABSENT:** Member Bruce Barrows, City of Cerritos  
Member Jack Guerrero, City of Cudahy  
Member Oscar Magana, City of Maywood  
Member Danielle Valentino, Office of Supervisor Hilda Solis  
Member David Riccitiello, Office of Supervisor Mark Ridley-Thomas

ALSO PRESENT: Los Angeles Mayor Eric Garcetti; Norwalk City Manager Mike Egan, Chair, City Managers Steering Committee; Commerce City Administrator Jorge Rifa; Compton City Manager Johnny Ford; Artesia Public Information Officer Andrew Perry; Downey Director of Public Works Mohammad Mostahkami; La Mirada Director of Public Works Mark Stowell; Lakewood Director of Community Development Sonia Southwell; Long Beach Manager of Government Affairs Diana Tang; Lynwood Director of Public Works/City Engineer Bill Stracker; Ernesto Villasenor, Liaison, First District, Compton; Celina Luna, Chief of Staff, Long Beach Councilmember Roberto Uranga; Gail Koretz, Office of Los Angeles Mayor Eric Garcetti; Daniel Rodman, Office of Los Angeles Mayor Eric Garcetti; Cecilia Cabello, Deputy Director, External Affairs, City of Los Angeles; Mark Stanley, Executive Officer, Rivers and Mountains Conservancy; Marybeth Vergara, Project Analyst, Rivers and Mountains Conservancy; Gary Slater, Deputy District Director, Caltrans District 7; Kristine Guerrero, Legislative Director, League of California Cities; David Hershenson, Community Relations Manager, Metro; Colleen Murphy, Director, PATH Partners; Andres Molina, Government Relations Representative, Parsons Brinckerhoff; Barry Dee, Director of Business Development, Advantec Consulting; Susan De Santis, Senior Associate, Arellano Associates; Norman Emerson, Norman Emerson Consulting; GCCOG Executive Director Richard Powers; GCCOG Deputy Executive Director Jack Joseph; GCCOG Deputy General Counsel Ivy Tsai; GCCOG Consultant Engineer Kekoa Anderson; GCCOG Consultant Engineer and I-5 JPA Executive Director Yvette Kirrin; GCCOG Transportation Deputy Karen Heit; GCCOG Director of Regional Planning Nancy Pfeffer.

Roll was taken through self-introductions.

The Pledge of Allegiance was led by Los Angeles Mayor Eric Garcetti.

President Tercero welcomed Los Angeles Mayor Eric Garcetti as a special guest and thanked him for becoming the first Mayor of Los Angeles to attend a meeting of the Gateway Cities COG Board of Directors.

President Tercero and Board Member/MTA Director Diane DuBois gave a PowerPoint presentation for Mayor Garcetti which summarized the profile of the Gateway Cities subregion, highlighted the mission and projects of the Gateway Cities COG, and discussed the important issues and priorities for the Gateway Cities. The COG's transportation projects, homeless initiative, and economic development strategy were emphasized in the presentation.

Mayor Garcetti thanked President Tercero for the presentation and thanked Member DuBois for her assistance at MTA. He said he appreciated the Board members' taking the time to participate in the COG in addition to their own city responsibilities. He said his interest is in working together on transportation issues to compete for funding projects that serve the entire Los Angeles County area. He said his City's issues are the same as the COG's and he wants to help.

Member Wilson referred Mayor Garcetti to the joint letter from cities regarding the MWD water recharging issue in the Central Basin Municipal Water District.

Member Hadjinian asked that Mayor Garcetti collaborate with the COG to seek a replacement mechanism for redevelopment.

Member Austin asked Mayor Garcetti to explain his strategy for ending veterans' homelessness. Mayor Garcetti responded that case management is the key, along with permanent supportive housing, with additional resources from Washington.

There were no amendments to the agenda.

There were no matters from staff.

It was moved by Member DuBois, seconded by Immediate Past President Lima, to approve the consent calendar. The motion was approved unanimously.

There was no report from the Conservancy Committee.

Yvette Kirrin presented a report from the I-710 EIR/EIS Project Committee. She said there would be a series of meetings this month: Technical Advisory Committee, Corridor Advisory Committee, and Project Committee. She said \$50 million in Early Action projects in cities would be presented for Project Committee approval. She reported on a series of workshops being held with the Coalition for Environmental Health and Justice to better understand their comment letter and recommendation of Community Alternative 7.

Member Austin asked if the Early Action project money is all gone. Ms. Kirrin responded that the TAC is still hearing requests for projects that would use second decade funding. She said if sufficient progress can be demonstrated on the first decade's funding of projects, then we may be able to have MTA advance more projects.

Yvette Kirrin presented a report from the SR-91/I-605/I-405 Corridor Cities Committee. She said work was progressing on three major freeway interchange projects and that the requests for proposals regarding environmental impact reports for the I-605/I-5 interchange and the SR-60/I-605 interchanges would be out to bid at the end of the month. She said the last procurement to occur would be the planning study for the I-710/SR-91 interchange.

There was report from the Transportation Committee.

Colleen Murphy, PATH Partners, presented a report from the Committee on Homelessness. She said she appreciated Mayor Garcetti's comments on the program for homeless veterans and said the County and the City have worked very closely on this issue. She said Mayor Garcetti's team has been stellar. She said it is very important to do the homeless counts this month; if we don't know how many veterans are on the street, it is

hard to go ask for funding. She thanked those cities that had already turned in their agreements to participate in the homeless count.

It was moved by Immediate Past President Lima, seconded by First Vice President Perez, to receive and file the committee reports. The motion was approved unanimously.

Yvette Kirrin presented a report from the I-5 Joint Powers Authority. She said six segments of I-5 from the Orange County line to the I-605 interchange had been funded and reviewed the progress on each of the six. She said Valley View would be the last segment constructed in 2015.

Kristine Guerrero presented a report from the League of California Cities. She the Governor would be releasing his budget on Friday, and that a webinar regarding the budget would follow on Monday. She said the Governor would be proposing some funding for local streets and roads. She announced that the meeting of the Los Angeles Division tomorrow would be held in Lakewood.

There was no report from SCAG.

There was no report from the Orangeline Development Authority.

There was no report from the South Coast Air Quality Management District. .

David Hershenson presented a report from the Metro Gateway Cities Service Sector Council. He reported that there were no service changes to be implemented this year. He said that there will be meetings held with other municipal service providers about coordinating services.

It was moved by Immediate Past President Lima, seconded by First Vice President Perez, to receive and file the agency reports. The motion was approved unanimously.

First Vice President Saleh asked why the December Board meeting had been held in Cerritos. The Executive Director explained that the December Board meeting date conflicted with the Annual Tree Lighting event in the City of Paramount

President Tercero announced that the February meeting would be held at the Doubletree Hotel in Norwalk and would commemorate the 20<sup>th</sup> anniversary of the COG. He said former Secretary of Transportation Norman Mineta had been invited to be the keynote speaker at the event.

**Adjournment:** The meeting was adjourned by consensus at 7:04 p.m.

Respectfully submitted,

Richard Powers, Secretary



**VII. CONSENT CALENDAR**  
**ITEM B**  
**Approval of Warrant Register**

**Gateway Cities Council of Governments**  
 Check/Voucher Register - Warrant Register  
 From 1/8/2015 Through 2/4/2015

| Warrant No.         | Payee                  | Warrant Amount | Fund Title   | Fund Code | Transaction Description                |
|---------------------|------------------------|----------------|--------------|-----------|--|
| 13352               | Muriel D. DuBois       | 112.68         | General Fund | 001       | Employee: DuBois; Pay Date: 12/31/2014 |
|                     | Total Muriel D. DuBois | 112.68         |              |           |  |
| 13353               | Raymond Dunton         | 112.68         | General Fund | 001       | Employee: Dunton; Pay Date: 12/31/2014 |
|                     | Total Raymond Dunton   | 112.68         |              |           |  |
| <b>Report Total</b> |                        | <b>225.36</b>  |              |           |  |

**Gateway Cities Council of Governments**  
 Check/Voucher Register - Warrant Register  
 From 1/8/2015 Through 2/4/2015

| Warrant No. | Payee                    | Warrant Amount | Fund Title   | Fund Code | Transaction Description               |
|-------------|--------------------------|----------------|--------------|-----------|---------------------------------------|
| 011515-1    | Genoveva Cisneros        | 2,768.55       | General Fund | 001       | Employee: Cisner; Pay Date: 1/15/2015 |
|             | Total Genoveva Cisneros  | 2,768.55       |              |           |                                       |
| 011515-2    | Jack M. Joseph           | 3,905.69       | General Fund | 001       | Employee: Joseph; Pay Date: 1/15/2015 |
|             | Total Jack M. Joseph     | 3,905.69       |              |           |                                       |
| 011515-3    | Sandra Mora              | 1,311.21       | General Fund | 001       | Employee: Mora; Pay Date: 1/15/2015   |
|             | Total Sandra Mora        | 1,311.21       |              |           |                                       |
| 011515-4    | Richard Powers           | 3,821.84       | General Fund | 001       | Employee: Powers; Pay Date: 1/15/2015 |
|             | Total Richard Powers     | 3,821.84       |              |           |                                       |
| 13354       | John Hancock USA         | 2,453.16       | General Fund | 001       | PARS Retirement Fund                  |
|             | Total John Hancock USA   | 2,453.16       |              |           |                                       |
| 13355       | City of South Gate       | 180.00         | General Fund | 001       | Gateway Cities Managers Luncheon      |
|             | Total City of South Gate | 180.00         |              |           |                                       |
| 13356       | American Express         | 201.65         | General Fund | 001       | Recognition for outgoing Board Member |
|             | Total American Express   | 201.65         |              |           |                                       |

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| Warrant No. | Payee                         | Warrant Amount | Fund Title   | Fund Code | Transaction Description                          |
|-------------|-------------------------------|----------------|--------------|-----------|--|
| 13357       | Staples Credit Plan           | 787.19         | General Fund | 001       | Purchase Office Supplies from 12/6/2014-1/5/2015 |
|             | Total Staples Credit Plan     | 787.19         |              |           |  |
| 13358       | Konica Minolta Business       | 370.73         | General Fund | 001       | Black & White, Color Copies                      |
|             | Total Konica Minolta Business | 370.73         |              |           |  |
| 13359       | Konica Minolta                | 665.60         | General Fund | 001       | Rent/Lease for Konica Copier                     |
|             | Total Konica Minolta          | 665.60         |              |           |  |
| 13360       | Verizon Wireless              | 254.31         | General Fund | 001       | Cell Phone Charges                               |
|             | Total Verizon Wireless        | 254.31         |              |           |  |
| 13361       | AT&T                          | 196.88         | General Fund | 001       | Monthly Charges for Telephone Service            |
|             | Total AT&T                    | 196.88         |              |           |  |
| 13362       | Sparkletts Water              | 27.33          | General Fund | 001       | Monthly Rental                                   |
|             | Total Sparkletts Water        | 27.33          |              |           |  |
| 13363       | POPULAR                       | 104.21         | General Fund | 001       | Purchase of office supplies and outside services |
|             | Total POPULAR                 | 104.21         |              |           |  |

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| Warrant No. | Payee                               | Warrant Amount | Fund Title   | Fund Code | Transaction Description                   |
|-------------|-------------------------------------|----------------|--------------|-----------|---|
| 13364       | AT&T                                | 54.00          | General Fund | 001       | Monthly Charges for Internet Service      |
|             | Total AT&T                          | 54.00          |              |           |   |
| 13365       | Pitney Bowes Global Financial       | 460.03         | General Fund | 001       | Charges for Postage Meter Refill          |
|             | Total Pitney Bowes Global Financial | 460.03         |              |           |   |
| 13366       | City of Artesia                     | 1,462.21       | Orange Line  | 012       | Eco Rapid Transit Refinement Study        |
|             | Total City of Artesia               | 1,462.21       |              |           |   |
| 13367       | AT&T                                | 196.24         | General Fund | 001       | Monthly Telephone Charges                 |
|             | Total AT&T                          | 196.24         |              |           |   |
| 13368       | AT&T Teleconference Services        | 120.26         | General Fund | 001       | Monthly Charges for Teleconference Line   |
|             | Total AT&T Teleconference Services  | 120.26         |              |           |   |
| 13369       | AI Austin                           | 125.00         | General Fund | 001       | Stipend for Board of Dir Mfg, Jan 7, 2015 |
|             | Total AI Austin                     | 125.00         |              |           |   |

**Gateway Cities Council of Governments**  
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 From 1/8/2015 Through 2/4/2015

| Warrant No. | Payee                        | Warrant Amount | Fund Title   | Fund Code | Transaction Description                               |
|-------------|------------------------------|----------------|--------------|-----------|---|
| 13370       | POPULAR                      | 158.37         | General Fund | 001       | Purchase of Office Supplies and Outside Services      |
|             | Total POPULAR                | 158.37         |              |           |   |
| 13371       | Cinde Cassidy                | 125.00         | General Fund | 001       | Stipend for Board of Dir Mfg on Jan 7, 2015           |
|             | Total Cinde Cassidy          | 125.00         |              |           |   |
| 13372       | Gerald Caton                 | 3,600.00       | I-710        | 005       | Economic Develop Srves from Dec 2014 through Jan 2015 |
|             | Gerald Caton                 | 3,600.00       | 91/605       | 025       | Economic Develop Srves from Dec 2014 through Jan 2015 |
|             | Total Gerald Caton           | 7,200.00       |              |           |   |
| 13373       | Genoveva Cisneros            | 250.00         | General Fund | 001       | Auto Allowance  |
|             | Total Genoveva Cisneros      | 250.00         |              |           |   |
| 13374       | The City of Bellflower       | 66,475.25      | General Fund | 001       | Reimbursement for Special Assistant to City Manager   |
|             | The City of Bellflower       | 23,003.84      | Orange Line  | 012       | Eco Rapid Transit Refinement Study                    |
|             | Total The City of Bellflower | 89,479.09      |              |           |   |

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| Warrant No. | Payee                              | Warrant Amount | Fund Title   | Fund Code | Transaction Description                          |
|-------------|------------------------------------|----------------|--------------|-----------|--|
| 13375       | City of Huntington Park            | 1,832.29       | Orange Line  | 012       | Eco Rapid Transit Refinement Study               |
|             | Total City of Huntington Park      | 1,832.29       |              |           |  |
| 13376       | Craig Accountancy                  | 12,580.27      | General Fund | 001       | Professional Services Rendered                   |
|             | Total Craig Accountancy            | 12,580.27      |              |           |  |
| 13377       | Doug Drummond                      | 125.00         | General Fund | 001       | Stipend for Board of Dir Mfg on Jan 7, 2015      |
|             | Total Doug Drummond                | 125.00         |              |           |  |
| 13378       | Edington, Peele & Associates       | 3,125.00       | General Fund | 001       | Consultation and Representation for January 2015 |
|             | Total Edington, Peele & Associates | 3,125.00       |              |           |  |
| 13379       | GST, Inc.                          | 634.01         | General Fund | 001       | IT/Network Solutions Server & Equipment Server   |
|             | Total GST, Inc.                    | 634.01         |              |           |  |
| 13380       | Janna Zurita                       | 125.00         | General Fund | 001       | Stipend for Board of Dir Mfg on Jan 7, 2015      |
|             | Total Janna Zurita                 | 125.00         |              |           |  |

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| Warrant No. | Payee                              | Warrant Amount | Fund Title   | Fund Code | Transaction Description                     |
|-------------|------------------------------------|----------------|--------------|-----------|---|
| 13381       | Law Offices of Jones & Mayer       | 875.00         | General Fund | 001       | Professional Legal Services                 |
|             | Law Offices of Jones & Mayer       | 122.50         | I-710        | 005       | Professional Legal Services                 |
|             | Total Law Offices of Jones & Mayer | 997.50         |              |           |   |
| 13382       | Jack Joseph                        | 350.00         | General Fund | 001       | Auto Allowance                              |
|             | Total Jack Joseph                  | 350.00         |              |           |   |
| 13383       | Koa Consulting                     | 7,715.37       | I-710        | 005       | Labor Cost Eng Svcs 12-8-14 thru 1-4-15     |
|             | Koa Consulting                     | 4,511.00       | 91/605       | 025       | Labor Cost Eng Svcs 12-8-14 thru 1-4-15     |
|             | Total Koa Consulting               | 12,226.37      |              |           |   |
| 13384       | Long Beach Business Journal        | 73.00          | General Fund | 001       | 1st Class Annual Subscription               |
|             | Total Long Beach Business Journal  | 73.00          |              |           |   |
| 13385       | Leonard Shryock                    | 125.00         | General Fund | 001       | Stipend for Board of Dir Mtg on Jan 7, 2015 |
|             | Total Leonard Shryock              | 125.00         |              |           |   |
| 13386       | Luis Marquez                       | 125.00         | General Fund | 001       | Stipend for Board of Dir Mtg on Jan 7, 2015 |
|             | Total Luis Marquez                 | 125.00         |              |           |   |



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| Warrant No. | Payee                                | Warrant Amount | Fund Title   | Fund Code | Transaction Description                                       |
|-------------|--------------------------------------|----------------|--------------|-----------|---|
| 13387       | MH Courier Inc                       | 25.75          | General Fund | 001       | Courier Service   |
|             | Total MH Courier Inc                 | 25.75          |              |           |   |
| 13388       | Network Public Affairs, LLC          | 7,500.00       | General Fund | 001       | Gateway COG Staff Support                                     |
|             | Total Network Public Affairs, LLC    | 7,500.00       |              |           |   |
| 13389       | City of Paramount                    | 4,083.00       | General Fund | 001       | Office Space Lease for Month of February 2015                 |
|             | Total City of Paramount              | 4,083.00       |              |           |   |
| 13390       | Paramount/Jackson Self-Storage       | 102.00         | General Fund | 001       | Monthly Rental for Storage                                    |
|             | Total Paramount/Jackson Self-Storage | 102.00         |              |           |   |
| 13391       | PARS                                 | 300.00         | General Fund | 001       | Rep Fees  |
|             | Total PARS                           | 300.00         |              |           |   |
| 13392       | PATH Partners                        | 127,541.00     | Homeless     | 010       | Gateway Cities COG Imp Homeless Plan Sep 1-Oct-31-2014        |
|             | Total PATH Partners                  | 127,541.00     |              |           |   |
| 13393       | PATH Partners                        | 66,701.00      | Homeless     | 010       | Implementation of Homeless Action Plan for 12-1 thru 12-31-14 |
|             | Total PATH Partners                  | 66,701.00      |              |           |   |

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| Warrant No. | Payee                   | Warrant Amount | Fund Title   | Fund Code | Transaction Description                                   |
|-------------|-------------------------|----------------|--------------|-----------|---|
|             | Total PATH Partners     | 66,701.00      |              |           |   |
| 13394       | Richard Powers          | 400.00         | General Fund | 001       | Auto Allowance  |
|             | Total Richard Powers    | 400.00         |              |           |   |
| 13395       | Rodger's Catering       | 693.40         | General Fund | 001       | Catering Srvc for Board Of Directors Mtg January 7, 2015  |
|             | Total Rodger's Catering | 693.40         |              |           |   |
| 13396       | Rodger's Catering       | 120.21         | General Fund | 001       | Catering Srvc for Planning Directors Mtg January 14, 2015 |
|             | Total Rodger's Catering | 120.21         |              |           |   |
| 13397       | Rodger's Catering       | 316.12         | General Fund | 001       | Catering Srvc for Manuf Leaders Mtg Jan 27, 2015          |
|             | Total Rodger's Catering | 316.12         |              |           |   |
| 13398       | Rodger's Catering       | 191.30         | General Fund | 001       | Catering Srvc for Public Works Mtg Jan 22, 2015           |
|             | Total Rodger's Catering | 191.30         |              |           |   |
| 13399       | Rodger's Catering       | 121.97         | General Fund | 001       | Catering Srvc for Economic Develop Mtg Jan 26, 2015       |
|             | Total Rodger's Catering | 121.97         |              |           |   |

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| Warrant No. | Payee                                | Warrant Amount | Fund Title   | Fund Code | Transaction Description                         |
|-------------|--------------------------------------|----------------|--------------|-----------|---|
| 13400       | Smith, Watts & Martinez LLC          | 3,500.00       | General Fund | 001       | Services per Scope of Work for January 2015     |
|             | Total Smith, Watts & Martinez LLC    | 3,500.00       |              |           |   |
| 13401       | Southstar Engineering & Cnslt.       | 5,000.00       | AB 2766      | 004       | Eng Support for 12-15-2014 through 1-19-2015    |
|             | Southstar Engineering & Cnslt.       | 11,400.00      | I-710        | 005       | Eng Support for 12-15-2014 through 1-19-2015    |
|             | Southstar Engineering & Cnslt.       | 2,000.00       | 91/605       | 025       | Eng Support for 12-15-2014 through 1-19-2015    |
|             | Total Southstar Engineering & Cnslt. | 18,400.00      |              |           |   |
| 13402       | Sparkletts Water                     | 14.40          | General Fund | 001       | Monthly Rental                                  |
|             | Total Sparkletts Water               | 14.40          |              |           |   |
| 13403       | Brent Tercero                        | 125.00         | General Fund | 001       | Stipend for Board of Dir Mtg Jan 7, 2015        |
|             | Total Brent Tercero                  | 125.00         |              |           |   |
| 13404       | Verizon Wireless                     | 260.46         | General Fund | 001       | Cell Phone Charges for Dec 16,2014-Jan 15, 2015 |
|             | Total Verizon Wireless               | 260.46         |              |           |   |

**Gateway Cities Council of Governments**  
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| Warrant No.         | Payee                                | Warrant Amount    | Fund Title | Fund Code | Transaction Description                    |
|---------------------|--------------------------------------|-------------------|------------|-----------|--|
| 13405               | Larry Walker Associates              | 20,041.00         | TMDL       | 021       | LA River Metals Implementation Invoice #46 |
|                     | Larry Walker Associates              | 2,979.11          | TMDL       | 021       | LA River TMDL Implementation Invoice #45   |
|                     | <b>Total Larry Walker Associates</b> | <b>23,020.11</b>  |            |           |  |
| <b>Report Total</b> |                                      | <b>402,412.71</b> |            |           |  |

**VII. CONSENT CALENDAR  
ITEM C**

**December 2014 Local Agency Investment  
Fund Statement**

**Local Agency Investment Fund**  
**P.O. Box 942809**  
**Sacramento, CA 94209-0001**  
**(916) 653-3001**

[www.treasurer.ca.gov/pmia-laif/laif.asp](http://www.treasurer.ca.gov/pmia-laif/laif.asp)

January 28, 2015

PMIA Average Monthly Yields

GATEWAY CITIES C

Account Number:

40-19-045

<Transactions< strong="">  
[Tran Type Definitions](#)</Transactions<

December  
2014  
Statement

Account Summary

Total Deposit:   
Total Withdrawal:

Beginning Balance:   
Ending Balance:

**VII. CONSENT CALENDAR  
ITEM D**

**Status Report from Lobbyist - Edington,  
Peel & Associates**

**Monthly Report by Jim Dykstra to Gateway Cities COG**  
**January 23, 2015**

I and the firm Edington, Peel & Associates continue to provide a range of services in support of the Gateway Cities Council of Governments. These include participation in a number of meetings, telephonic, email and fax exchanges and other communications.

I continued to closely coordinate with Gateway Cities COG staff regarding the Gateway Cities COG's priorities and interests as the 114<sup>th</sup> Congress convened on January 6. I have had telephonic and electronic exchanges regarding possible funding opportunities and legislation of interest. I also work with the staff of the I-5 Joint Powers Authority on the I-5 widening initiative, the COG's number one priority.

In the closing days of the 113<sup>th</sup> Congress, I provided continuing staff information on the Continuing Resolution Omnibus Appropriations bill for FY15, containing transportation funding, which was approved by the House and Senate late last week and was signed into law by the President on December 16.

I have continued to provide information regarding the Highway Trust Fund, whose funding would have run out this past August, and MAP-21, the surface transportation bill, which would have expired on October 1, 2014. A short term fix for the Trust Fund and extension of MAP-21 through May of this year were approved by Congress prior to the August recess.

I have been in contact with the Gateway Cities COG regarding the US Department of Commerce announcement that the Advanced Manufacturing Partnership for Southern California (AMP So Cal), in which Gateway Cities COG is a partner, is one of the first 12 Manufacturing Communities designated as part of the Investing in Manufacturing Communities Partnership (IMCP). Meetings with a number of delegation members have been held regarding the initiative.

I have kept the Gateway Cities COG updated regarding membership, leadership and staff changes, as well as committee priorities as the 114<sup>th</sup> Congress began its work. This included information about the House Transportation and Infrastructure Committee, where Rep. Bill Shuster (R-PA) continues as chairman and Rep. Peter DeFazio (D-OR) becomes ranking member, and the Senate Environment and Public Works and Commerce Committees, where chairs and ranking members changed as Republicans took over as the majority party in the Senate. The EPW Committee is now chaired by Sen. Jim Inhofe (R-OK), with Sen. Barbara Boxer (D-CA) moving from chair to ranking member. On the Senate Commerce Committee, Sen. John Thune (R-SD) is now chairman, with Sen. Bill Nelson (D-FL) the ranking member. I have also informed Gateway Cities that Rep. Lucille Roybal-Allard has been named to the House Energy and Water Appropriations Subcommittee and Rep. Grace Napolitano has been named chair of the House Transportation and Infrastructure Committee's



Subcommittee on Water Resources and Environment. I have also provided US DOT information about briefings and webinars on MAP-21 and other initiatives.

I have been in touch with Gateway Cities COG about my plans to visit Southern California in mid- February during the congressional President's Day recess. During that visit, I will be meeting with senior Gateway Cities staff and officials.

I have continued discussions and email exchanges with staff of Members of Congress representing Gateway Cities COG member cities, as well as other key congressional staff, regarding the COG's legislative priorities.

As part of my responsibilities, I closely monitor legislation, as well as seminars, hearings, meetings and publications of key interest to legislators and senior executive branch officials for articles and information of possible interest and importance to member cities of the Gateway Cities COG. I attend Senate and House committee hearings, follow Senate and House floor proceedings, and track legislative initiatives pertinent to Gateway Cities COG interests and priorities.

**VII. CONSENT CALENDAR  
ITEM E**

**Approval of Fiscal Year 2013/2014 Audit**

*Gateway Cities Council of Governments*

*With Report on Audit by Independent  
Certified Public Accountants*

*For the Year Ended  
June 30, 2014*

Gateway Cities Council of Governments

June 30, 2014

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Gateway Cities Council of Governments

June 30, 2014

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INDEPENDENT AUDITORS' REPORT

The Honorable Board of Directors of the  
Gateway Cities Council of  
Governments  
Paramount, California

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the Gateway Cities Council of Governments, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Gateway Cities Council of Governments's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Gateway Cities Council of Governments, as of June 30, 2014, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–8 and 26–28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gateway Cities Council of Governments's basic financial statements. The combining and individual nonmajor fund financial statements and supplementary schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2015, on our consideration of the Gateway Cities Council of Governments's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gateway Cities Council of Governments's internal control over financial reporting and compliance. We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gateway Cities Council of Governments (the "COG"), as of and for the year ended June 30, 2014, which collectively comprise the COG's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Gateway Cities Council of Governments' management. Our responsibility is to express opinions on these financial statements based on our audit.

*Craig Accountancy*

Orange, California  
January 22, 2015

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)  
June 30, 2014

The following discussion and analysis of the financial performance of the Gateway Cities Council of Governments (COG) provides an overview of its financial activities for the fiscal year ended June 30, 2014. The information presented herein should be considered in conjunction with the financial statements identified in the accompanying table of contents.

Management's Discussion and Analysis (MD&A) is a requirement included in the financial statements as supplementary information. The COG had adopted the provisions of the Governmental Accounting Standard Board's Statement No. 34(GASB 34) Basic Financial Statements - and Management's Discussion and analysis - for State and Local Governments, issued in June 1999. GASB 34 require certain comparative financial information to be included in the MD&A.

### **FINANCIAL HIGHLIGHTS**

- In fiscal year 2014, the COG continued to receive membership funding for basic operations. In addition it received \$949,696 in funding for its Transportation Program. This is a continuation over multiple fiscal years of funding. Additionally, it received \$241,011 for its Clean Water Program and \$1,116,327 for the Homeless Program. Total Governmental-wide revenue was \$2,939,053 with expenses totaling \$3,326,791 for the year ended June 30, 2014.
- The COG ended fiscal year 2014 with year-end cash and cash equivalents of \$602,410, a increase of \$448,860 from fiscal year 2013 and a decrease of \$975,687 from fiscal year 2012, respectively
- The ending receivable balance for fiscal year 2014 was \$443,742, a decrease of \$569,309 over fiscal year 2013, reflecting balances in line with an organization the size of the COG.
- At the fund level, the COG reported \$389,991 in excess expenditures over revenues, which was principally the result of operating contributions for engineering in its Transportation Program, along with expenditures to consultants in the Clean Water program. The COG's major funds reported a combined ending fund balance of \$406,393 at June 30, 2014, a decrease over fiscal year 2013.
- At the end of fiscal year 2013-14, the unreserved fund balance for the General Fund was \$4,323 a decrease of \$28,712 over fiscal year 2013.
- At the end of fiscal year 2013-14 total net assets entity-wide decreased by \$389,991.



The Basic Financial statements are in two parts:

- 1) Management's Discussion and Analysis (this part),
- 2) The Basic Financial statements, which include the Governmental-Wide and the Fund Financial Statements, along with the Notes to Financial Statements,

This report also contains other supplementary information in addition to the basic financial statements themselves.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad view of the COG's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the COG's assets and liabilities, with the differences between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the COG is improving or deteriorating.

The statement of activities presents information showing how the COG's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid (e.g., uncollected member revenue or liabilities incurred but unpaid).

The government-wide financial statements can be found on pages 9-10 of this report.

## **FUND FINANCIAL STATEMENTS**

Fund financial statement are designed to report information about groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The COG, like other special purpose governmental units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. COG funds are classified as governmental funds and fiduciary funds, as it has no proprietary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The COG maintains several individual governmental funds. Information is presented separately in the

governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, TMDL Program and Homeless Program which are considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation.

The COG adopts an annual appropriated budget for its General Fund and certain special revenue funds. Budgetary Comparison Statements have been provided to demonstrate budgetary compliance. These statements are located at pages 26 through 28 of this report.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

### **Notes to the basic financial statements**

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 25 of this report.

### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which includes a Budgetary Comparison Schedules and Combining Schedules for its major funds. Required supplementary information can be found starting on page 26 of this report.

Combining statements for non-major governmental funds are presented immediately following the required supplementary information. Combining financial statements and schedules can be found on pages 29-30 of this report.

## **STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES**

The Statement of Net Assets and the Statement of Activities are entirely new statements required by Government Accounting Standards Board Statement 34. Their purpose is to summarize the entire COG's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the COG's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis-the effect of all the COG's transactions are taken into account, regardless of whether or when cash changes hands, but all material internal transactions between COG funds have been eliminated.

The Statement of Net Assets reports the difference between the COG's total assets and liabilities, including all the COG's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the COG's net assets, by subtracting total liabilities from the total assets.

The Statement of Net Assets summarizes the financial position of all the COG's Activities in a single column, followed by a total column that presents the financial position of the entire COG.

The Statement of Activities reports increases and decreases in the COG'S net assets. It is also prepared on the full accrual basis, which means it includes all the COG's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities differs considerably from those used in the past. It presents the COG's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues— that is, revenues which are generated directly by these programs— are then deducted from the program expenses to arrive at the net expenses of each governmental and business-type program. The COG's general revenues are then listed in the appropriate column and the change in Net Assets is computed and reconciled with the Statement of Net Assets.

Table 1  
Summary of Net Assets

|  | <u>For the Year Ended June 30,</u> |                   |                    |
|--|------------------------------------|-------------------|--------------------|
|  | <u>2014</u>                        | <u>2013</u>       | <u>2012</u>        |
| <u>ASSETS</u>                            |                                    |                   |                    |
| Cash and cash equivalents                | \$ 602,410                         | \$ 153,550        | \$1,29,237         |
| Receivables:                             |                                    |                   |                    |
| I-710 assessments                        | 0                                  | 35,000            | 10,000             |
| 91-605 assessments                       | 5,000                              | 0                 | 0                  |
| Membership assessments                   | 0                                  | 40,500            | 22,500             |
| Transportation assessments               | 0                                  | 17,755            | 13,277             |
| MTA assessments                          | 0                                  | 12,619            | 7,885              |
| Interest                                 | 19                                 | 19                | 816                |
| Due from other entity                    | 438,742                            | 907,177           | 304,995            |
| Capital assets, net                      | 8,801                              | 4,803             | 5,493              |
| Miscellaneous                            | <u>0</u>                           | <u>0</u>          | <u>16,382</u>      |
| Total Assets                             | <u>1,054,972</u>                   | <u>1,171,423</u>  | <u>1,510,585</u>   |
| <u>LIABILITIES</u>                       |                                    |                   |                    |
| Accounts payable and Accrued liabilities | 457,531                            | 187,989           | 126,886            |
| Compensated absences                     | 6,085                              | 4,340             | 10,775             |
| Due to other entity                      | <u>0</u>                           | <u>0</u>          | <u>0</u>           |
| Total Liabilities                        | <u>463,616</u>                     | <u>192,329</u>    | <u>137,661</u>     |
| <u>NET ASSETS</u>                        |                                    |                   |                    |
| Restricted                               | 182,247                            | 156,712           | 246,772            |
| Unrestricted                             | <u>409,109</u>                     | <u>822,382</u>    | <u>1,126,152</u>   |
| Total Net Assets                         | <u>\$ 591,356</u>                  | <u>\$ 979,094</u> | <u>\$1,372,924</u> |

Table 2  
Summary of Changes in Net Assets

|                                   | <u>For the Year Ended June 30,</u> |                     |                  |
|-----------------------------------|------------------------------------|---------------------|------------------|
|                                   | <u>2014</u>                        | <u>2013</u>         | <u>2012</u>      |
| Revenues                          |                                    |                     |                  |
| Membership dues                   | \$ 505,149                         | \$ 444,340          | \$ 406,085       |
| Operating grants & contributions  | 2,424,366                          | 2,716,684           | 2,987,445        |
| Use of money                      | 189                                | 1,792               | 4,778            |
| Other                             | <u>9,349</u>                       | <u>5,910</u>        | <u>66,486</u>    |
| Total revenues                    | <u>2,939,053</u>                   | <u>3,168,726</u>    | <u>3,464,794</u> |
| Expenditures                      |                                    |                     |                  |
| Transportation                    | 1,179,630                          | 1,552,851           | 2,081,805        |
| Homeless                          | 1,147,954                          | 970,714             | 0                |
| Clean Water                       | 299,616                            | 509,467             | 116,782          |
| Clean Air                         | 117,332                            | 80,345              | 683,799          |
| Member Dues                       | <u>582,259</u>                     | <u>449,179</u>      | <u>527,957</u>   |
| Total expenditures                | <u>3,326,791</u>                   | <u>3,562,556</u>    | <u>3,410,343</u> |
| Increase (Decrease) in Net Assets | <u>\$ (387,738)</u>                | <u>\$ (393,830)</u> | <u>\$ 54,451</u> |

### FINANCIAL ANALYSIS OF COG FUNDS

As noted earlier, the COG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental funds

The focus of the COG's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the COG's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Refer to pages 26-30 for more detail of governmental funds.

As of June 30, 2014, the COG's governmental funds reported combined ending fund balances of \$588,640, a decrease of \$389,991 in comparison with the prior year. Of the \$588,640, \$406,393, or 69 percent, constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay for program services of \$182,247.

The major factor in the decrease in the governmental fund balance of \$389,991 is as follows:

- All funds in the aggregate expended more than they received during the current fiscal year.

#### **ECONOMIC OUTLOOK AND MAJOR INITIATIVES:**

In preparing the budget for 2014-2015, management looked at the following economic factors:

- The COG continues its work on the EIR/EIS for the I-710 project and continues to receive local funding. The COG's 2014-15 budget reflects continued receipt of these revenue sources.
- Interest rates remain depressed in 2013-14. As a result, COG interest earnings have decreased. The COG ended the current fiscal year with excess cash reserves to invest. As a result, interest earnings are expected to increase marginally. This was considered in the preparation of the fiscal year 2014-15 budget.
- The COG anticipates continued savings in its Transportation Program due to a cost sharing arrangement with the MTA. The 2014-15 budget reflects receipt of this cost sharing arrangement.
- Funding is expected to continue at its present level for the 91/605 and Homeless funds.

The COG continues to explore all of its funding options in order to maximize and grow its general fund reserve. Its conservative approach has provided for a minimum level of reserves in order to provide a consistent level of services.

#### **REQUEST FOR INFORMATION:**

This financial report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the COG's finances. If you have questions regarding this report or need additional information contact the COG's Finance Department at 16401 Paramount Blvd, Paramount, California 90723 or by calling (562)663-6850.

## BASIC FINANCIAL STATEMENTS

Gateway Cities Council of Governments

Statement of Net Assets

June 30, 2014

ASSETS

|  |                  |
|--|------------------|
| Cash and cash equivalents (note 2)                       | \$ 602,410       |
| Receivables:   |                  |
| 91-605 assessments                                       | 5,000            |
| MTA Assessments  | 0                |
| Interest   | 19               |
| Due from other entity                                    | 438,742          |
| Capital assets, net of accumulated depreciation (note 6) | <u>8,801</u>     |
| Total Assets   | <u>1,054,972</u> |

LIABILITIES

|  |                |
|--|----------------|
| Accounts payable & accrued liabilities | 457,531        |
| Compensated absences                   | 6,085          |
| Due to other entity                    | <u>0</u>       |
| Total Liabilities                      | <u>463,616</u> |

NET ASSETS

|                        |                   |
|------------------------|-------------------|
| Restricted (notes 1&8) | 182,247           |
| Unrestricted           | <u>409,109</u>    |
| Total Net Assets       | <u>\$ 591,356</u> |

Gateway Cities Council of Governments

Statement of Activities

For the year ended June 30, 2014

|                  | <u>Expenses</u>    | <u>General<br/>Fund<br/>Revenues/<br/>Member Dues</u> | <u>Program<br/>Revenues -<br/>Operating Grants<br/>and Contributions</u> | <u>Net (Expenses)<br/>Revenues and<br/>Changes in<br/>Net Assets</u> |
|------------------|--------------------|---|--|--|
| Transportation   | \$1,179,630        | \$ 0  | \$ 949,696   | \$(229,934)  |
| Homeless Program | 1,147,954          | 0   | 1,116,327  | (31,627)   |
| Clean Water      | 299,616            | 0   | 241,011  | (58,605)   |
| Clean Air        | 117,332            | 0   | 117,332  | 0  |
| Member Dues      | <u>582,259</u>     | <u>505,149</u>  | <u>0</u>   | <u>(77,110)</u>  |
| Total Activities | <u>\$3,326,791</u> | <u>\$505,149</u>                                      | <u>\$2,424,366</u>   | <u>(397,276)</u>   |

General Revenues:

|                                 |                   |
|---------------------------------|-------------------|
| Use of money                    | 189               |
| Other                           | <u>9,349</u>      |
| Total General Revenues          | <u>9,538</u>      |
| Change in Net Assets            | (387,738)         |
| Net Assets at Beginning of Year | <u>979,094</u>    |
| Net Assets at End of Year       | <u>\$ 591,356</u> |



Gateway Cities Council of Governments

Government Funds  
Balance Sheet

June 30, 2014

|  | <u>Special Revenue</u>  |                         |                             |   | <u>Total</u>       |
|--|-------------------------|-------------------------|-----------------------------|---|--------------------|
|  | <u>General<br/>Fund</u> | <u>TMDL<br/>Program</u> | <u>Homeless<br/>Program</u> | <u>Other<br/>Governmental<br/>Funds</u> |                    |
| <b><u>ASSETS:</u></b>                  |                         |                         |                             |   |                    |
| Cash and cash equivalents              | \$ 97,861               | \$393,029               | \$ 0                        | \$111,520                               | \$ 602,410         |
| Receivables:                           |                         |                         |                             |   |                    |
| 91-605 assessments                     | 0                       | 0                       | 0                           | 5,000                                   | 5,000              |
| MTA assessments                        | 0                       | 0                       | 0                           | 0                                       | 0                  |
| Interest                               | 19                      | 0                       | 0                           | 0                                       | 19                 |
| Due from other funds                   | 4,088                   | 0                       | 0                           | 0                                       | 4,088              |
| Due from other entity                  | <u>20,835</u>           | <u>24,363</u>           | <u>255,033</u>              | <u>138,511</u>                          | <u>438,742</u>     |
| Total assets                           | <u>\$122,803</u>        | <u>\$417,392</u>        | <u>\$255,033</u>            | <u>\$255,031</u>                        | <u>\$1,050,259</u> |
| <b><u>LIABILITIES:</u></b>             |                         |                         |                             |   |                    |
| Accounts payable & accrued liabilities | \$118,480               | \$ 15,322               | \$250,945                   | \$ 72,784                               | \$ 457,531         |
| Due to other funds                     | <u>0</u>                | <u>0</u>                | <u>4,088</u>                | <u>0</u>                                | <u>4,088</u>       |
| Total liabilities                      | <u>118,480</u>          | <u>15,322</u>           | <u>255,033</u>              | <u>72,784</u>                           | <u>461,619</u>     |
| <b><u>FUND BALANCES:</u></b>           |                         |                         |                             |   |                    |
| Reserved for:                          |                         |                         |                             |   |                    |
| Program activities                     | 0                       | 0                       | 0                           | 182,247                                 | 182,247            |
| Unreserved reported in;                |                         |                         |                             |   |                    |
| General fund                           | 4,323                   | 0                       | 0                           | 0                                       | 4,323              |
| Special revenue fund                   | <u>0</u>                | <u>402,070</u>          | <u>0</u>                    | <u>0</u>                                | <u>402,070</u>     |
| Total fund balances                    | <u>4,323</u>            | <u>402,070</u>          | <u>0</u>                    | <u>182,247</u>                          | <u>588,640</u>     |
| Total liabilities and fund balances    | <u>\$122,803</u>        | <u>\$417,392</u>        | <u>\$255,033</u>            | <u>\$255,031</u>                        | <u>\$1,050,259</u> |

See independent auditors' report and notes to basic financial statements.

Gateway Cities Council of Governments  
Reconciliation of the Government Funds  
Balance Sheet to the Statement of Net Assets  
For the year ended June 30, 2014

|  |                  |
|--|------------------|
| Total Governmental Fund Balances   | \$588,640        |
| Amounts reported for governmental activities on the Statement of<br>Net Assets differs from the amounts reported in the Government Funds -<br>Balance Sheet because: |                  |
| Compensated absences are liabilities which are not expendable in the next<br>operating cycle, therefore are not reported in the governmental fund reports            | (6,085)          |
| Capital assets used in Governmental activities are not current assets or<br>financial resources and therefore are not reported in the Governmental Funds.            | <u>8,801</u>     |
| Net Assets of Governmental Activities  | <u>\$591,356</u> |

Gateway Cities Council of Governments

Government Funds  
State grants and contracts Statement of Revenues, Expenditures  
and Changes in Fund Balances

For the year ended June 30, 2014

|   | Special Revenue |                  |                  |                          | Total             |
|---|-----------------|------------------|------------------|--------------------------|-------------------|
|   | General Fund    | TMDL Program     | Homeless Program | Other Governmental Funds |                   |
| <b>Revenues</b>                                 |                 |                  |                  |                          |                   |
| State/local grants and contracts                | \$ 80,000       | \$241,011        | \$1,116,327      | \$ 355,022               | \$1,792,360       |
| Membership assessments                          | 425,149         | 0                | 0                | 712,006                  | 1,137,155         |
| Use of money                                    | 189             | 0                | 0                | 0                        | 189               |
| Other   | 200             | 9,149            | 0                | 0                        | 9,349             |
| <b>Total Revenues</b>                           | <u>505,538</u>  | <u>250,160</u>   | <u>1,116,327</u> | <u>1,067,028</u>         | <u>2,939,053</u>  |
| <b>Expenditures:</b>                            |                 |                  |                  |                          |                   |
| Salaries and wages                              | 78,472          | 0                | 6,178            | 168,734                  | 253,384           |
| Contractual labor                               | 147,935         | 0                | 30,823           | 106,302                  | 285,060           |
| Fringe benefits                                 | 7,342           | 0                | 174              | 5,592                    | 13,108            |
| Indirect costs                                  | 116,765         | 0                | 0                | 269,808                  | 386,573           |
| Contractual services                            | 78,000          | 299,183          | 1,110,779        | 435,296                  | 1,923,258         |
| Reproduction and printing                       | 0               | 0                | 0                | 1,031                    | 1,031             |
| Memberships                                     | 0               | 0                | 0                | 31,500                   | 31,500            |
| Operating contributions to projects             | 0               | 0                | 0                | 258,861                  | 258,861           |
| Professional services and other                 | 87,680          | 0                | 0                | 1,225                    | 88,905            |
| Meetings  | 29,316          | 0                | 0                | 9,437                    | 38,753            |
| Uncollectible accounts                          | 32,641          | 0                | 0                | 8,174                    | 40,815            |
| Travel  | 531             | 0                | 0                | 0                        | 531               |
| Other   | 5,830           | 433              | 0                | 1,002                    | 7,265             |
| <b>Total Expenditures</b>                       | <u>584,512</u>  | <u>299,616</u>   | <u>1,147,954</u> | <u>1,296,962</u>         | <u>3,329,044</u>  |
| Excess of Revenues Over<br>(under) Expenditures | <u>(78,974)</u> | <u>(49,456)</u>  | <u>(31,627)</u>  | <u>(229,934)</u>         | <u>(389,991)</u>  |
| <b>Other Financing Sources (Uses)</b>           |                 |                  |                  |                          |                   |
| Transfers in                                    | 133,361         | 51,472           | 31,627           | 0                        | 216,460           |
| Transfers out                                   | <u>(83,099)</u> | <u>(33,361)</u>  | <u>0</u>         | <u>(100,000)</u>         | <u>(216,460)</u>  |
| <b>Total Financing Sources(uses)</b>            | <u>50,262</u>   | <u>18,111</u>    | <u>31,627</u>    | <u>(100,000)</u>         | <u>0</u>          |
| <b>Net Change in Fund Balances</b>              | <u>(28,712)</u> | <u>(31,345)</u>  | <u>0</u>         | <u>(329,934)</u>         | <u>(389,991)</u>  |
| Fund Balances at Beginning of Year              | <u>33,035</u>   | <u>433,415</u>   | <u>0</u>         | <u>512,181</u>           | <u>978,631</u>    |
| Fund Balances at End of Year                    | <u>\$ 4,323</u> | <u>\$402,070</u> | <u>\$ 0</u>      | <u>\$ 182,247</u>        | <u>\$ 588,640</u> |

Gateway Cities Council of Governments

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Government Funds  
to the Statement of Activities

For the year ended June 30, 2014

Net Change in Fund Balances- Governmental Funds \$(389,991)

Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in long-term compensated absences (1,745)

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance 5,494

Depreciation expense is deducted from the fund balance (1,496)

Change in Net Assets of Governmental Activities \$(387,738)

Gateway Cities Council of Governments

Notes to Basic Financial Statements

June 30, 2014

**NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Gateway Cities Council of Governments (the “COG”) conform to accounting principles generally accepted in the United States of America as applicable to special purpose governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. In as much, the COG applies all GASB pronouncements as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the significant policies.

**A. Description of Reporting Entity**

The reporting entity is a joint powers authority governed by a twenty-nine member Executive Board. As required by generally accepted accounting principles, these financial statements present the COG only.

The Gateway Cities Council of Governments was formed October 31, 1996, pursuant to the Joint Exercise of Powers Law (Articles 1 through 4 [Commencing with Section 6500] of Chapter 5, Division 7, Title 1 of the California Government Code) for the purposes of conducting studies and projects designed to improve regional and cooperative planning and coordination of government services. The function of the COG is to address sub-regional problems and issues, ranging from flood control, groundwater contamination, transportation, solid waste, air quality and to address legislative changes relating to these and other issues. The COG is a public agency formed by the following governmental entities:

|              |                  |            |                       |
|--------------|------------------|------------|-----------------------|
| Artesia      | Compton          | La Mirada  | Pico Rivera           |
| Avalon       | Cudahy           | Long Beach | Santa Fe Springs      |
| Bell         | Downey           | Lynwood    | Signal Hill           |
| Bellflower   | Hawaiian Gardens | Maywood    | South Gate            |
| Bell Gardens | Huntington Park  | Montebello | Vernon                |
| Cerritos     | La Habra Heights | Norwalk    | Whittier              |
| Commerce     | Lakewood         | Paramount  | County of Los Angeles |

One member from each of the aforementioned legislative bodies, with the mayor of the City of Long Beach also serving, comprises the Board of Directors.

The equity of each of the cities in the COG is determined by the joint powers agreement. Upon termination of the agreement, after the payment of all obligations of the COG, any assets remaining shall be distributed to the members in

## NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **A. Description of Reporting Entity-continued**

proportion to the then obligation to participate in the funding of the COG as provided in the Agreement.

There has not been an appraisal done to determine the fair market value of the COG's assets and liabilities as of June 30, 2014; accordingly, it is not possible to allocate the COG's equity among its members.

The COG does not exercise oversight responsibilities over any of the above entities. Each of these agencies is governed by an independently-elected governing board other than the Executive Board of the COG. These agencies are not financially dependent on the COG, and the COG does not have the ability to significantly influence their management or operations. Consequently, financial information for these agencies is not included within the scope of this financial report.

### **B. Accounting and Reporting Policies**

The COG has conformed to the pronouncements of the GASB, which are the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments.

**GASB Statements No. 34 and 37** - In June 1999 and June 2001, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis-for state and Local Governments*, and Statements No. 37, *Basic Financial Statements- and Management's Discussion and Analysis-for State and Local Governments - Omnibus*, respectively. These statements provide for the most significant change in financial reporting in over twenty years ending 2004.

Statement No. 34 requires the preparation of government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Significantly, the COG's statement of net assets will include both non-current and current assets and liabilities some of which were previously recorded in the General Fixed Asset Account Group and General Long-term Debt Account.

In addition to the governmental-wide financial statements, the COG has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. However, these statements are now reported using a major fund emphasis.

**GASB Statement No. 38** - In June 2001, the GASB issued Statement No. 38, *Certain Financial Statement Note Disclosures*. This statement modifies various not disclosure requirements concurrently with the: implementation of Statement No. 34. While this statement does not effect amounts reported in the financial statements of the COG, certain note disclosures have been modified for actions taken in response to interfund transfers and balances and short-term obligations.

**GASB Statement No. 41** - In May 2003, The GASB issued Statement No. 41, *Budgetary Comparison Schedules - Perspective Differences, an amendment of GASB 34*. This statement establishes guidance for governments with significant budgetary perspective differences to reported budgetary comparison schedules within the GASB No. 34 reporting model. This statement does not have a significant impact on the financial statements of the COG.

These and other changes are reflected in the accompanying financial statements (including notes to the basic financial statements).

## NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### **C. Description of Funds**

The accounts of the COG are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The following are types of funds used:

#### **Governmental Fund Types**

- *General Fund* - is the primary operating fund of the COG. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund
- *Special Revenue Fund* - Used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for specified purposes.

#### **Fiduciary Fund Types**

- *Agency Fund* - Used to report arrangements under which principal and income benefits are held in trust for other governmental units.

### **D. Basis of Accounting and Measurement Focus**

#### **Government - Wide Financial Statements**

The COG's Government - Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental activities for the COG.

These statements are presented on a "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the COG's assets and liabilities, including capital assets as well as long-term debt, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the COG are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Operating grants and contributions include revenues restricted to meeting the requirements of a particular operating function and may include state shared revenues and grants. Capital grants and contributions include revenues restricted to meeting the requirements of a particular capital function and may include grants. Other items not properly included among program revenues are reported instead as general revenues.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the government-wide statements have been eliminated.

Government-wide financial statements do not provide information by fund. The COG's statement of net assets includes both current and non-current assets and liabilities. In prior years, the non-current assets and liabilities were recorded in the General Fixed-Assets Account Group and the General Long-term Debt Account Group which are no longer reported.

**NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial Statement Classification**

In the Governmental-Wide financial statements net assets are classified in the following categories:

Restricted Net Assets

Represent the net assets of the COG, restricted for a program or other purpose.

**Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenue, Expenditures, and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in statements to the net assets presented in the Government-Wide Financial Statements. The COG has presented all funds as major funds because of their significance to the COG as a whole.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. “Measurable” means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Accrued revenues include property taxes (tax increment) received within 60 days after year-end, and earnings on investments. Expenditures are recorded when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

All government-wide, business-type activities and proprietary funds of the COG follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Fund Classifications- The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34.

Major Governmental Funds

The General Fund is the primary operating fund of the COG. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

The TMDL Fund accounts for the resources accumulated and payment made for programmatic expenditures relating to the implementation and monitoring of the Los Angeles River Metals Total Maximum Daily Load (TMDL) Coordinated Monitoring Plan .

The Homeless Program Revenue Fund accounts for the resources accumulated and payment made for program expenditures relating to the development of a plan to advance individuals from homelessness to a stabilized and productive life.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F Compensated Absences**

It is the COG's policy is to permit employees to accumulate earned but unused vacation and sick time. Employees are paid 100% of their accumulated time when they terminate employment for any reason. All vacation and sick time is accrued when incurred in the government wide financial statements as compensated absences. It is estimated that a substantial part of the liability will be used in the subsequent period. During the current year the liability increased by \$1,745.

**G Long-Term Obligations**

In the government-wide statements long-term obligations are recorded as liabilities in the statement of net assets.

**H Allocation of Interest Income Among Funds**

The COG pools all non-restricted cash for investment purchases and allocates interest income based on month-end cash balances. Funds that have restricted cash record interest income in the respective fund.

**I Capital Assets**

Are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of contribution. Generally, capital asset purchases in excess of \$1,000 are capitalized if they have exceeded useful life of 3 years or more.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the Government-wide Financial Statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The lives used for depreciation purposes of each capital asset class are:

|                           |            |
|---------------------------|------------|
| Computers & equipment     | 3-5 Years  |
| Structures & improvements | 5-10 years |
| Office furniture          | 3-5 years  |

**J Budgetary Controls**

The COG adopts an annual budget using the modified-accrual basis of accounting, consistent with accounting principles generally accepted in the United States of America. Budgetary controls are established at the department level. At year-end, unexpended appropriations lapse.

**NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K Use of Restricted Resources**

When both restricted and unrestricted resources are available for use, it is the COG’s policy to use restricted resources first, and then unrestricted resources as they are needed.

**(2) RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS**

The governmental fund balance sheet includes reconciliation between fund balances-total governmental funds and net assets - governmental activities as reported in the government wide statement of net assets. The details of the differences are as follows:

|   | Total<br>Governmental<br>Funds | Capital<br>Assets/<br>Absences | Eliminations<br>of<br>Due to/<br>From | Statement<br>of<br>Net Assets<br>Totals |
|---|--------------------------------|--------------------------------|---------------------------------------|---|
| <u>Assets:</u>                            |                                |                                |                                       |   |
| Cash and cash equivalents                 | \$ 602,410                     | \$ 0                           | \$ 0                                  | \$ 602,410                              |
| Receivables:                              |                                |                                |                                       |   |
| 91-605 assessments                        | 5,000                          | 0                              | 0                                     | 5,000                                   |
| MTA assessments                           | 0                              | 0                              | 0                                     | 0                                       |
| Interest                                  | 19                             | 0                              | 0                                     | 19                                      |
| Due to other funds                        | 4,088                          | 0                              | (4,088)                               | 0                                       |
| Due from other entity                     | 438,742                        | 0                              | 0                                     | 438,742                                 |
| Capital assets, net                       | 0                              | 8,801                          | 0                                     | 8,801                                   |
| Total assets                              | <u>\$1,050,259</u>             | <u>\$8,801</u>                 | <u>\$(4,088)</u>                      | <u>\$1,054,972</u>                      |
| <br><u>Liabilities and Fund Balances:</u> |                                |                                |                                       |   |
| <u>Liabilities:</u>                       |                                |                                |                                       |   |
| Accounts payables & accrued liabilities   | \$ 457,531                     | \$ 0                           | \$ 0                                  | \$ 457,531                              |
| Compensated absences                      | 0                              | 6,085                          | 0                                     | 6,085                                   |
| Due other funds                           | 4,088                          | 0                              | (4,088)                               | 0                                       |
| Total liabilities                         | 461,619                        | 6,085                          | (4,088)                               | 463,616                                 |
| <br>Fund Balances/Net Assets              | <br>588,640                    | <br>2,716                      | <br>0                                 | <br>591,356                             |
| Total Liabilities/Fund Balances           | <u>\$1,050,259</u>             | <u>\$8,801</u>                 | <u>\$(4,088)</u>                      | <u>\$1,054,972</u>                      |

### NOTE 3 - CASH AND CASH EQUIVALENTS

#### Deposits

At June 30, 2014, the COG's cash and cash equivalents consisted of deposits with the State of California Local Agency Investment Fund, an independent financial institution and petty cash on hand. All are presented in the accompanying basic financial statements at fair value.

#### Independent Financial Institution

At June 30, 2014, The COG's carrying amount of cash in checking was \$1,609 while the bank balance was \$227,760 with the difference being attributable to outstanding checks.

Of the bank balance in the financial institution, the Federal Deposit Insurance Corporation covers \$250,000 while the remaining balance is collateralized pursuant to signed agreements. The financial institution is legally required by the California Government Code to collateralize the COG's deposits by pledging government securities. The pledging financial institution's trust department holds the collateral in the depositor's name. The fair value of the pledged securities is greater than 110% of the COG's deposit balance.

#### State of California Local Agency Investment Fund (LAIF)

At June 30, 2014, as permitted by California Government Code Section 53635, a portion of the COG's cash balance totaling \$376,259 as on deposit with LAIF. The amounts are readily available for withdrawal and are stated at fair value. The California State Treasurer prepares an *Investment Policy Statement* (policy) annually, which is presented to an oversight panel for approval. The policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the California Government Code. LAIF did not have any violations of its policy during the current fiscal year.

#### *Credit Risk and Concentration of Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. LAIF mitigates these risks by holding a diversified portfolio of high quality investments. The policy sets specific parameters by type of investment for credit quality, maturity length, and maximum percentage investment. For securities issued and fully guaranteed as to payment by an agency, or government sponsored enterprise of the U.S. Government, the issuer must be rated AAA by at least two of the three major rating services of Fitch, Moody's, and S&P. Commercial Paper obligations must be rated by at least two of the three major rating services a minimum of F1 by Fitch, P1 by Moody's, and A1 by S&P. Corporate bonds must be rated AA by at least two of the three major rating services of Fitch, Moody's, and S&P. In addition, no more than 5% of the total portfolio may be invested in securities of any single issuer, other than the U.S. Government, its agencies, and sponsored enterprises.

#### *Custodial Credit Risk*

Custodial credit risk for investments is the risk that LAIF will not be able to recover the value of investments securities that are in the possession of an outside party. All securities owned by LAIF are deposited in trust for safekeeping with a custodial bank different from its primary bank. Securities are not held in broker accounts.

**NOTE 3 - CASH AND CASH EQUIVALENTS - continued**

State of California Local Agency Investment Fund (LAIF) - continued

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest will adversely affect the fair value of an investment. LAIF mitigates this risk by investing in longer-term securities only with funds that are not needed for current cash flow purposes and holding these securities to maturity. LAIF uses the weighted average maturity method to identify and manage interest rate risk. In accordance with its investment policy, LAIF monitors the weighted average maturity of its investment portfolio and analysis of cash flow demand.

Except for certain directed investments, the final maturity date of any individual security shall not exceed five (5) years and in the aggregate long-term investments shall not exceed 25% of LAIF's portfolio. LAIF purchases securities at a discount from face value to earn higher than normal rates of return. In accordance with GASB 31, such discounts, when realized, is considered a realized gain rather than interest earnings.

At June 30, 2014, the COG had no investments represented by specific, identifiable securities. The carrying amount of such investments approximates fair value. Amounts on deposit with the State of California Local Agency Investment Fund at June 30, 2014 totaled \$376,259.

A reconciliation of cash and cash equivalents and restricted cash and cash equivalents, as shown on the statement of net assets, is as follows:

|                       | Available<br>for<br><u>Operations</u> | <u>Restricted</u> | <u>Total</u>     |
|-----------------------|---------------------------------------|-------------------|------------------|
| General Fund          | \$97,861                              | \$ 0              | \$ 97,861        |
| Special Revenue Funds | <u>0</u>                              | <u>504,549</u>    | <u>504,549</u>   |
| Total                 | <u>\$97,861</u>                       | <u>\$504,549</u>  | <u>\$602,410</u> |

**NOTE 4 - GRANT AUDIT CONTINGENCIES**

Under terms of grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grant. Such audits could lead to reimbursement to the grantor agencies. COG management believes disallowance, if any, are immaterial.

**NOTE 5 - LIABILITY PROTECTION**

A. Description of Self-Insurance Pool

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

## NOTE 5 - LIABILITY PROTECTION-continued

### B. Self-Insurance Programs of the Authority

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

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

#### Liability

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

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

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

#### Workers' Compensation

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

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

**NOTE 5 - LIABILITY PROTECTION**-continued

C. Purchased Insurance

Property Insurance

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

Crime Insurance

The Gateway Cities Council of Governments purchases crime insurance coverage in the amount of \$1,000,000 with a \$25,000 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2012-13.

**Note 6 - CAPITAL ASSETS**

A summary of changes in the Governmental Activities capital assets at June 30, 2014 is as follows:

|  | <u>Balance at<br/>June 30, 2013</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at<br/>June 30, 2014</u> |
|--|-------------------------------------|------------------|------------------|-------------------------------------|
| Capital assets, being depreciated:         |                                     |                  |                  |                                     |
| Computers & equipment                      | \$85,789                            | \$ 5,494         | \$ 0             | \$ 91,283                           |
| Structures & improvements                  | 2,465                               | 0                | 0                | 2,465                               |
| Office furniture                           | <u>10,629</u>                       | <u>0</u>         | <u>0</u>         | <u>10,629</u>                       |
| Total capital assets,<br>being depreciated | <u>98,883</u>                       | <u>5,494</u>     | <u>0</u>         | <u>104,377</u>                      |
| Less accumulated depreciation for:         |                                     |                  |                  |                                     |
| Computers & equipment                      | (80,986)                            | (1,496)          | 0                | (82,482)                            |
| Structures & improvements                  | (2,465)                             | 0                | 0                | (2,465)                             |
| Office furniture                           | <u>(10,629)</u>                     | <u>0</u>         | <u>0</u>         | <u>(10,629)</u>                     |
| Total accumulated depreciation             | <u>(94,080)</u>                     | <u>(1,496)</u>   | <u>0</u>         | <u>(95,576)</u>                     |
| Governmental activities                    |                                     |                  |                  |                                     |
| Capital assets, net                        | <u>\$ 4,803</u>                     | <u>\$ 3,998</u>  | <u>\$ 0</u>      | <u>\$ 8,801</u>                     |

**NOTE 7 – INTERFUND TRANSACTIONS**

Interfund transactions for the year ended June 30, 2014 are as follows:

Interfund Payables/Receivables

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u>  |
|------------------------|---------------------|----------------|
| General                | Homeless Program    | <u>\$4,088</u> |
|                        | Total               | <u>\$4,088</u> |

Interfund Transfers

| <u>Transferring Fund</u> | <u>Receiving Fund</u> | <u>Amount</u>    |
|--------------------------|-----------------------|------------------|
| TMDL                     | General Fund          | \$ 33,361        |
| General                  | Homeless              | 31,627           |
| General                  | TMDL                  | 51,472           |
| I-710                    | General               | <u>100,000</u>   |
|                          | Total                 | <u>\$216,460</u> |

**NOTE 8 - FUND BALANCE RESTRICTION**

The COG may set up “reserves” of fund equity to segregate fund balances which are not appropriate for expenditure in future periods, or which are legally set aside for a specific future use. Each of the COG’s reserves are described as follows:

- Reserves in the major funds represent restrictions placed on the COG by granting agencies.

**NOTE 9 - CONTINGENCY**

The COG does not have the power to levy and collect taxes or charge permits or user fees, any reduction in grant revenue will adversely impact its ability to pay general administrative expenditures.

**NOTE 10 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

REQUIRED SUPPLEMENTARY INFORMATION



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Gateway Cities Council of Governments

Budgetary Comparison Schedule  
General Fund

For the year ended June 30, 2014

|                                       | <u>Budgeted Amounts</u> |                  | <u>Actual<br/>Amounts</u> | Variance With<br>Final Budget-<br>Positive<br>(Negative) |
|---------------------------------------|-------------------------|------------------|---------------------------|--|
|                                       | <u>Original</u>         | <u>Final</u>     |                           | <u>(Negative)</u>  |
| <b>Revenues</b>                       |                         |                  |                           |  |
| State/local grants and contracts      | \$ 0                    | \$ 0             | \$ 80,000                 | \$ 80,000  |
| Memberships                           | 500,430                 | 511,480          | 425,149                   | (86,331)   |
| Use of money                          | 0                       | 0                | 189                       | 189  |
| Other                                 | <u>0</u>                | <u>0</u>         | <u>200</u>                | <u>200</u>   |
| Total Revenues                        | <u>500,430</u>          | <u>511,480</u>   | <u>505,538</u>            | <u>(5,942)</u>   |
| <b>Expenditures</b>                   |                         |                  |                           |  |
| Salaries and wages                    | 179,254                 | 179,254          | 78,472                    | 100,782  |
| Contractual labor                     | 212,762                 | 212,762          | 147,935                   | 64,827   |
| Fringe benefits                       | 17,900                  | 17,900           | 7,342                     | 10,558   |
| Indirect costs                        | 124,315                 | 124,315          | 116,765                   | 7,550  |
| Contractual services                  | 90,000                  | 90,000           | 78,000                    | 12,000   |
| Professional services and other       | 19,500                  | 19,500           | 87,680                    | (68,180)   |
| Meetings                              | 44,350                  | 44,350           | 29,316                    | 15,034   |
| Uncollectible accounts                | 0                       | 0                | 32,641                    | (32,641)   |
| Travel                                | 0                       | 0                | 531                       | (531)  |
| Other                                 | <u>0</u>                | <u>0</u>         | <u>5,830</u>              | <u>(5,830)</u>   |
| Total Expenditures                    | <u>688,081</u>          | <u>688,081</u>   | <u>584,512</u>            | <u>103,569</u>   |
| Excess of Revenues over Expenditures  | <u>(187,651)</u>        | <u>(176,601)</u> | <u>(78,974)</u>           | <u>97,627</u>  |
| <b>Other Financing Sources(Uses):</b> |                         |                  |                           |  |
| Transfers in                          | 155,000                 | 155,000          | 133,361                   | (21,639)   |
| Transfers out                         | <u>0</u>                | <u>0</u>         | <u>(83,099)</u>           | <u>(83,099)</u>  |
| Total Other Financing Sources(Uses)   | <u>155,000</u>          | <u>155,000</u>   | <u>50,262</u>             | <u>(104,738)</u>   |
| Net Changes in Fund Balance           | (32,651)                | (21,601)         | (28,712)                  | (7,111)  |
| Fund Balance, Beginning of Year       | <u>33,035</u>           | <u>33,035</u>    | <u>33,035</u>             | <u>0</u>   |
| Fund Balance, End of Year             | <u>\$ 384</u>           | <u>\$ 11,434</u> | <u>\$ 4,323</u>           | <u>\$ (7,111)</u>  |

Gateway Cities Council of Governments

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual on a Budgetary Basis

TMDL Program-Major Fund

For the year ended June 30, 2014

|                                       | <u>Budgeted Amounts</u> |                  | <u>Actual<br/>Amounts</u> | Variance With<br>Final Budget-<br>Positive<br>(Negative) |
|---------------------------------------|-------------------------|------------------|---------------------------|--|
|                                       | <u>Original</u>         | <u>Final</u>     |                           | <u>(Negative)</u>  |
| <b>Revenues</b>                       |                         |                  |                           |  |
| State/local grants and contracts      | \$ 245,000              | \$ 245,000       | \$ 241,011                | \$ (3,989)   |
| Other                                 | <u>0</u>                | <u>0</u>         | <u>9,149</u>              | <u>9,149</u>   |
| Total Revenues                        | <u>245,000</u>          | <u>245,000</u>   | <u>250,160</u>            | <u>5,160</u>   |
| <b>Expenditures</b>                   |                         |                  |                           |  |
| Salaries and wages                    | 0                       | 0                | 0                         | 0  |
| Contractual labor                     | 0                       | 0                | 0                         | 0  |
| Fringe benefits                       | 0                       | 0                | 0                         | 0  |
| Indirect costs                        | 0                       | 0                | 0                         | 0  |
| Contractual services                  | 300,000                 | 670,000          | 299,183                   | 370,817  |
| Reproduction and printing             | 0                       | 0                | 0                         | 0  |
| Operating contributions to projects   | 0                       | 0                | 0                         | 0  |
| Professional services and other       | 0                       | 0                | 0                         | 0  |
| Meetings                              | 0                       | 0                | 0                         | 0  |
| Travel                                | 0                       | 0                | 0                         | 0  |
| Other                                 | <u>0</u>                | <u>0</u>         | <u>433</u>                | <u>(433)</u>   |
| Total Expenditures                    | <u>300,000</u>          | <u>670,000</u>   | <u>299,616</u>            | <u>370,384</u>   |
| Excess of Revenues over Expenditures  | <u>(55,000)</u>         | <u>(425,000)</u> | <u>(49,456)</u>           | <u>375,544</u>   |
| <b>Other Financing Sources(Uses):</b> |                         |                  |                           |  |
| Transfers in                          | 0                       | 51,472           | 51,472                    | 0  |
| Transfers out                         | <u>0</u>                | <u>(33,361)</u>  | <u>(33,361)</u>           | <u>0</u>   |
| Total Other Financing Sources(Uses)   | <u>0</u>                | <u>18,111</u>    | <u>18,111</u>             | <u>0</u>   |
| Net Changes in Fund Balance           | (55,000)                | (406,889)        | (31,345)                  | 375,544  |
| Fund Balance, Beginning of Year       | <u>433,415</u>          | <u>433,415</u>   | <u>433,415</u>            | <u>0</u>   |
| Fund Balance, End of Year             | <u>\$ 378,415</u>       | <u>\$ 26,526</u> | <u>\$ 402,070</u>         | <u>\$375,544</u>   |

Gateway Cities Council of Governments

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual on a Budgetary Basis

Homeless Program-Major Fund

For the year ended June 30, 2014

|                                      | <u>Budgeted Amounts</u> |                  | <u>Actual<br/>Amounts</u> | Variance With<br>Final Budget-<br>Positive<br>(Negative) |
|--------------------------------------|-------------------------|------------------|---------------------------|--|
|                                      | <u>Original</u>         | <u>Final</u>     |                           | <u>(Negative)</u>  |
| Revenues                             |                         |                  |                           |  |
| State/local grants and contracts     | \$1,160,000             | \$1,160,000      | \$1,116,327               | \$ (43,673)  |
| Total Revenues                       | <u>1,160,000</u>        | <u>1,160,000</u> | <u>1,116,327</u>          | <u>(43,673)</u>  |
| Expenditures                         |                         |                  |                           |  |
| Salaries and wages                   | 16,360                  | 16,360           | 6,178                     | 10,182   |
| Contractual labor                    | 43,640                  | 43,640           | 30,823                    | 12,817   |
| Fringe benefits                      | 0                       | 0                | 174                       | (174)  |
| Indirect costs                       | 0                       | 0                | 0                         | 0  |
| Contractual services                 | 1,100,000               | 1,100,000        | 1,110,779                 | (10,779)   |
| Reproduction and printing            | 0                       | 0                | 0                         | 0  |
| Operating contributions to projects  | 0                       | 0                | 0                         | 0  |
| Professional services and other      | 0                       | 0                | 0                         | 0  |
| Meetings                             | 0                       | 0                | 0                         | 0  |
| Travel                               | 0                       | 0                | 0                         | 0  |
| Other                                | <u>0</u>                | <u>0</u>         | <u>0</u>                  | <u>0</u>   |
| Total Expenditures                   | <u>1,160,000</u>        | <u>1,160,000</u> | <u>1,147,954</u>          | <u>12,046</u>  |
| Excess of Revenues over Expenditures | <u>0</u>                | <u>0</u>         | <u>(31,627)</u>           | <u>(31,627)</u>  |
| Other Financing Sources(Uses):       |                         |                  |                           |  |
| Transfers in                         | 0                       | 0                | 31,627                    | 31,627   |
| Transfers out                        | <u>0</u>                | <u>0</u>         | <u>0</u>                  | <u>0</u>   |
| Total Other Financing Sources(Uses)  | <u>0</u>                | <u>0</u>         | <u>31,627</u>             | <u>31,627</u>  |
| Net Changes in Fund Balance          | 0                       | 0                | 0                         | 0  |
| Fund Balance, Beginning of Year      | <u>0</u>                | <u>0</u>         | <u>0</u>                  | <u>0</u>   |
| Fund Balance, End of Year            | <u>\$ 0</u>             | <u>\$ 0</u>      | <u>\$ 0</u>               | <u>\$ 0</u>  |

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SUPPLEMENTAL COMBINING FINANCIAL STATEMENTS

Gateway Cities Council of Governments

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2014

|  | <u>Special Revenue Funds</u> |                   |                 |                   | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
|--|------------------------------|-------------------|-----------------|-------------------|--|
|  | <u>AB 2766</u>               | <u>I-710</u>      | <u>TII</u>      | <u>91/605</u>     |  |
| <u>ASSETS</u>                            |                              |                   |                 |                   |  |
| Cash and cash equivalents                | \$ 0                         | \$ 82,151         | \$ 7,574        | \$ 21,795         | \$ 111,520   |
| Receivables:                             |                              |                   |                 |                   |  |
| I-710 assessment                         | 0                            | 0                 | 0               | 0                 | 0  |
| 91-605 study fees                        | 0                            | 0                 | 0               | 5,000             | 5,000  |
| Due from other entity                    | 0                            | 44,718            | 0               | 93,793            | 138,511  |
| Due from other funds                     | 0                            | 0                 | 0               | 0                 | 0  |
| Miscellaneous                            | <u>0</u>                     | <u>0</u>          | <u>0</u>        | <u>0</u>          | <u>0</u>   |
| Total assets                             | <u>\$ 0</u>                  | <u>\$ 126,869</u> | <u>\$ 7,574</u> | <u>\$ 120,588</u> | <u>\$ 255,031</u>                                    |
| <br><u>LIABILITIES AND FUND BALANCES</u> |                              |                   |                 |                   |  |
| <u>LIABILITIES:</u>                      |                              |                   |                 |                   |  |
| Accounts payable & accrued liabilities   | \$ 0                         | \$ 32,883         | \$ 0            | \$ 39,901         | \$ 72,784  |
| Due to other funds                       | <u>0</u>                     | <u>0</u>          | <u>0</u>        | <u>0</u>          | <u>0</u>   |
| Total liabilities                        | <u>0</u>                     | <u>32,883</u>     | <u>0</u>        | <u>39,901</u>     | <u>72,784</u>  |
| <br><u>FUND BALANCES:</u>                |                              |                   |                 |                   |  |
| Reserved for program activities          | <u>0</u>                     | <u>93,986</u>     | <u>7,574</u>    | <u>80,687</u>     | <u>182,247</u>                                       |
| Total fund balances                      | <u>0</u>                     | <u>96,986</u>     | <u>7,574</u>    | <u>80,687</u>     | <u>182,247</u>                                       |
| Total liabilities and fund balances      | <u>\$ 0</u>                  | <u>\$ 126,869</u> | <u>\$ 7,574</u> | <u>\$ 120,588</u> | <u>\$ 255,031</u>                                    |

Gateway Cities Council of Governments

Combining Statement of Revenues,  
Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2014

|  | Special Revenue Funds |                  |                 |                  | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------|------------------|-----------------|------------------|--|
|  | AB 2766               | I-710            | TII             | 91/605           |  |
| <b>REVENUES:</b>                             |                       |                  |                 |                  |  |
| State/local grants and contracts             | \$ 0                  | \$ 30,842        | \$277,795       | \$ 46,385        | \$ 355,022                                 |
| Membership assessments                       | <u>117,332</u>        | <u>305,674</u>   | <u>0</u>        | <u>289,000</u>   | <u>712,006</u>                             |
| Total revenues                               | <u>117,332</u>        | <u>336,516</u>   | <u>277,795</u>  | <u>335,385</u>   | <u>1,067,028</u>                           |
| <b>EXPENDITURES:</b>                         |                       |                  |                 |                  |  |
| Salaries and wages                           | 0                     | 101,457          | 0               | 67,277           | 168,734                                    |
| Contractual labor                            | 0                     | 53,227           | 0               | 53,075           | 106,302                                    |
| Fringe benefits                              | 0                     | 3,290            | 0               | 2,302            | 5,592                                      |
| Indirect costs                               | 0                     | 147,154          | 0               | 122,654          | 269,808                                    |
| Contractual services                         | 117,332               | 161,695          | 11,360          | 144,909          | 435,296                                    |
| Reproduction and printing                    | 0                     | 342              | 0               | 689              | 1,031                                      |
| Memberships                                  | 0                     | 18,900           | 0               | 12,600           | 31,500                                     |
| Operating contributions to projects          | 0                     | 0                | 258,861         | 0                | 258,861                                    |
| Professional services                        | 0                     | 0                | 0               | 1,225            | 1,225                                      |
| Meetings                                     | 0                     | 3,239            | 0               | 6,198            | 9,437                                      |
| Uncollectible accounts                       | 0                     | 8,174            | 0               | 0                | 8,174                                      |
| Other  | <u>0</u>              | <u>521</u>       | <u>0</u>        | <u>481</u>       | <u>1,002</u>                               |
| Total expenditures                           | <u>117,332</u>        | <u>497,999</u>   | <u>270,221</u>  | <u>411,410</u>   | <u>1,296,962</u>                           |
| Excess of revenues over(under) expenditures  | <u>0</u>              | <u>(161,483)</u> | <u>7,574</u>    | <u>(76,025)</u>  | <u>(229,934)</u>                           |
| Other financing sources (uses):              |                       |                  |                 |                  |  |
| Operating transfers in                       | 0                     | 0                | 0               | 0                | 0  |
| Operating transfers out                      | <u>0</u>              | <u>(100,000)</u> | <u>0</u>        | <u>0</u>         | <u>(100,000)</u>                           |
| Total other financing sources (uses)         | <u>0</u>              | <u>(100,000)</u> | <u>0</u>        | <u>0</u>         | <u>(100,000)</u>                           |
| Excess of revenues over (under) expenditures | 0                     | (261,483)        | 7,574           | (76,025)         | (329,934)                                  |
| Fund Balance - Beginning of Year             | <u>0</u>              | <u>355,469</u>   | <u>0</u>        | <u>156,712</u>   | <u>512,181</u>                             |
| Fund Balance - End of Year                   | <u>\$ 0</u>           | <u>\$ 93,986</u> | <u>\$ 7,574</u> | <u>\$ 80,687</u> | <u>\$ 182,247</u>                          |



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SUPPLEMENTARY SCHEDULES

Gateway Cities Council of Governments

Supplementary Schedule of Indirect Costs and Changes in Indirect Costs

For the year ended June 30, 2014

Indirect Costs:

|                                 |                |
|---------------------------------|----------------|
| Salary and wages                | \$ 51,194      |
| Contractual labor               | 49,727         |
| Employee benefits administrator | 3,435          |
| Fringe benefits                 | 9,115          |
| Bank service charge             | 3,826          |
| Computers                       | 3,921          |
| Contract services               | 2,247          |
| Dues & subscriptions            | 3,121          |
| Insurance                       | 22,737         |
| Licenses & permits              | 25             |
| Maintenance                     | 6,846          |
| Miscellaneous                   | 407            |
| Other                           | 56,802         |
| Postage & delivery              | 7,562          |
| Printing & reproduction         | 8,796          |
| Professional services           | 87,280         |
| Rent                            | 45,465         |
| Repairs                         | 733            |
| Supplies                        | 16,182         |
| Telephone                       | <u>7,152</u>   |
| Total Indirect Costs            | <u>386,573</u> |

Indirect Costs Recovered:

|  |                |
|--|----------------|
| General Fund Contribution                        | 116,765        |
| Nonmajor Funds                                   | <u>269,808</u> |
| Total indirect costs recovered                   | <u>386,573</u> |
| Unrecovered indirect costs                       | 0              |
| Under-recovered indirect cost, beginning of year | <u>0</u>       |
| Under-recovered indirect cost, end of year       | <u>\$ 0</u>    |

Gateway Cities Council of Governments

Supplementary Schedule of Indirect Costs and Changes in Indirect Costs

For the year ended June 30, 2014

Fringe Benefits:

|                               |               |
|-------------------------------|---------------|
| Employer tax - employer share | \$10,223      |
| Education assistance          | 0             |
| Auto subsidy                  | <u>12,000</u> |
| Total fringe benefits         | <u>22,223</u> |

Fringe benefits recovered:

|  |               |
|--|---------------|
| Allocated to indirect costs                        | 9,115         |
| General Fund                                       | 7,342         |
| Homeless Fund                                      | 174           |
| Nonmajor Funds                                     | <u>5,592</u>  |
| Total fringe benefits recovered                    | <u>22,223</u> |
| Unrecovered fringe benefits                        | 0             |
| Under-recovered fringe benefits, beginning of year | <u>0</u>      |
| Under-recovered fringe benefits, end of year       | <u>\$ 0</u>   |

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL

Independent Auditors' Report On Internal Control  
Over Financial Reporting And On Compliance And  
Other Matters Based On An Audit Of Financial Statements  
Performed In Accordance With *Government Auditing Standards*

The Honorable Board of Directors of the  
Gateway Cities Council of Governments  
Paramount, California

We have audited the basic financial statements of the Gateway Cities Council of Governments (COG) , as of and for the year ended June 30, 2014, and have issued our report thereon dated January 22, 2015. We conducted our audit in accordance with auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered COG's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be detected by the organization's internal control.

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

Compliance and Other Matters

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

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

*Craig Accountancy*

Orange, California  
January 22, 2015



Gateway Cities Council of Governments  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

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Section -Findings, Questioned Costs & Corrective Actions

CURRENT YEAR

There were no findings or questioned costs for the year ended June 30, 2014.

PRIOR YEAR:

There were no findings or questioned costs for the year ended June 30, 2013.

**VII. CONSENT CALENDAR  
ITEM F**

**Additions to Membership on Strategic  
Transportation Plan Technical  
Advisory Committee**

**TO:** Board of Directors

**FROM:** Richard Powers, Executive Director

**SUBJECT:** Additions to Membership on Strategic Transportation Plan Technical Advisory Committee

**Background and Summary**

At the November 5, 2014, meeting of the Board of Directors, the committee structure for the oversight and development of the Gateway Cities Strategic Transportation Plan (STP) was adopted. The technical level committee, the STP Technical Advisory Committee, was approved to consist of the public works officers from each of the COG's member cities.

Since the time of the adoption of the committee structure, the consensus of a joint meeting of the Public Works Officers Committee and the Planning Directors Committee was that the STP Technical Advisory Committee would benefit by the participation of representatives from the Planning Directors Committee, as well as one representative each from a public transit agency and a water agency. Thus, a recommendation was formulated to add two representatives from the Planning Directors Committee and one each from a transit agency and water agency to the STP Technical Advisory Committee.

**Recommended Action**

Authorize the addition of two representatives from the Planning Directors Committee and one each from a transit agency and water agency to the STP Technical Advisory Committee.