



Western Riverside Council of Governments Finance Directors Committee

AGENDA

**Thursday, April 29, 2021
1:00 p.m.**

**Western Riverside Council of Governments
3390 University Avenue, Suite 200
Riverside, CA, 92501**

**WRCOG's OFFICE IS CURRENTLY CLOSED TO THE PUBLIC DUE TO COVID-19
AND STAFF ARE WORKING REMOTELY**

**Members of the public are encouraged to participate in this meeting via Zoom
(see meeting information below)**

**Join Zoom Meeting
[Click Here](#)**

**Meeting ID: 853 6364 2482
Password: 793954**

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SPECIAL NOTICE – COVID-19 RELATED PROCEDURES IN EFFECT

Due to the state and local State of Emergency resulting from the threat of Novel Coronavirus (COVID-19), Governor Newsom has issued Executive Order N-29-20 (issued March 17, 2020) in which Section 3 supersedes Paragraph 11 of Executive Order N-25-20 (issued on March 12, 2020). This new order states that WRCOG does not need to make a physical location available for members of the public to observe a public meeting and offer public comment. The Order allows WRCOG to hold Committee meetings via teleconferencing and allows for members of the public to observe and address the meeting telephonically or electronically.

To follow the Order issued by the Governor, the Finance Directors Committee meeting scheduled for Thursday, April 29, 2021, at 1:00 p.m. will be held via video and teleconference and any members of the public can attend electronically. Members of the public may send public comments by emailing snelson@wrcog.us, or calling (951) 405-6702 before or during the meeting, prior to the close of public comment.

Any member of the public requiring a reasonable accommodation to participate in this meeting in light of this announcement shall contact Suzy Nelson prior to 1:00 p.m. on April 27, 2021, at (951) 405-6703 or at snelson@wrcog.us.

The Committee may take any action on any item listed on the agenda, regardless of the Requested Action.

1. CALL TO ORDER (Matt Schenk, Chair)

2. ROLL CALL

3. PUBLIC COMMENTS

At this time members of the public can address the Committee regarding any items with the subject matter jurisdiction of the Committee that are not separately listed on this agenda. Members of the public will have an opportunity to speak on agendized items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Committee in writing and only pertinent points presented orally.

4. CONSENT CALENDAR

All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Committee, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Committee request specific items be removed from the Consent Calendar.

A. Summary Minutes from the January 28, 2021, Finance Directors Committee Meeting P. 1

Requested Action: 1. *Approve the Summary Minutes from the January 28, 2021, Finance Directors Committee meeting.*

B. Finance Department Activities Update Andrew Ruiz P. 5

Requested Action: 1. *Receive and file.*

C. Single Signature Authority Report Andrew Ruiz P. 11

Requested Action: 1. *Receive and file.*

5. REPORTS / DISCUSSION

A. WRCOG's Fiscal Year 2019/2020 Financial Audit Terry Shea, RAMS P. 13

Requested Action: 1. *Receive and file.*

B. Preliminary Draft Fiscal Year 2021/2022 Agency Budget Andrew Ruiz, WRCOG P. 127

Requested Action: 1. *Recommend that the Executive Committee adopt Resolution Number 03-21; A Resolution of the Executive Committee of the Western Riverside Council of Governments adopting the Fiscal Year 2021/2022 Agency Budget.*

C. CitizensTrust Investment Update Michael Gardner, CitizensTrust P. 139

Requested Action: 1. *Receive and file.*

Requested Action: 1. *Receive and file.*

6. REPORT FROM THE CHIEF FINANCIAL OFFICER

Andrew Ruiz

7. ITEMS FOR FUTURE AGENDAS

Members

Members are invited to suggest additional items to be brought forward for discussion at future Finance Directors Committee meetings.

8. GENERAL ANNOUNCEMENTS

Members

Members are invited to announce items / activities which may be of general interest to the Finance Directors Committee.

9. NEXT MEETING: The next Finance Directors Committee meeting is scheduled for Thursday, July 29, 2021, at 1:00 p.m., on the Zoom platform.

10. ADJOURNMENT

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1. CALL TO ORDER

The meeting of the Finance Directors Committee was called to order at 1:02 p.m. by Chair Matt Schenk on the Zoom platform.

2. SELF INTRODUCTIONS

Members present:

Jennifer Christensen, City of Banning
Amanda Wells, City of Eastvale
Connie Cardenas, City of Jurupa Valley
Brendan Rafferty, City of Lake Elsinore
Marshall Eyerman, City of Moreno Valley
Javier Carcamo, City of Murrieta
Lisette Free, City of Norco
Ernie Reyna, City of Perris
Edward Enriquez, City of Riverside
Bob Howell, City of Wildomar
John Adams, Eastern Municipal Water District
Veronica Zheng, Western Municipal Water District
Matt Schenk, March JPA, Chair

3. PUBLIC COMMENTS

There was no public comment.

4. CONSENT CALENDAR – (Perris / EMWD) 13 yes; 0 no; 0 abstention. Items 4.A through 4.C were approved. Representatives from the Cities of Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Menifee, San Jacinto, and Temecula, and the County of Riverside were not present.

A. Summary Minutes from the October 22, 2020, Finance Directors Committee Meeting are Available for Consideration.

Action: 1. Approved the Summary Minutes from the October 22, 2020, Finance Directors Committee meeting.

B. Finance Department Activities Update

Action: 1. Received and filed.

C. Single Signature Authority Report

Action: 1. Received and filed.

5. REPORTS / DISCUSSION

A. CitizensTrust Investment Update

Michael Gardner, Vice President / Senior Portfolio Manager with CitizensTrust, provided an overview of WRCOG's investments administered and an overview of the financial market interest rates and yield curve. WRCOG's investments continue to remain positive. As the market adjusts, a longer-term

investment strategy may yield more return on investments. The yield curve has steepened dramatically, while short-term yields remain low, and spreads have tightened.

Action: 1. *Received and filed.*

B. Commercial PACE Program Activities Update

Justin White, WRCOG Staff Analyst, shared the differences between residential PACE (R-PACE) and commercial PACE (C-PACE) Programs, such as lender consent, requirement of financial statements, and a minimum property value. Additionally, R-PACE projects are almost completely dependent on contractors / sales teams, whereas C-PACE projects can be determined by a project developer or building owner, to name a few. In contrast to a residential project, a typical C-PACE project is a months-long process.

December 2020 was WRCOG's most active month for commercial projects since inception of the Program, with just over \$27M in financing being provided.

Action: 1. *Received and filed.*

C. 2nd Quarter Draft Budget Amendment for Fiscal Year 2020/2021

Andrew Ruiz, WRCOG Chief Financial Officer, presented on the 2nd Quarter draft Budget Amendment. Due to the uncertain long-term impacts of COVID-19, a conservative approach was taken into consideration during the budget development. The overall Agency's budget was cut by approximately 30%, which was primarily attributed to the reduction in TUMF revenues. Certain programs, like TUMF and PACE, were anticipated to decline due to the pandemic; however, the TUMF Program held steady, and staff foresee no further reduction to the TUMF budget. The HERO Program was ended in December 2020 due to Renovate America's decision to terminate the HERO product and subsequent filing for Chapter 11 Bankruptcy at the end of the year. Due to this, HERO revenues are being reduced by \$270k; however, the HERO Program had an anticipated carryover of \$290k, which will offset the reduced revenues.

During the budget development process, staff also took into consideration its liabilities such as its pension obligations to CalPERS, as those are anticipated to increase as well. Staff also worked on making sound, long-term financial decisions, such as reducing administrative costs by moving to a smaller space and also making commitments to reduce long-term retirement obligations by paying it down faster. Staff also worked to add new programs and has been able to recover start-up costs on launched programs.

Action: 1. *Recommended that the Executive Committee approve the 2nd Quarter draft Budget Amendment for Fiscal Year 2020/2021.*

(Perris / Wildomar) 13 yes; 0 no; 0 abstention. Items 5.C was approved. Representatives from the Cities of Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Menifee, San Jacinto, and Temecula, and the County of Riverside were not present.

D. The Economy and Financial Markets Update

Richard Babbe, Managing Director of Public Financial Management, provided an overview of the economic prospects of 2021, as well as potential future fiscal policy changes. While there has been a rebound in the economy, COVID-19 cases have surged again in early 2021, but with vaccinations underway, the outlook remains positive that cases will start to decrease in the coming months.

The Federal Reserve has a new inflation policy, which means rates may be lower for a longer period. WRCOG's TUMF investment portfolio continues to beat the 1- to 3-year U.S. Treasury Index returns.

Action: 1. *Received and filed.*

6. REPORT FROM THE CHIEF FINANCIAL OFFICER

Andrew Ruiz reported that WRCOG has now published over 45 podcast episodes. The WRCOGcast highlights key agencies, organizations, and individuals making a difference in the community. Another one of WRCOG's efforts include a bi-monthly webinar series that bring together speakers from all industries to talk about issues that are relevant to the subregion.

7. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

8. GENERAL ANNOUNCEMENTS

There were no general announcements.

9. NEXT MEETING

The next Finance Directors Committee meeting is scheduled for Thursday, April 29, 2021, at 1:00 p.m., on the Zoom platform.

10. ADJOURNMENT

The Finance Directors Committee meeting adjourned at 1:48 p.m.

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Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: Finance Department Activities Update

Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6740

Date: April 29, 2021

The purpose of this item is to provide an update on the Agency Budget for Fiscal Year 2021/2022 and financials through March 2021.

Requested Action:

1. Receive and file.

Fiscal Year 2021/2022 Agency Budget Development Process

Staff is nearly finished the development of the Fiscal Year 2021/2022 Agency Budget and presentations to the various WRCOG committees will begin in April with the Finance Directors Committee. The Executive Committee will review and consider approving the final draft Budget during its June 2021 meeting.

Financial Report Summary Through March 2021

The Agency Financial Report summary through March 2021, a monthly overview of WRCOG's financial statements in the form of combined Agency revenues and costs, is provided as Attachment 1.

Prior Action:

April 14, 2021: The Administration & Finance Committee received and filed.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment:

1. Financial Report summary through March 2021.

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Item 4.B

Finance Department Activities Update

Attachment 1

Financial Report summary through March 2021

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Western Riverside Council of Governments
Budget to Actuals
For the Month Ending March 31, 2021

	Approved Budget 6/30/2021	Thru Actual 3/31/2021	Remaining Budget 6/30/2021
Revenues and Transfers in			
Member Dues	311,410	286,640	24,770
Interest Revenue - Other	25,000	9,729	15,271
Operating Transfer In	2,208,432	1,656,324	552,108
Clean Cities	175,000	151,000	24,000
Solid Waste	112,970	112,970	-
Used Oil	376,396	376,396	-
Gas Company Revenue	108,400	83,667	24,733
Regional Streetlights Revenue	201,915	201,915	-
WRCOG HERO	136,290	58,530	77,760
PACE Residential	78,000	41,348	36,652
PACE Commercial	200,000	180,904	19,096
CA HERO	1,464,730	1,122,288	342,442
Commercial/Svcs - Admin Portion	41,137	53,934	(12,797)
Retail - Admin Portion	89,632	47,536	42,096
Industrial - Admin Portion	236,729	57,249	179,480
Single Family Residential - Admin Portion	652,270	946,582	(294,312)
Multi Family - Admin Portion	267,415	159,673	107,742
Commerical/Service	987,281	1,348,350	(361,069)
Retail	2,151,178	1,188,400	962,778
Industrial	5,681,507	1,431,226	4,250,281
Single Family Residential	15,654,486	23,664,550	(8,010,064)
Multi-Family	6,417,964	3,991,837	2,426,127
LTF Revenue	676,500	676,500	-
Grant Revenue	125,000	100,000	25,000
Adaptation Grant Revenue	409,894	101,277	308,617
Local Jurisdiction Match	100,000	90,000	10,000
Total Revenues and Transfers in	\$ 40,539,536	\$ 38,138,826	\$ 2,400,711
Expenses			
Salaries	2,053,769	1,445,517	608,252
Benefits	1,027,040	743,193	283,847
Overhead	1,443,294	1,082,471	360,824
Legal	285,600	460,373	(174,773)
Advertising Media	65,667	57,600	8,067
Audit Svcs - Professional Fees	35,000	27,825	7,175
Auto Fuels Expense	1,500	305	1,195
Auto Maintenance Expense	500	516	(16)
Bank Fees	33,885	1,880	32,005
Coffee and Supplies	3,000	2,533	467
COG HERO Share Expenses	5,000	760	4,240
Commissioner Per Diem	62,500	28,050	34,450
Communications - Web Site	8,000	12,144	(4,144)
Communications - Cellular Phones	13,500	9,381	4,119

Communications - Computer Services	53,000	27,404	25,596
Communications - Regular Phone	16,000	18,120	(2,120)
Computer Equipment/Supplies	13,000	2,835	10,165
Computer Hardware	10,000	7,813	2,187
Computer Software	80,500	24,519	55,981
Consulting Labor	2,268,780	1,117,717	1,151,063
Equipment Maintenance - General	8,000	1,250	6,750
Event Support	165,736	50,233	115,503
General Assembly Expenses	300,000	5,373	294,627
Insurance - Gen/Busi Liab/Auto	115,500	85,643	29,857
Meals	7,900	551	7,349
Meeting Support Services	9,250	305	8,945
Membership Dues	32,750	21,884	10,866
Office Lease	390,000	323,768	66,232
OPEB Repayment	110,526	110,526	-
Other Expenses	9,750	990	8,760
Parking Cost	20,000	19,282	718
Parking Validations	15,827	2,743	13,084
Postage	5,350	1,345	4,005
Printing Services	5,000	1,830	3,170
Program/Office Supplies	14,700	12,516	2,184
Recording Fee	173,525	69,397	104,128
Rent/Lease Equipment	20,000	7,038	12,962
Seminar/Conferences	10,650	457	10,193
Staff Recognition	1,000	675	325
Storage	9,500	5,170	4,330
Subscriptions/Publications	4,250	438	3,812
Supplies/Materials	75,478	13,340	62,138
Training	10,000	1,075	8,925
Travel - Mileage Reimbursement	11,250	358	10,892
TUMF Project Reimbursement	30,892,416	12,407,593	18,484,823
Total Expenses	\$ 40,468,538	\$ 18,214,735	\$ 22,253,803



Western Riverside Council of Governments

Finance Directors Committee

Staff Report

Subject: Single Signature Authority Report

Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6741

Date: April 29, 2021

The purpose of this item is to notify the Committee of contracts recently signed under the Single Signature Authority of the Executive Director.

Requested Action:

1. Receive and file.

The Executive Director has Single Signature Authority for contracts up to \$100,000. For the months of January through March 2021 two contracts were signed by the Executive Director as summarized below:

1. In February 2021, a Professional Services Agreement was executed with Michael Baker International for Smart Streetlights Implementation Plan & Broadband Assessment for \$60,050.
2. In February 2021, a Professional Services Agreement was executed with W.B. Consulting for \$100,000. W.B. Consulting will provide Housing Trust legislation support, housing legislation, and a development impact fee analysis to support WRCOG and its member agencies.
3. In December 2020, a Professional Services Agreement was executed with Allison Brown ArtDesign for \$900 for a Word Wall artwork creation and installation in WRCOG's office.

Prior Action:

April 14, 2021: The Administration & Finance Committee received and filed.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment:

None.

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Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: WRCOG's Fiscal Year 2019/2020 Financial Audit

Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6741

Date: April 29, 2021

The purpose of this item is to provide information on WRCOG's Fiscal Year (FY) 2019/2020 audit.

Requested Action:

1. Receive and file.

Terry Shea, partner from Rogers, Anderson, Malody, and Scott (RAMS), will be presenting on WRCOG's FY 2019/2020 audit. For any questions related to the audit contact Mr. Shea at (909) 889-0871 or terry@ramscpa.net.

FY 2019/2020 Audit

WRCOG's auditors are providing an unmodified opinion on the FY 2019/2020 CAFR. An unmodified opinion is the highest form of assurance an auditing firm can provide to its client and means that the audit and associated Agency financials are both in good form and the accounting practices are solid.

WRCOG received the distinguished "Certificate of Achievement for Excellence in Financial Report" from the Government Finance Officers Association for seven consecutive years and has also received the FY 2019/2020 Award. The Award recognizes that the Agency is transparent, has provided full disclosure of its financial statements, and that the users of the CAFR have all the information needed to draw a financial conclusion of the Agency.

Prior Action:

April 14, 2021: The Administration & Finance Committee received and filed.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachments:

1. Fiscal Year 2019/2020 CAFR.
2. GAGAS Report.
3. SAS 114 Report.

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Item 5.A

WRCOG's Fiscal Year 2019/2020
Financial Audit

Attachment 1

Fiscal Year 2019/2020 CAFR

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Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2020

Western Riverside Council of Governments
Riverside, CA



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2020

Submitted by:
Fiscal Department
Western Riverside Council of Governments

WESTERN RIVERSIDE COUNTY | CALIFORNIA

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**JUNE 30, 2020
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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**JUNE 30, 2020
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Introductory Section

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Western Riverside Council of Governments

County of Riverside • City of Banning • City of Beaumont • City of Calimesa • City of Canyon Lake • City of Corona • City of Eastvale
City of Hemet • City of Jurupa Valley • City of Lake Elsinore • City of Menifee • City of Moreno Valley • City of Murrieta • City of Norco
City of Perris • City of Riverside • City of San Jacinto • City of Temecula • City of Wildomar • Eastern Municipal Water District
Western Municipal Water District • Riverside County Superintendent of Schools

February 1, 2020

To the Western Riverside Council of Governments and Citizens of Western Riverside County:

Letter of Transmittal

The Comprehensive Annual Financial Report for the Western Riverside Council of Governments (WRCOG) for the fiscal year ended June 30, 2020 is hereby submitted in accordance with the provision of Section 6505 of the Government Code of the State of California (the State). The report contains financial statements that have prepared in conformity with generally accepted accounting principles (GAAP) in the United States prescribed for governmental entities. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Western Riverside Council of Governments (WRCOG). To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the various funds of WRCOG. All disclosure necessary to enable the reader to gain an understanding of WRCOG's financial activities have been included. Because the cost of an internal control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of material misstatements.

Rogers, Anderson, Malody & Scott., LLP has issued an unmodified opinion on WRCOG's financial statements for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

The management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative, overview, and analysis of the basic financial statements. The MD&A was designed to complement this letter of transmittal and should be read in conjunction with it.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to WRCOG for its CAFR for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

Profile of the Government

WRCOG was formed in November 1989 as a California Joint Powers Authority under the Government Code Section 6500 et.seq., of the State of California. WRCOG strives to unify Western Riverside County so that it can speak with a collective voice on important issues that affect its members. Representatives from 17 cities, the County of Riverside, the Eastern and Western Municipal Water Districts, the Riverside County Superintendent of Schools and the Morongo Band of Mission Indians have seats on WRCOG Executive Committee, the group that sets policy for the Agency. WRCOG's many areas of activity cover such programs as transportation, energy, community growth and development, and environment.

Major Initiatives

Transportation Uniform Mitigation Fee (TUMF) Program: WRCOG developed and administers the TUMF Program, a multi-jurisdictional fee program that ensures that new development in the subregion does not create additional congestion on regional highways. Fees paid by new residential and non-residential development will contribute to the construction of nearly \$3 billion in transportation and transit improvements in Western Riverside County. The TUMF Program will construct 3,100 new lane miles, improve 47 interchanges, construct 39 bridges and 10 railroad grade separations, provide more than \$61 million for regional transit improvements, and nearly \$60 million for acquisition of sensitive habitat.

To date, WRCOG has received more than \$850 million in TUMF revenue since program inception in 2003. Over 100 TUMF-funded projects have been completed; 12 are under construction; 13 are in engineering or right-of-way acquisition; and 20 are in the planning and environmental stages. The TUMF Program has funded and delivered more than \$1 billion in transportation projects since it began in 2003.

Property Assessed Clean Energy Program (PACE) Program: In 2011, WRCOG launched the HERO Program, a regional effort that provides financing to residential and commercial property owners for the installation of energy efficient, renewable energy, seismic strengthening, and water conservation improvements to homes and businesses in the subregion. Currently, more than \$1.9 billion in applications have been approved. Over 28,000 residential projects have been completed, representing nearly \$537 million in funding. These completed projects have saved over 3.85 billion kWh, 2.39 billion gallons of water, and over 1.03 million tons of greenhouse gas emissions (GHG) saved.

Program participants complete an application and work with a contractor to make the improvements. Repayment occurs through the property owner's annual property tax bill, allowing property owners to pay the assessment over time. The Program includes multiple benefits. For property owners, energy and water conservation improvements will yield reduced utility bills and can improve property values. For Western Riverside County, the Program will create energy savings for the fast-growing region, reduce GHG emissions associated with energy use, and bring and retain needed jobs for area contractors.

The HERO Program has also expanded throughout California. As of 2019, 366 jurisdictions have joined the statewide Program, continuing to save billions of gallons of water, reducing millions of tons of GHG, and saving billions of kWh. This expansion has allowed commercial PACE to increase its presence and give business owners new financing opportunities, including new construction and retrofitting older buildings. PACE financing continues to offer homeowners and businesses with alternative financing while offering renewable energy, water conservation, and energy efficient products.

Western Community Energy: Established in 2018, WCE is a Joint Powers Authority (JPA), that represents 7-member cities to provide electric generation service within its respective jurisdictions. WCE is a CCA program that gives local government the opportunity to buy electricity directly from its source and then offers it to the community at a more competitive rate than the current utility provider. WCE has an Implementation and Management Services Agreement with WRCOG to provide administrative services to the Agency.

WCE is expected to launch in mid-2020 and has outlined its objectives: 1) provide local control in rate setting 2) provide overall rates that are lower and/or competitive with those offered by SCE for

similar power supplies, 3) provide options to residents and businesses, 4) provide expanded options for economic development, and 5) supply an energy portfolio that will use local and/or regional renewable resources (in the future), including existing facilities, to the maximum extent technically and economically feasible.

Used Oil and Filter Collection Program: WRCOG's Regional Used Oil Program helps protect groundwater and the environment from the hazards of improperly disposed motor oil. WRCOG's Used Oil and Oil Filter Exchange events have been an effective tool in educating and facilitating the proper recycling of used motor oil and used oil filters in various WRCOG jurisdictions. The primary objective of hosting the events is to educate individuals who change their own oil, the Do-It-Yourselfer (DIYer), promoting the recycling of used oil and oil filters; therefore, an auto parts store is a great venue for educating the DIYer. In addition to promoting used oil / oil filter recycling, WRCOG staff informs the DIYer about the County-wide HHW Collection Program where residents can drop-off other automotive and household hazardous products for free.

Western Riverside Energy Partnership (WREP): This Partnership originally consisted of WRCOG, Southern California Edison, and 14 member jurisdictions. In 2013, Southern California Gas Company joined the Partnership. The Partnership is designed to optimize opportunities for participating jurisdictions to achieve both short- and long-term sustainable energy savings, reduce utility bills, and enhance the level of comfort by retrofitting municipal buildings and facilities. A public outreach program encouraging residents in Western Riverside County to conserve energy is also part of the Partnership.

Clean Cities Coalition (Coalition): WRCOG's Clean Cities Coalition is nationally-recognized for its efforts to promote clean air by encouraging the use of alternative fuel vehicles and development of alternative fuel infrastructure, technologies and education. The Coalition hosts a number of educational forums and conferences, including an annual Environmental Youth Conference which brings together more than 200 middle school students to discuss and learn about sustainable lifestyles.

Solid Waste Cooperative: Under the leadership of the California Department of Resources Recycling and Recovery (CalRecycle), the state is nearly two-thirds of the way towards achieving ambitious waste diversion goals set forth by the Legislature. Since 1990, the partnership of the State, local governments, the waste industry, businesses, environmental groups, and millions of committed Californians has diverted more than 100 million tons of materials from landfills, and nearly 60 cities and counties have already met or exceeded the mandate to cut their trash in half.

Streetlight Program: At the direction of the Executive Committee, WRCOG developed a Regional Streetlight Program that will allow jurisdictions (and Community Service Districts) to purchase streetlights within their boundaries that are currently owned and operated by SCE. Once the streetlights are owned by the member jurisdiction, the lamps will be retrofitted to Light Emitting Diode (LED) technology to provide more economical operations (i.e., lower maintenance costs, reduced energy use, and improvements in public safety). Local control of the streetlight system provides jurisdictions with opportunities for future revenue generation such as digital-ready networks, and telecommunications and information technology strategies.

The Program seeks to provide cost-efficiencies for local jurisdictions through the purchase, retrofit, and maintenance of streetlights within jurisdictional boundaries, without the need of additional jurisdictional resources. As a regional Program, WRCOG is working with participating jurisdictions to move through the acquisition process, develop financing recommendations, develop and update

regional and community-specific streetlight standards, and implement a regional operations & maintenance (O&M) agreement that will enhance the level of service currently provided by SCE.

Sustainability Framework: WRCOG's Sustainability Framework provides the foundation for a healthy communities planning movement in Western Riverside County. Implementation of ideas in the Framework can yield positive co-benefits in health and move the region towards a better quality of life. For example, recently, twelve cities in Western Riverside County joined together to develop a Subregional Climate Action Plan (CAP). The CAP goals include promoting economic development and job growth, energy and cost savings for residents and business owners, water efficiency and conservation, reduction in solid waste, improved air quality, and the promotion of active and healthy communities. The CAP strategies can be uniformly applied, or tailored as needed, for adoption by individual jurisdictions.

Beyond Program: At the end of Fiscal Year 2014/2015, WRCOG created a new program titled, "Beyond." For Fiscal Year 2016/2017, WRCOG is allocating \$2.3 million for use by WRCOG member agencies through its "BEYOND" initiative. BEYOND is an economic development and sustainability local assistance funding program intended to help member agencies develop and implement projects that can improve the quality of life in Western Riverside County by addressing critical growth components such as economy, water, education, environment, health, and transportation.

The cornerstone of BEYOND is WRCOG's Economic Development and Sustainability Framework. The Framework was approved by WRCOG's Executive Committee in 2012, and can be accessed on WRCOG's website at <http://www.wrcog.us/community/sustainability>. It serves, as the title implies, as a framework or guide that members can draw from in developing approaches to improve their communities. The premise of the Framework is that economic development, at its core, is tied to quality of life. While defining "quality of life" may be difficult, there is little debate that major contributing factors include critical components such as education, water, health, transportation, energy, and environment. When attention is given to each of these components, undoubtedly the subregion's quality of life improves, and as such economic desirability improves as well.

Fellowship Program: In February 2016, the Executive Committee approved the creation of a one-year pilot Public Service Fellowship Program, to be administered by WRCOG in Western Riverside County, in partnership with the University of California, Riverside (UCR), and California Baptist University (CBU). The goal of this Program is to retain local students to fulfill the subregion's need for a robust public sector workforce and to combat the often-mentioned "brain drain" that Riverside County experiences when local students graduate but then leave the region to seek full-time employment elsewhere. The Fellowship Program is geared towards students graduating from UCR and CBU to engage them in career opportunities with local governments and agencies in a way that is mutually beneficial to both the Fellows and the agency.

WRCOG is responsible for general Program administration and oversight, maintaining employment of the Fellows, soliciting interest from local government agencies, serving as the liaison between member agencies and the universities, providing Program funding, and coordinating payment of Fellowship stipends. UCR and CBU are responsible for soliciting interest from students, reviewing applications and conducting interviews, recommending local government agency placements, and communicating regularly with Fellows. WRCOG, UCR, and CBU also provide ongoing training to Fellows on career readiness and other theoretical topics during regular Networking Sessions to support their hands-on work experience. A representative from each University serves as an "advisor" to answer questions from the Fellows or host agencies, monitor the Fellows' performance,

handle HR-related issues or complaints in collaboration with WRCOG, and provide needed support to ensure that the Fellowship placement is successful

Financial Planning

A successful fiscal year always starts during the creation of the budget process. Management staff will begin to gather data and discuss planning of the budget around January of every year. Management will describe their needs in terms of increased line items and justify that with any increases they foresee in revenues for the upcoming fiscal year.

The first time the draft budget is presented publicly at WRCOG's sub-committee level. The Administration & Finance Committee, which is comprised of 11 of WRCOG's Executive Committee members, will review and discuss the budget, usually at its March or April meeting and make any recommendations and have it forwarded on to the Technical Advisory Committee (TAC), which is comprised of the City Managers and Agency Directors of WRCOG's member agencies. This meeting of the TAC usually occurs within the same month as the Administration & Finance Committee. After it is recommended for approval, the budget's next stop is at WRCOG's Executive Committee meeting (usually in June). Once approved by the Executive Committee, the budget is approved by the General Assembly. The General Assembly is usually held at an off-site location and generally on the fourth Thursday of every June. The General Assembly is comprised of a majority of all City Councils, County Board of Supervisors, and other Board Members that represent WRCOG.

The budget itself is presented at the function level. It is displayed as follows: general government, transportation, energy, and environment. With the exception of the general government, each function is self-sufficient and able to fund its own expenditures through revenue generated. The general government; however, does not bring in enough revenue to cover all of the expenditures such as rent, legal, consulting, and payroll, and because of this, must charge overhead to offset the difference. The overhead is calculated during the budget process and allocated to each function in the most equitable method possible. This is usually based on the amount of revenue generated as a percentage of the total agency revenue.

The creation of the budget entries is part of the internal control process. One member of the Fiscal staff is to enter the journal, while another member approves. WRCOG's IT consulting firm is the only member of WRCOG that is allowed to assign functions within the accounting system. The goal of creating internal controls is to ensure that one person cannot create, approve, and issue a check, wire, or any other sensitive piece of information. WRCOG follows the policy that at least two, if not three, signatures are required to approve any check requests and the amount must be verified against the approved budget to ensure there are sufficient funds available to expend.

The Executive Committee of WRCOG has provided outstanding leadership and has provided staff with excellent resources, which are reflected in the programs delivered to the various members. WRCOG continues to be counted on to provide regional perspective while respecting local control.

WRCOG's Executive Committee approves all financial policies relevant to every aspect of the agency's accounting and as such, none of the policies approved during the year, or in year's past, had a significant impact on the current period's financial statements.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Western Riverside Council of Governments for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

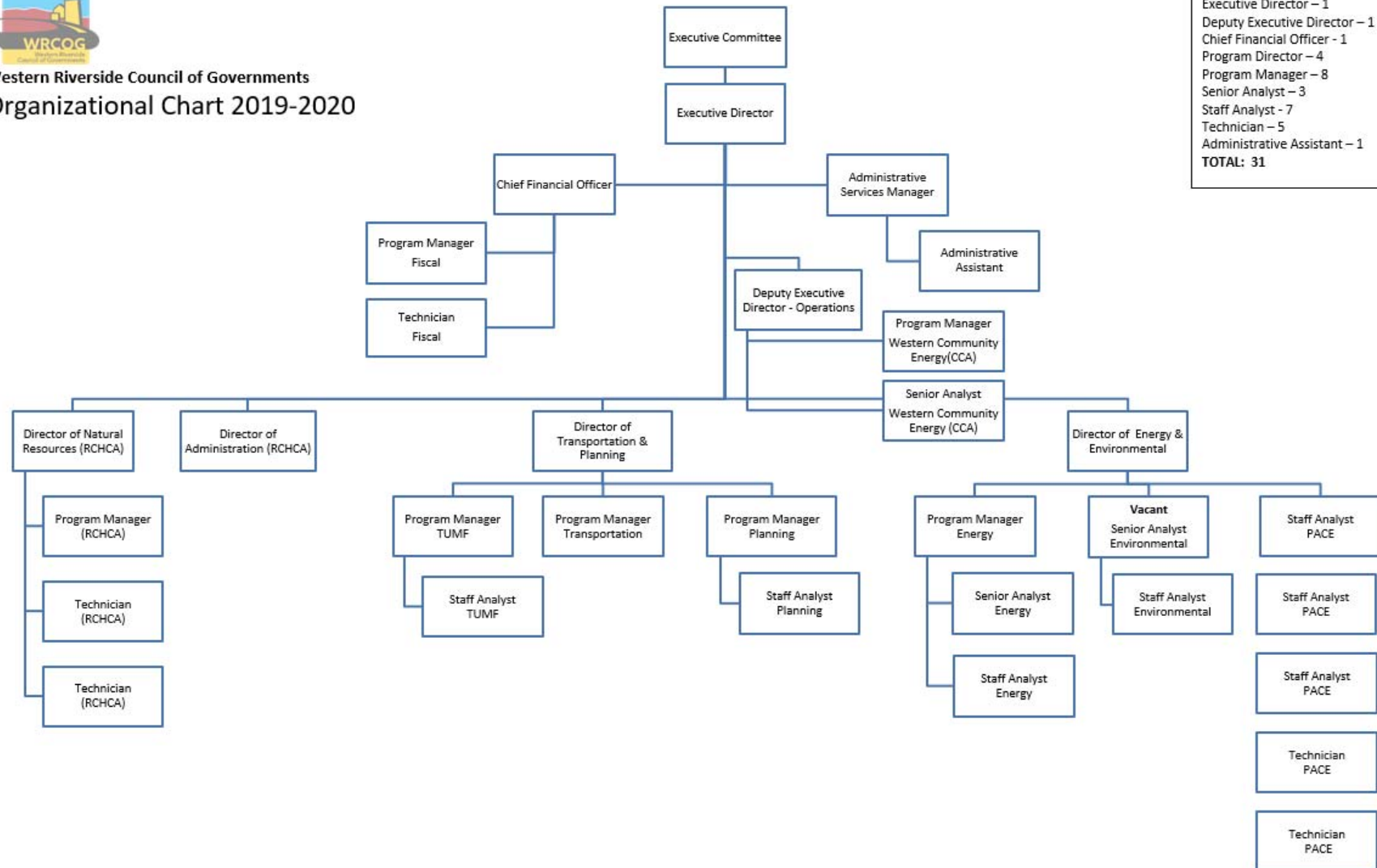
Sincerely,

A handwritten signature in black ink, appearing to read 'ARj', with a stylized flourish at the end.

Andrew Ruiz
Chief Financial Officer



Western Riverside Council of Governments
Organizational Chart 2019-2020



Executive Director – 1
Deputy Executive Director – 1
Chief Financial Officer - 1
Program Director – 4
Program Manager – 8
Senior Analyst – 3
Staff Analyst - 7
Technician – 5
Administrative Assistant – 1
TOTAL: 31

Western Riverside Council of Governments

List of Principal Officials As of June 30, 2020

Executive Committee Members

Name and Position	Title	Agency
Kevin Bash	Chair	City of Norco
Karen Spiegel	Vice-Chair	County of Riverside, District 2
Crystal Ruiz	2nd Vice-Chair	City of San Jacinto
Daniela Andrade	Member	City of Banning
Mike Lara	Member	City of Beaumont
Jeff Cervantez	Member	City of Calimesa
Jordan Ehrenkranz	Member	City of Canyon Lake
Jason Scott	Member	City of Corona
Joseph Tessari	Member	City of Eastvale
Bonnie Wright	Member	City of Hemet
Micheal Goodland	Member	City of Jurupa Valley
Brian Tisdale	Member	City of Lake Elsinore
Matt Liesemeyer	Member	City of Menifee
Victoria Baca	Member	City of Moreno Valley
Kelly Seyarto	Member	City of Murrieta
Rita Rogers	Member	City of Perris
Rusty Bailey	Member	City of Riverside
James Stewart	Member	City of Temecula
Ben Benoit	Member	City of Wildomar
Kevin Jeffries	Member	County of Riverside, District 1
Chuck Washington	Member	County of Riverside, District 3
Jeff Hewitt	Member	County of Riverside, District 5
Brenda Dennstedt	Member	Western Municipal Water Dist.
Ronald Sullivan	Member	Eastern Municipal Water Dist.
Dr. Judy White	Member	Riverside County Supt. of Schools
Robert Martin	Member	Morongo Band of Mission Indians

Management Staff

Rick Bishop, Executive Director
Barbara Spoonhour, Deputy Executive Director - Operations
Andrew Ruiz, Chief Financial Officer
Casey Dailey, Director of Energy & Environmental Programs
Christopher Gray, Director of Transportation & Planning Programs



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Western Riverside Council of Governments
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Merrill

Executive Director/CEO

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Financial Section

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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San Bernardino, CA 92408
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INDEPENDENT AUDITOR'S REPORT

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST

Executive Committee
Western Riverside Council of Governments
Riverside, California

MANAGERS / STAFF

Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA
Laura Arvizu, CPA
Louis Fernandez, CPA
Abigail Hernandez Conde, CPA, MSA
Zoe Xinlu Zhang, CPA, MSA
John Maldonado, CPA, MSA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Riverside Council of Governments (WRCOG), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise WRCOG'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.

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants

Auditor's Responsibility

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



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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of WRCOG as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The statement of changes in fiduciary assets and liabilities 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 statement of changes in fiduciary assets and liabilities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2021, on our consideration of WRCOG'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 WRCOG's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
February 1, 2021

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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Management's Discussion and Analysis
For the Year Ended June 30, 2020**

This section of the Western Riverside Council of Governments (WRCOG) Comprehensive Annual Financial Report presents a narrative overview and analysis of WRCOG's financial activities for the fiscal year ended June 30, 2020. Management encourages readers to consider the information presented here in conjunction with the Letter of Transmittal.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis (MD&A) is intended to serve as an introduction to WRCOG's basic financial statements. WRCOG's basic financial statements include three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

The following required supplemental information has been included in this report:

- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
- Schedule of WRCOG's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date
- Schedule of Plan Contributions
- Schedule of Changes in the Net OPEB Liability and Related Ratios
- Schedule of Other Postemployment Benefits Plan Contributions

The following supplemental information has been included in this report:

- Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds
- Statistical Section

Government-Wide Financial Statements are designed to provide readers with a broad overview of WRCOG finances in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all WRCOG's assets and deferred outflows of resources as well as liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of WRCOG is improving or declining.

The *Statement of Activities* presents information showing how WRCOG's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (such as revenues pertaining to uncollected TUMF fees or expenses pertaining to earned but unused vacation and sick leave).

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Management's Discussion and Analysis
For the Year Ended June 30, 2020

Fund Financial Statements only utilizes governmental funds. The focus of governmental fund financial statements is on major funds. Major funds are determined based on minimum criteria set forth by the Governmental Accounting Standards Board (GASB). Like other state and local governments, WRCOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting is also used to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Funds are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements often have a budgetary orientation, are prepared on the modified accrual basis of accounting, and focus primarily on the sources, uses, and balances of current financial resources.

Because the focus of governmental funds is narrower than that of the governmental-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. The governmental funds' balance sheet and statement of revenues, expenditures, and changes in fund balances are accompanied by reconciliation to the government-wide financial statements in order to facilitate comparison between governmental funds and governmental activities.

WRCOG maintains two major governmental funds organized to their type (general and special revenue). The governmental fund statements present the financial information of each major fund in separate columns.

Notes to the Basic Financial Statements provide additional information other than that displayed on the face of the financial statements and are essential for the fair presentation of the financial information in the government-wide and fund financial statements.

Required Supplementary Information, in addition to this MD&A, presents schedules of the proportionate share of net pension liability, schedule of plan contributions, schedule of changes in net OPEB liability, schedule of OPEB contributions, plus budget and actual information.

FINANCIAL HIGHLIGHTS

- Total net position of WRCOG was (\$4.4) million and consisted of net investment in capital assets of \$293,345, restricted net position of \$111,838, and unrestricted net position of (\$4.8) million.
- At June 30, 2020, WRCOG's assets of \$90.9 million plus deferred outflows of resources of \$1.7 million was less than its liability of \$95.3 million and deferred inflows of resources of \$1.7 million resulting in a net position of negative \$4.4 million.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Management's Discussion and Analysis
For the Year Ended June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position – Net Position may serve as a useful indicator of a government's financial position. At the end of the current fiscal year, WRCOG reported negative net position, with total assets and deferred outflows of resources less than liabilities and deferred inflows of resources by \$4.4 million.

Net pension liability is the amount needed to fully fund WRCOG's defined benefit plan. The net pension liability at June 30, 2019 was \$2.6 million and increased to \$2.8 million at June 30, 2020.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. WRCOG reports deferred outflows related to pensions and OPEB.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. WRCOG reports deferred inflows also related to pensions and OPEB.

The table below provides summarized data from the Statement of Net Position for WRCOG as of June 30, 2020, as compared to the prior year:

Statement of Net Position
As of June 30

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 90,622,940	\$ 96,266,351
Capital assets being depreciated	<u>293,345</u>	<u>362,054</u>
Total Assets	<u>90,916,285</u>	<u>96,628,405</u>
Deferred Outflows of Resources	<u>1,743,482</u>	<u>883,418</u>
Current and other liabilities	76,213,720	70,342,928
Long-term obligations	<u>19,115,080</u>	<u>17,150,347</u>
Total Liabilities	<u>95,328,800</u>	<u>87,493,275</u>
Total Deferred Inflows or Resources	<u>1,741,105</u>	<u>977,686</u>
Net Position:		
Net investment in capital assets	293,345	362,054
Restricted	111,838	1,907,303
Unrestricted	<u>(4,815,321)</u>	<u>6,771,505</u>
Total Net Position	<u><u>\$ (4,410,138)</u></u>	<u><u>\$ 9,040,862</u></u>

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Management's Discussion and Analysis
For the Year Ended June 30, 2020**

WRCOG's total net position decreased by 149%, or \$14.6 million, during fiscal year 2019-2020 compared to the prior year's decrease of \$21.7 million. The decrease in net position was mostly due to a decrease in TUMF reimbursements. Total liabilities increased 9%, or \$7.8 million, during fiscal year 2019-2020 compared to the prior year, mostly due to the increase in TUMF reimbursements. TUMF project liabilities are programmed according to the anticipated revenue on the Transportation Improvement Program (TIP). Current assets decreased from \$96.3 million in FY 2018/2019 to \$90.6 million, or 5.9%. This decrease in current assets is attributable to the difference in TUMF revenues received over projects completed and paid out. Below are the three components of net position and their respective fiscal year-end balances:

- **Net Investment in Capital Assets** represents negative 6.7%, or \$293 thousand of WRCOG's total net position for fiscal year 2019-2020 compared to 3.6%, or \$362 thousand, for fiscal year 2018-2019. The decrease is attributable to the depreciation of existing capital assets and write-offs due to WRCOG moving its offices.
- **Restricted net position** accounts for negative 2.5%, or \$112 thousand, of WRCOG's total net position for fiscal year 2019-2020 compared to 18.7%, or \$1.9 million, for fiscal year 2018-2019. This component of net position represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. All of the restricted net position applies to TUMF as the administration plan requires that WRCOG hold the funds until a Zone has an opportunity to claim use of the funds through the Transportation Improvement Program (TIP). The jurisdiction located within that particular zone must demonstrate it has expended its own funds and is requesting reimbursement and has provided the appropriate supporting documentation.
- **Unrestricted net position** accounts for 109.2%, or negative \$4.8 million, of WRCOG's total net position for fiscal year 2019-2020 compared to 74.9% or \$6.8 million for fiscal year 2018-2019. This component of WRCOG's total net position may be used to meet WRCOG's ongoing obligations to creditors.

Governmental Activities

Revenues: WRCOG's governmental activities rely on the following sources of revenue to finance ongoing operations:

- General revenue related to governmental activities primarily consists of fees, other revenues, and investment earnings. Investment earnings increased from \$2.3 million to \$2.4 million due to more TUMF funds being invested.
- Charges for services are revenues received related to the sponsorship of the PACE Program. WRCOG receives 1.463% of the amount financed for its participation in the program. In addition, the PACE Program recording fees are included in the revenue balance.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Management's Discussion and Analysis
For the Year Ended June 30, 2020

- Operating grants and contributions decreased by \$16.5 million, or 24.3%, from \$68 million in fiscal year 2018-2019 to \$51.5 million in the current fiscal year. This decrease was due to more TUMF revenues collected during the Fiscal Year. Total expenses decreased from \$95.3 million to \$70.2 million due to a decreased amount of TUMF project reimbursements paid out.
- Operating Grants and Contributions are revenues received from parties outside of WRCOG, such as state agencies, and are generally restricted to one or more specific programs. TUMF revenue is the largest governmental activities program revenue with \$50.4 million recognized during the year, as compared to \$66.8 million for fiscal year 2018-2019, which represents a decrease of 24.6% or \$16.4 million.

Expenses: Total program expenses for governmental activities were \$70.2 million for the current fiscal year, a decrease of 26.4%, or \$25.1 million compared to prior fiscal year increase of \$48 million. The decrease in expenses is mostly attributable to a lesser amount of TUMF Projects that were reimbursed during the fiscal year, as well as a decrease in PACE related expenses.

The following table provides information from the Statement of Activities for WRCOG for the fiscal year 2019-2020, as compared to the prior year:

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30

	2020	Percent of Total	2019	Increase (Decrease) From 2019	Percent Increase (Decrease)
Revenues					
Program revenues:					
Charges for services	\$ 2,966,193	5.2%	\$ 3,364,946	\$ (398,753)	-11.9%
Operating grants and contributions	51,489,671	90.6%	67,954,129	(16,464,458)	-24.2%
General revenues:					
Investment earnings	2,356,692	4.1%	2,262,464	94,228	4.2%
Total revenues	<u>56,812,556</u>	<u>100.0%</u>	<u>73,581,539</u>	<u>(16,768,983)</u>	-22.8%
Expenses					
General government	3,674,580	5.2%	6,966,676	\$ (3,292,096)	-47.3%
Transportation	63,456,285	90.3%	85,033,676	(21,577,391)	-25.4%
Energy	2,349,851	3.3%	2,779,274	(429,423)	-15.5%
Environmental	704,465	1.0%	533,897	170,568	31.9%
Loss on disposal of capital assets	78,375	0.1%	-	78,375	100.0%
Total expenses	<u>70,263,556</u>	<u>100.0%</u>	<u>95,313,523</u>	<u>(25,049,967)</u>	-26.3%
Change in Net Position	(13,451,000)		(21,731,984)	8,280,984	
Net Position, Beginning of Year as restated (Note 17)	<u>9,040,862</u>		<u>31,922,547</u>	<u>(22,881,685)</u>	
Net Position, End of Year	<u>\$ (4,410,138)</u>		<u>\$ 10,190,563</u>	<u>\$ (14,600,701)</u>	-143.3%

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Management's Discussion and Analysis
For the Year Ended June 30, 2020**

FINANCIAL ANALYSIS OF FUND STATEMENTS

As previously noted, WRCOG uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of WRCOG's governmental funds is to provide information on the sources, uses, and balances of spendable resources. Such information is useful in assessing WRCOG's short-term financial requirements. In particular, the total fund balance less the non-spendable amount may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by WRCOG include the General and Special Revenue Funds.

The General Fund is the chief operating fund for WRCOG. At the end of the current fiscal year, the General fund's total fund balance was \$11.8 million, as compared to \$10.7 million for the prior fiscal year. The increase of \$1.1 million, or (10.2%), was mostly a result of the decreased expenditures in the general government category. As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures. The non-spendable portion of fund balance was \$209 thousand; the assigned portion was \$1.3 million, which includes the Fellowship Program of \$609 thousand and the Beyond program of \$703 thousand, and the unassigned portion at \$10.3 million. The current year's unassigned fund balance is 173% of the total General Fund expenditures of \$6.4 million, as compared to 96% of the total General Fund expenditures for fiscal year 2018-2019. The total fund balance of the General fund for the current year is 186% of the total general fund expenditures as compared to 116% for the prior year.

The TUMF Fund is a Special Revenue Fund for WRCOG. At the end of the current fiscal year, the TUMF Fund's total fund balance was \$2.5 million, as compared to \$15.1 million for the prior fiscal year. The decrease of \$12.6 million, or 83.5%, was mostly a result of the increase in TUMF projects that were reimbursed during the fiscal year and more TUMF project liabilities booked in FY 19/20. TUMF project liabilities are programmed according to the anticipated revenues on a five-year budget known as the Transportation Improvement Program (TIP). At the end of each fiscal year, the unexpended projects are rolled over on the TIP into the next fiscal year and the unexpended, current year projects on the TIP, are booked into the current fiscal year. As such, the TIP assumed more projects to be programmed into the current fiscal year, which resulted in a higher liability, and in combination with decreased revenues, decreased the TUMF fund's net position.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Management's Discussion and Analysis
For the Year Ended June 30, 2020**

GENERAL FUND FINANCIAL ANALYSIS

Revenues for the General Fund, including comparative amounts from the preceding year are shown in the following tabulation:

	2020	Percent of Total	2019	Increase (Decrease) From 2019	Percent Increase (Decrease)
Revenues					
Intergovernmental	\$ 800,250	10.7%	\$ 775,500	\$ 24,750	3.2%
TUMF mitigation fees	1,954,024	26.2%	2,547,444	(593,420)	-23.3%
PACE fees	2,512,229	33.7%	2,752,932	(240,703)	-8.7%
Other revenues	2,060,571	27.6%	2,357,848	(297,277)	-12.6%
Investment income	127,757	1.7%	178,994	(51,237)	-28.6%
Total revenues	<u>\$ 7,454,831</u>	<u>100%</u>	<u>\$ 8,612,718</u>	<u>\$ (1,157,887)</u>	<u>-13.4%</u>

Intergovernmental revenues remained mostly stable with a minor increase. TUMF mitigation fees were lower because less permits were issued during the fiscal year resulting in a decreased amount of revenue from the TUMF program. PACE fees decreased significantly due to market saturation and other PACE providers entering the market. Lastly, investment income decreased in the general fund due to a decreased interest rate return.

Expenditures for the General Fund, including comparative amounts from the preceding year, are shown in the following tabulation:

	2020	Percent of Total	2019	Increase (Decrease) From 2019	Percent Increase (Decrease)
Expenditures					
General government	\$ 3,531,873	55.5%	\$ 6,039,969	\$ (2,508,096)	-41.5%
Energy	2,349,851	37.0%	2,779,274	(429,423)	-15.5%
Environmental	476,388	7.5%	402,552	73,836	18.3%
Total expenditures	<u>\$ 6,358,112</u>	<u>100.0%</u>	<u>\$ 9,221,795</u>	<u>\$ (2,863,683)</u>	<u>-31.1%</u>

The decrease in expenditures in the General Government was due the one-time expenditures for the BEYOND program. In FY 18/19, the BEYOND program paid out most of its remaining balance. Energy expenditures have decreased primarily due to the decline of the PACE programs. Lastly, the Environmental Department experienced an increase in expenditures due to additional work performed in the Used Oil and Clean Cities programs.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Management's Discussion and Analysis
For the Year Ended June 30, 2020**

TUMF FUND FINANCIAL ANALYSIS

Revenues for the TUMF Fund, including comparative amounts from the preceding year are shown in the following tabulation:

	2020	Percent of Total	2019	Increase (Decrease) From 2019	Percent Increase (Decrease)
Revenues					
TUMF mitigation fees	\$ 46,896,575	95.4%	\$ 61,138,647	\$ (14,242,072)	-23.3%
Other revenues	25,000	0.1%	1,494,380	(1,469,380)	-98.3%
Investment income	2,228,934	4.5%	2,083,458	145,476	7.0%
Total revenues	<u>\$ 49,150,509</u>	<u>100%</u>	<u>\$ 64,716,485</u>	<u>\$ (15,565,976)</u>	<u>-24.05%</u>

The decrease in TUMF mitigation revenues is due to a higher than usual year of collections in the prior fiscal year. Last year, the TUMF program saw an increase in its industrial land use, as many large warehouses, such as fulfillment centers and parcel hubs, were being constructed. The decrease in other TUMF revenues is related to revenue recovery associated with WRCOG's TUMF dispute with the City of Beaumont, where most revenues were recovered in 2018 and some recovery revenues continued to come in 2019. Lastly, investment income increased in the general fund due to an improving economy and increased interest rate return; however, that is anticipated to decrease due to COVID-related impacts.

Expenditures for the TUMF Fund, including comparative amounts from the preceding year, are shown in the following tabulation:

	2020	Percent of Total	2019	Increase (Decrease) From 2019	Percent Increase (Decrease)
Expenditures					
Transportation	\$ 61,740,570	100.0%	\$ 87,741,176	\$ (26,000,606)	-29.6%
Total expenditures	<u>\$ 61,740,570</u>	<u>100.0%</u>	<u>\$ 87,741,176</u>	<u>\$ (26,000,606)</u>	<u>-29.6%</u>

The decrease in TUMF expenditures is due to less TUMF projects being paid out and completed, and more projects programmed onto the Transportation Improvement Program (TIP). TUMF project liabilities are programmed according to the anticipated revenues on a five-year budget known as the Transportation Improvement Program (TIP). At the end of each fiscal year, the unexpended projects are rolled over on the TIP into the next fiscal year and the unexpended, current year projects on the TIP, are booked into the current fiscal year. As such, the TIP assumed less projects to be programmed into the current fiscal year, which resulted in a lower liability.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Management's Discussion and Analysis
For the Year Ended June 30, 2020**

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences exist between final budgeted amounts versus actual mostly due to the timing in which the fourth quarter budget amendments are taken to WRCOG's Administration & Finance Committee. To be finalized for year end, the fourth quarter amendments are presented at the July Administration & Finance Committee and approved at the August Executive Committee meeting.

Because of this timing, each category of the budget for revenue has some variation with the largest occurring with the intergovernmental revenues. When the final budget was presented to the Executive Committee, it was anticipated revenues in the General Fund would be \$7.6 million; however, the actual amount was only \$7.4 million, leaving a variance of \$225 thousand. This variance was mostly due to the decreased TUMF admin fee revenue, decreased PACE revenue and an increase in interest income.

On the expenditure side for the General Fund, it was anticipated expenditures would be \$9.9 million; however, actual expenditures were only \$6.4 million, leaving a variance of \$3.6 million. This was mostly due because overhead is budgeted as a transfer-in, rather than a reduction of expenditures, which accounts for \$2 million of the variance. The remaining variance is due to less consulting costs than anticipated as well as WRCOG no longer hosting its General Assembly, which accounts for \$300 thousand.

CAPITAL ASSETS AND LONG TERM OBLIGATIONS

As of June 30, 2020, WRCOG had capital assets of \$293,345, net of accumulated depreciation, invested in mostly office items such as furniture, computers, office improvements, and vehicles.

Additional information to WRCOG's capital assets can be found on Note 4 to the financial statements.

Long-term liabilities have increased from \$17.1 million in FY 2018/2019, to \$19.1 million, including net pension and net OPEB liabilities, in FY 2019/2020, or an increase of 12%. The increase in long-term liabilities can mostly be attributed to an increase in TUMF liabilities.

Additional information to WRCOG's long-term liabilities can be found on Note 5, Note 6, and Note 8 to the financial statements.

ECONOMIC FACTORS AND OTHER FACTORS

On June 1, 2020 WRCOG adopted the fiscal year 2020/2021 budget. The budget is presented by function, which includes: Administration, Transportation, Energy, and Environmental. The majority of budgeted expenditures are in the Transportation category because of the TUMF program and the size of the program relative to all of WRCOG's other programs. The TUMF program, saw a decrease in revenues of 25.8% in Fiscal Year 2019/2020. While the program has declined in comparison to the prior year, the revenues collected in Fiscal Year 2018/2019 were higher than anticipated due to several large developments being completed. Leading economic indicators suggest that the housing market has stabilized, which has helped balance the WRCOG budget; however, COVID-19 related impacts should be considered for future years.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Management's Discussion and Analysis
For the Year Ended June 30, 2020**

CONTACTING WRCOG'S MANAGEMENT

This financial report is designed to provide a general overview of WRCOG's finances for all those with an interest in the government's finances and to show WRCOG's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Interim Chief Financial Officer, Finance Department at Western Riverside Council of Governments, 3390 University Avenue, Suite 200, Riverside, California 92501.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Cash and investments	\$ 81,293,553
Receivables:	
Grants	564,292
Interest	9
Mitigation fees receivable	5,379,948
Due from other governments	3,175,430
Prepaid items	209,708
Capital assets, net of accumulated depreciation	293,345
Total Assets	<u>90,916,285</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	912,359
Deferred amounts related to OPEB	831,123
Total Deferred Outflows of Resources	<u>1,743,482</u>
LIABILITIES	
Accounts payable	2,057,837
Deposits payable	3,584
Due to other governments	72,708,960
Accrued wages and benefits	188,437
Unearned revenue	1,254,902
Non-current liabilities:	
Due within one year	34,296
Due in more than one year:	
Compensated absences	308,665
TUMF liabilities	14,954,470
Net pension liability	2,873,074
Net OPEB liability	944,575
Total Liabilities	<u>95,328,800</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	217,005
Deferred amounts related to OPEB	1,524,100
Total Deferred Inflows of Resources	<u>1,741,105</u>
NET POSITION	
Net investment in capital assets	293,345
Restricted for:	
Foundation	111,838
Unrestricted	<u>(4,815,321)</u>
Total Net Position (Deficit)	<u>\$ (4,410,138)</u>

The accompanying notes are an integral part of these financial statements.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Statement of Activities
For the Fiscal Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities				
Primary Government:				
Governmental activities:				
General government	\$ 3,674,580	\$ -	\$ 341,563	\$ (3,333,017)
Transportation	63,456,285	-	50,389,714	(13,066,571)
Energy	2,349,851	2,966,193	-	616,342
Environmental	704,465	-	758,394	53,929
Total Governmental Activities	<u>\$70,185,181</u>	<u>\$ 2,966,193</u>	<u>\$ 51,489,671</u>	<u>\$ (15,729,317)</u>
General Revenues:				
Investment income				2,356,692
Gain (loss) on disposal of capital assets				<u>(78,375)</u>
Total General Revenues				<u>2,278,317</u>
Change in Net Position				(13,451,000)
Net Position, Beginning of Year as restated, (Note 17)				<u>9,040,862</u>
Net Position (Deficit), End of Year				<u>\$ (4,410,138)</u>

The accompanying notes are an integral part of these financial statements.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Balance Sheet – Governmental Funds
June 30, 2020**

	Major Funds		Non Major Funds	
	General Fund	Special Revenue TUMF	Clean Cities/ WRCOG Foundation	Total Governmental Funds
ASSETS				
Cash and investments	\$ 10,318,656	\$ 70,854,820	\$ 120,077	\$ 81,293,553
Receivables:				
Grants	564,292	-	-	564,292
Interest	9	-	-	9
Mitigation fees receivable	-	5,379,948	-	5,379,948
Due from other governments	3,175,430	-	-	3,175,430
Prepaid items	209,708	-	-	209,708
Advances to other funds	-	442,107	-	442,107
Total Assets	<u>\$ 14,268,095</u>	<u>\$ 76,676,875</u>	<u>\$ 120,077</u>	<u>\$ 91,065,047</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 577,068	\$ 1,480,769	\$ -	\$ 2,057,837
Deposits payable	3,584	-	-	3,584
Due to other governments	98,993	72,601,728	8,239	72,708,960
Accrued wages and benefits	188,437	-	-	188,437
Unearned revenue	1,144,376	110,526	-	1,254,902
Advances from other funds	442,107	-	-	442,107
Total Liabilities	<u>2,454,565</u>	<u>74,193,023</u>	<u>8,239</u>	<u>76,655,827</u>
Fund Balances				
Nonspendable:				
Prepaid items	209,708	-	-	209,708
Restricted:				
Transportation projects	-	2,483,852	-	2,483,852
Foundation	-	-	111,838	111,838
Assigned:				
BEYOND Program	702,559	-	-	702,559
Fellowship Program	609,412	-	-	609,412
Unassigned	10,291,851	-	-	10,291,851
Total Fund Balances	<u>11,813,530</u>	<u>2,483,852</u>	<u>111,838</u>	<u>14,409,220</u>
Total Liabilities and Fund Balances	<u>\$ 14,268,095</u>	<u>\$ 76,676,875</u>	<u>\$ 120,077</u>	<u>\$ 91,065,047</u>

The accompanying notes are an integral part of these financial statements.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2020**

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

Total fund balances - Governmental Funds	\$ 14,409,220
Capital assets, net of accumulated depreciation used in governmental activities, are not current financial resources and therefore are not reported in the funds.	293,345
Non-current liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(342,961)
TUMF liabilities	(14,954,470)
Net pension liability	(2,873,074)
Net OPEB liability	(944,575)
Deferred outflows and inflows of resources related to pension and OPEB are not reported in the governmental funds:	
Pension and OPEB related deferred outflows of resources	1,743,482
Pension and OPEB related deferred inflows of resources	<u>(1,741,105)</u>
Net Position of Governmental Activities	<u><u>\$ (4,410,138)</u></u>

The accompanying notes are an integral part of these financial statements.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the Fiscal Year Ended June 30, 2020**

	Major Funds		Non Major Funds	
	General Fund	Special Revenue TUMF	Clean Cities/ WRCOG Foundation	Total Governmental Funds
REVENUES				
Intergovernmental	\$ 800,250	\$ -	\$ 267,770	\$ 1,068,020
TUMF mitigation fees	1,954,024	46,896,575	-	48,850,599
PACE fees	2,512,229	-	-	2,512,229
Other revenues	2,060,571	25,000	-	2,085,571
Investment income	127,757	2,228,934	-	2,356,691
Total Revenues	<u>7,454,831</u>	<u>49,150,509</u>	<u>267,770</u>	<u>56,873,110</u>
EXPENDITURES				
Current:				
General government	3,531,873	-	-	3,531,873
Transportation	-	61,740,570	-	61,740,570
Energy	2,349,851	-	-	2,349,851
Environmental	476,388	-	228,077	704,465
Total Expenditures	<u>6,358,112</u>	<u>61,740,570</u>	<u>228,077</u>	<u>68,326,759</u>
Net Change in Fund Balances	1,096,719	(12,590,061)	39,693	(11,453,649)
Fund Balances, Beginning of Year	<u>10,716,811</u>	<u>15,073,913</u>	<u>72,145</u>	<u>25,862,869</u>
Fund Balances, End of Year	<u>\$ 11,813,530</u>	<u>\$ 2,483,852</u>	<u>\$ 111,838</u>	<u>\$ 14,409,220</u>

The accompanying notes are an integral part of these financial statements.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020**

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

Net change in fund balances - total governmental funds	\$ (11,453,649)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This activity is reconciled as follows:

Cost of assets capitalized, less disposals	19,322
Depreciation expense	(88,031)

The payment of amounts pursuant to long-term TUMF agreements is recorded as an expenditure in the governmental funds. This transaction does not have an effect on the net position in the government-wide financial statements.	1,000,000
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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.

Net change in compensated absences	56,717
Pension expense net adjustment	(225,903)
Net OPEB liability net adjustment	16,813
Net change in TUMF liabilities	(2,715,715)

Revenues reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities.	(60,554)
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Change in Net Position of Governmental Activities	\$ (13,451,000)
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The accompanying notes are an integral part of these financial statements.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Statement of Fiduciary Net Position
June 30, 2020**

	Agency Fund
ASSETS	
Cash and investments	<u>\$ 9,428,244</u>
LIABILITIES	
Deposits payable	<u>\$ 9,428,244</u>

The accompanying notes are an integral part of these financial statements.

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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Western Riverside Council of Governments (WRCOG) was formed in 1989 under the California Government Code Section 6500 et. seq. WRCOG is a special district governed by twenty-four Executive Committee Members consisting of seventeen members from the cities in Western Riverside County (excluding the City of Beaumont), four Riverside County Supervisors, two members, each from the Eastern and Western Municipal Water Districts, and one member from the Riverside County Superintendent of Schools.

Accounting principles generally accepted in the United States of America require that these financial statements present the accounts of WRCOG and any of its component units. Component units are legally separate entities for which WRCOG is considered to be financially accountable or otherwise has a relationship, which is such that the exclusion of the entity would cause the financial statements to be misleading. Blended component units are considered, in substance, part of WRCOG's operations so the accounts of these entities are to be combined with the data of WRCOG. Component units, which do not meet these requirements, are reported in the financial statements as discrete units to emphasize their separate legal status.

Blended Component Unit

WRCOG Supporting Foundation (the Foundation). WRCOG has created a foundation to support its mission and objectives under IRC 509(a)(3) as an organization that is supervised and controlled in connection with a publicly supported organization. All contributions to the Foundation are exempt under section 501(c)(3) of the Internal Revenue Code. WRCOG executive committee members are the governing board of the Foundation, and management of WRCOG has operational responsibility for the component unit. The Foundation is reported as a separate nonmajor fund in these financial statements.

B. Basis of Presentation

WRCOG's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These statements require that the financial statements described below be presented.

Government-wide Financial Statements. The Statement of Net Position and the Statement of Activities report information on all activities of WRCOG. All fiduciary activities are reported only in the fund financial statements.

The effect of interfund activity has been removed from the government-wide financial statements. Governmental activities are supported by fees, taxes, and intergovernmental revenues and are not eliminated in the process of consolidation.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Basis of Presentation, Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. General assembly revenues and other items that do not meet the definition of program revenues are reported instead as general revenues.

Fund Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. WRCOG considers all revenues reported in the governmental funds to be available if they are collected within 60 days after year end, except for cost reimbursement-based grants where due to the nature of these grants 180 days after year end is used. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

D. Fund Classifications

WRCOG reports the following major governmental funds:

General Fund. The general fund is WRCOG's primary operating fund. It accounts for all financial resources of WRCOG, except those required to be accounted for in another fund.

Transportation Uniform Mitigation Fees (TUMF) Special Revenue Fund. This fund is used to account for the proceeds of Transportation Uniform Mitigation Fees which are legally restricted to expenditures for specified purposes.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Fund Classifications, Continued

Additionally, WRCOG reports the following fiduciary fund:

Agency Fund. WRCOG's agency fund is used to account for deposits relating to the payoff of Property Assessed Clean Energy (PACE) program loans. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of revenues and expenses.

E. Financial Statement Elements

(1) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for non-negotiable certificates of deposit and investment contracts that are reported at cost. These investments are not transferrable, and they have terms that are not affected by changes in market interest rate. Investment income includes interest earnings and the net increase (decrease) in fair value of investments. WRCOG categorized the fair value measurements for its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments classified in Level 2 of the fair value hierarchy are valued using of matrix pricing techniques maintained by the pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

(2) Interfund Balances and Transfers

Activities between funds that are representative of lending and borrowing arrangements outstanding at year end are referred to as advances to/from other funds.

(3) Capital Assets

Capital assets, which include furniture and computers, are reported in the government-wide financial statements. WRCOG defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the estimated useful lives varying from five to ten years.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Financial Statement Elements, Continued

(4) Compensated Absences

A total of 10 days of vacation per year may be accumulated by each employee with three years of service, 15 days with four years of service, and 20 days with ten or more years of service. However, employees are not paid for their accumulated sick leave upon retirement until they have been employed for five years, at which time 50% of accumulated sick leave hours is paid out. WRCOG accrued a liability for compensated absences, which meets the following criteria:

- WRCOG's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered,
- The obligation relates to rights that vest or accumulate,
- Payment of the compensation is probable,
- The amount can be reasonably estimated.

Compensated absences not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements.

(5) Fund Balance – Governmental Funds

The following fund balance classifications describe the relative strength of the spending constraints on WRCOG's fund balances:

- Nonspendable fund balance – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, contributors, or laws or regulations of other governments).
- Committed fund balance – amounts constrained to specific purposes by WRCOG itself, using its highest level of decision-making authority (i.e., Executive Committee ordinance). To be reported as committed, amounts cannot be used for any other purpose unless WRCOG takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts WRCOG intends to use for a specific purpose. Intent is expressed by the Executive Committee.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts can only be reported in the general fund.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Financial Statement Elements, Continued

(5) Fund Balance – Governmental Funds, Continued

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, WRCOG considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, WRCOG considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Executive Committee or management has provided otherwise in its commitment or assignment actions.

(6) Estimates

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts and the disclosures. Actual results could differ from those estimates.

(7) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

(8) Other Post-Employment Benefit (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the WRCOG'S plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Financial Statement Elements, Continued

(8) Other Post-Employment Benefit (OPEB), Continued

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

(9) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. The government only has one item that qualifies for reporting in this category: deferred amounts related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The government has only one type of item of this: deferred amounts related to pensions. For the fund level statements, deferred inflows of resources represent unavailable resources.

(10) Net Position Flow Assumption

Sometimes WRCOG will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resource are considered to be applied.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 81,293,553
Fiduciary Funds	
Cash and investments	9,428,244
Total Cash and Investments	<u>\$ 90,721,797</u>

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

Deposits and petty cash	\$ 15,797,940
Investments	74,923,857
Total Cash and Investments	<u>\$ 90,721,797</u>

A. Authorized Investments

The following investments are authorized under California Government Code and, where more restrictive, WRCOG's Investment Policy:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	100%	None
U.S. Agency Securities	5 years	100%	None
Supranational Obligations	5 years	30%	None
State of California Obligations	5 years	30%	5%
Local Agency Obligations	5 years	30%	5%
Asset-Backed Securities	5 years	20%	5%
Repurchase Agreements	1 year	20%	20%
Commercial Paper	270 days	30%	5%
Banker's Acceptances	180 days	40%	30%
Medium Term Notes	5 years	30%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	None
Riverside County Treasurer's Pooled Investment	N/A	100%	None
Local Agency Investment Fund (LAIF)	N/A	100%	\$75 million **

** Limit set by LAIF governing Board, not California Government Code

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of the year end, the weighted average maturity of the investments contained in the Local Agency Investment Fund (LAIF) pool was approximately 200 days. WRCOG's investment policy recognizes the interest rate risk and therefore places maximum maturity limits (up to five years) on various types of allowable investments.

Investment Type	Total	Remaining Maturity		
		12 months or less	13 to 24 months	25 to 36 months
U.S. Treasury Obligations	\$ 21,750,300	\$ 9,138,040	\$ 8,437,008	\$ 4,175,252
U.S. Agency Securities	8,487,666	1,012,586	830,922	6,644,158
Supranational	850,031	-	508,032	341,999
Corporate Note	8,834,512	1,601,401	2,901,379	4,331,732
Negotiable CDs	3,634,639	2,100,432	382,360	1,151,847
Asset-Backed Securities	5,212,527	78,014	614,252	4,520,261
LAIF	840,385	840,385	-	-
CAMP	24,984,222	24,984,222	-	-
Money Market Account	329,575	329,575	-	-
Total	<u>\$ 74,923,857</u>	<u>\$ 40,084,655</u>	<u>\$ 13,673,953</u>	<u>\$ 21,165,249</u>

C. Fair Value Classifications

Fair value measurements are categorized based on the valuation inputs used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments classified in Level 2 of the fair value hierarchy are valued using of matrix pricing techniques maintained by the pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

C. Fair Value Classifications, Continued

Fair value measurements for investments are as follows as of June 30, 2020:

Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Obligations	\$ 21,750,300	\$ -	\$ 21,750,300	\$ -
U.S. Agency Securities	8,487,666	-	8,487,666	-
Supranational	850,031	-	850,031	-
Asset-Backed Securities	5,212,527	-	5,212,527	-
Negotiable CDs	3,634,639	-	3,634,639	-
Corporate Note	8,834,512	-	8,834,512	-
Total Leveled Investments	48,769,675	\$ -	\$ 48,769,675	\$ -

Investments not Subject to Hierarchy:

LAIF	840,385
CAMP	24,984,222
Money Market Account	329,575
	<u>\$ 74,923,857</u>

Deposits and withdrawals to/from LAIF are made on the basis of \$1 and not fair value. As such, the measurement of fair value is uncategorized and not defined as a Level 1, Level 2 or Level 3 input. The balance of the money market account is considered a cash equivalent.

D. Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	AAA	AA+	AA	AA-	A+	A	A-	BBB-	A-1+	A-1	Not Rated
U.S. Treasury Obligations	\$ 21,750,300	N/A	\$ -	\$ 21,750,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agency Securities	8,487,666	N/A	-	7,498,299	-	-	-	139,321	-	-	850,046	-	-
Supranational	850,031	AA	850,031	-	-	-	-	-	-	-	-	-	-
Corporate Note	8,834,512	A	-	528,123	529,483	627,285	1,660,999	2,086,360	3,255,717	146,545	-	-	-
Negotiable CDs	3,634,639	N/A	-	-	-	765,378	386,469	382,360	-	-	462,564	1,637,868	-
Asset-Backed Securities	5,212,527	AA	4,976,474	-	-	-	-	-	-	-	-	-	236,053
LAIF	840,385	N/A	-	-	-	-	-	-	-	-	-	-	840,385
CAMP	24,984,222	N/A	-	-	-	-	-	-	-	-	-	-	24,984,222
Money Market Account	329,575	N/A	-	-	-	-	-	-	-	-	-	-	329,575
	<u>\$ 74,923,857</u>		<u>\$ 5,826,505</u>	<u>\$ 29,776,722</u>	<u>\$ 529,483</u>	<u>\$ 1,392,663</u>	<u>\$ 2,047,468</u>	<u>\$ 2,608,041</u>	<u>\$ 3,255,717</u>	<u>\$ 146,545</u>	<u>\$ 1,312,610</u>	<u>\$ 1,637,868</u>	<u>\$ 26,390,235</u>

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

E. Concentration of Credit Risk

At June 30, 2020 Investments in any one issuer (other than U.S. Treasury securities and external investment pools) that represent 5% or more of WRCOG's total investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Portfolio
Freddie Mac	U.S Agency Securities	\$ 6,178,340	8%

F. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the WRCOG's policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure WRCOG deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

Of WRCOG's deposits with financial institutions, \$17,011,817 was in excess of federal depository insurance limits. The uninsured deposits were held by financial institutions, which are legally required by the California Government Code to collateralize the WRCOG's deposits as noted above.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

G. Investment in State Investment Pool

WRCOG is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The fair value of WRCOG's investment in this pool is reported in the accompanying financial statements at amounts based upon WRCOG's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the Internet at www.treasurer.ca.gov.

H. Investment in JPA Pool/CAMP

WRCOG is a voluntary participant in the CAMP Trust (Trust), which was established as a nontaxable investment portfolio under provisions of the California Joint Exercise of Powers Act to provide California Public Agencies with comprehensive investment management services. There are no minimum deposit requirements or limits on deposits and withdrawals. Dividends from net investment income are declared on a daily basis and paid on the last day of the month. Dividends paid are automatically reinvested in each account by the purchase of additional shares. The contract creating the Trust specifies the types of investments that can be made by the investment portfolio with available cash: U.S. Government securities, securities of federally sponsored agencies, repurchase agreements, banker's acceptances, negotiable certificates of deposit and commercial paper. The fair value of WRCOG's investment in this pool is reported in the accompanying financial statements at amounts based upon WRCOG's pro-rata share of the fair value provided by CAMP.

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Advances to Other Funds

WRCOG's interfund receivables and payables represent amounts advanced from the TUMF Fund to the General Fund for OPEB costs. The advance is anticipated to be repaid over a ten-year period which began in fiscal year 2014-15 with equal annual payments.

The composition of interfund balance as of June 30, 2020, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
TUMF	General	\$ 442,107

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2020, is shown below:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Governmental Activities:				
Capital assets, being depreciated:				
Furniture and Computer Equipment	\$ 876,903	\$ 97,697	\$ (164,170)	\$ 810,430
Other Capital Assets	33,037	-	-	33,037
Total Depreciable Capital Assets	<u>909,940</u>	<u>97,697</u>	<u>(164,170)</u>	<u>843,467</u>
Less Accumulated Depreciation for:				
Furniture and Computer Equipment	(521,457)	(81,424)	85,795	(517,086)
Other Capital Assets	(26,429)	(6,607)	-	(33,036)
Total Accumulated Depreciation	<u>(547,886)</u>	<u>(88,031)</u>	<u>85,795</u>	<u>(550,122)</u>
Capital Assets net of Accumulated Depreciation	<u>\$ 362,054</u>	<u>\$ 9,666</u>	<u>\$ (78,375)</u>	<u>\$ 293,345</u>

Depreciation expense of \$88,031 was charged to the general government function of the governmental activities.

NOTE 5 – LONG-TERM LIABILITIES

A schedule of changes in the long-term liabilities for the year ended June 30, 2020, is shown below:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 399,678	\$ 185,019	\$ (241,736)	\$ 342,961	\$ 34,296
Refund Liability	8,745,255	4,173,792	(1,458,077)	11,460,970	-
City of Moreno Valley Agreement	4,493,500	-	(1,000,000)	3,493,500	-
Total Long-term Liabilities	<u>\$ 13,638,433</u>	<u>\$ 4,358,811</u>	<u>\$ (2,699,813)</u>	<u>\$ 15,297,431</u>	<u>\$ 34,296</u>

Compensated absences will be liquidated primarily from the General Fund.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 5 – LONG-TERM LIABILITIES, (Continued)

A. Refund Liability

WRCOG maintains a listing of developers who are owed a refund for various reasons including expired permits, duplicate payments, and credit agreements entered into with the developer. Some of the refunds are included on the Transportation Improvement Program (TIP) and some are not but are generally not paid out until the zone has enough money to repay the refund. Each zone within the TIP maintains its own refund amounts and as funds become available, the refunds are paid out. No interest is calculated on refunds granted back to the developer. The refunds will be liquidated from the TUMF Fund.

B. City of Moreno Valley Agreement

In 2011, WRCOG entered into an agreement with the City of Moreno Valley to fund a portion of the Nason/SR-60 Interchange Project. Pursuant to the agreement, the City incurred project-related costs which will be reimbursed through TUMF as funds become available through the annual TUMF allocation process. The total authorized by the agreement was \$11,128,000. As of June 30, 2020, the remaining amount to be reimbursed to the City is \$3,493,500. The liability will be liquidated from the TUMF Fund.

NOTE 6 – TRANSPORTATION UNIFORM MITIGATION FEES

WRCOG developed an ordinance and an administrative plan effective June 1, 2003, to implement the Transportation Uniform Mitigation Fee (TUMF). This ordinance and the administrative plan allows for the collection of mitigation fees over 25 years related to the planning and construction of a regional transportation system throughout the western region of Riverside County. The municipalities located within the western region of Riverside County (grouped by zones) and the County of Riverside collect these fees and remit them to WRCOG on a monthly basis. WRCOG is responsible for the administration of these fees, subject to certain restrictions, and approves plans that meet the goals (nexus) of the legislation.

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 6 – TRANSPORTATION UNIFORM MITIGATION FEES, (Continued)

WRCOG is entitled to an administration fee of up to 4% annually of TUMF revenues collected, with a maximum of 1% that can be used to offset salaries and benefits related to TUMF administration. In 2020, the total administration fee collected was 4%. Riverside Conservation Agency (RCA) also receives a percentage of the TUMF revenues collected of 1.47%, which is included as an expense in the TUMF Fund.

The fees allocated among the zones, Riverside County Transportation Commission (RCTC), and Riverside Transit Authority (RTA) are 45.7%, 45.7% and 3.13%, respectively. These allocations are remitted monthly to RCTC and quarterly to RTA; however, the zones must submit project plans for approval to WRCOG before funds can be released. RCA must submit potential sites designated for conservation for approval before funds are released.

NOTE 7 – EMPLOYEE BENEFITS

California Public Employees' Retirement System (CalPERS)

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. WRCOG sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and WRCOG resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Benefits Provided, Continued

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

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

	Miscellaneous	
	Classic	New Members
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.7% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of annual salary	2.0% to 2.7%	1.0% to 2.5%
Required employer contribution rates	15.35%	7.67%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2020 were \$466,492. The actual employer payments of \$236,092 made to CalPERS by WRCOG during the measurement period ended June 30, 2019 differed from WRCOG's proportionate share of the employer's contributions of \$375,536 by \$139,444, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Net Pension Liability

WRCOG's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table (1)	Derived using CalPERS' membership data for all funds
Post Retirement Rate Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies.

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvements using 90% of scale MP 2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions reported from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018, valuation was based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Long-term Expected Rate of Return

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

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

The expected real rates of return by asset class are as follows:

Asset Class (1)	Assumed Asset Allocation	Real Return Years 1-10 (2)	Real Return Years 11+ (3)
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0%	-0.92%
Total	100%		

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities;
Liquidity is included in Short-term Investments; Inflation Assets are included
in both Global Equity Securities and Global Debt Securities.

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

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

Change in Assumptions

There were no changes in assumptions.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Discount Rate

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

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Proportionate Share of Net Pension Liability

The following table shows the Plans' proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2018 (VD)	\$ 11,301,871	\$ 8,680,495	\$ 2,621,376
Balance at: 6/30/2019 (MD)	\$ 11,936,106	\$ 9,063,032	\$ 2,873,074
Net changes during 2018-2019	\$ 634,235	\$ 382,537	\$ 251,698

Valuation Date (VD), Measurement Date (MD)

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Proportionate Share of Net Pension Liability, Continued

WRCOG's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. WRCOG's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov.

WRCOG's proportionate share of the net pension liability for miscellaneous Plan as of the June 30, 2018 and 2019 measurement dates was as follows:

Proportion Share - June 30, 2018	0.0272%
Proportion Share - June 30, 2019	0.0280%
Change - Increase	0.0008%

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

The following presents WRCOG's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	\$ 4,478,517	\$ 2,873,074	\$ 1,547,895

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2019 is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2018), WRCOG's net pension liability was \$2,621,376. For the measurement period ending June 30, 2019 (the measurement date), WRCOG incurred a pension expense of \$692,395.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees’ Retirement System (CalPERS), Continued

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, Continued

At June 30, 2020, WRCOG reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 199,547	\$ 15,461
Changes in assumptions	137,001	48,566
Differences between projected and actual investment earnings	-	50,230
Differences between employer's contributions and proportionate share of contributions	13,026	102,748
Change in employers proportion	96,293	-
Pension contributions subsequent to the measurement date	466,492	-
	<u>\$ 912,359</u>	<u>\$ 217,005</u>

These amounts above are net of outflows and inflows recognized in the 2018-19 measurement period expense. Contributions subsequent to the measurement date of \$466,492 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2020	\$ 244,251
2021	(35,214)
2022	9,675
2023	10,150
2024	-
Thereafter	-
	<u>\$ 228,862</u>

Payable to the Pension Plan

At June 30, 2020, WRCOG reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

WRCOG has established agent multiple employer plan that provides post-retirement health care benefits for retired employees and their dependents. Benefits are as follows:

<u>Tier</u>	<u>Date of Hire</u>	<u>Benefit</u>
1	< 1/1/98	100% of premium (ee + dep.)
2	1/1/98 - 6/30/01	Cost of Kaiser coverage (ee + dep.)
3	7/1/01 - 9/1/04	Up to employee + 1 Kaiser premium
4	> 9/1/04	50% of weighted average of 4 top plans + 40% of weighted average for 1 dep. for 4 top plans. Vesting is 50% of premium at 10 years graded to 100% at 20 years.

In April 2012 WRCOG joined the Public Agencies Post-Retirement Health Care Plan, a multiple-employer trust administered by the Public Agency Retirement Services.

Employees Covered

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	28
Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to, but not yet receiving benefits	<u>1</u>
Total	<u><u>38</u></u>

Contributions

Benefit provisions are established and may be amended by the Executive Committee. WRCOG contributes 100% of the cost of health insurance premiums for retirees.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), (Continued)

Net OPEB Liability

WRCOG'S net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2019 Measurement Date
Actuarial Valuation Date	June 30, 2019
Actuarial Cost Method	Entry age normal cost, level percent of pay.
Asset Valuation Method	Market value
Discount Rate	5.70%
General Inflation	2.50%
Salary Increases	3.00% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
Healthcare Cost Trend Rate	5.40% in 2021 fluctuating down to 4.00% by 2076.
Mortality	CalPERS 2017 experience study

Discount Rate

A discount rate of 5.70% was used in the valuation. This discount rate assumes the WRCOG continues to fully fund for its retiree health benefits.

Change of Assumptions

Discount Rate	Decreased from 6.25% to 5.70%.
Demographic Assumptions	Mortality rates updated to 2017 CalPERS experience study.
Mortality Improvement	Scale updated to 2020 MacLeod Watts Scale.
General Inflation Rate	Decreased from 2.75% to 2.50% per year.
Salary Increase	Decreased from 3.25% to 3.00% per year.
Medical Trend	Updated to use the Getzen healthcare trend model.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), (Continued)

Changes in the OPEB Liability (Asset)

The changes in the net OPEB liability (asset) for the Plan are as follows:

	(a)	(b)	(a) - (b) = (c)
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019 (6/30/18 measurement date)	<u>\$2,688,654</u>	<u>\$1,798,116</u>	<u>\$ 890,538</u>
Changes recognized for the measurement period:			
Service cost	150,146	-	150,146
Interest	173,314	-	173,314
Differences between expected and actual experience	(836,051)	-	(836,051)
Changes of assumptions	763,070	-	763,070
Contributions – employer	-	106,392	(106,392)
Net investment income	-	97,621	(97,621)
Benefit payments	(131,557)	(131,557)	-
Administrative expense	-	(7,571)	7,571
Net changes	<u>118,922</u>	<u>64,885</u>	<u>54,037</u>
Balance at June 30, 2020 (6/30/19 measurement date)	<u><u>\$2,807,576</u></u>	<u><u>\$1,863,001</u></u>	<u><u>\$ 944,575</u></u>

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the WRCOG if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
Net OPEB Liability	\$ 1,360,342	\$ 944,575	\$ 609,342

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), (Continued)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability (asset) of the WRCOG if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

		Current Healthcare Cost Trend Rates	
	1% Decrease		1% Increase
Net OPEB Liability	\$ 574,726	\$ 944,575	\$ 1,414,366

OPEB Plan Fiduciary Net Position

PARS issues a publicly available financial report that may be obtained from the Public Agency Retirement Services, 4350 Von Karman Ave, Newport Beach, CA 92660.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

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

For the fiscal year ended June 30, 2020, the WRCOG recognized OPEB expense of \$123,844. As of fiscal year ended June 30, 2019, the WRCOG reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 690,466	\$ -
Differences between expected and actual experience	-	1,448,621
Net differences between projected and actual earnings on investments	-	75,479
Contributions to OPEB plan subsequent to the measurement date	140,657	-
Total	<u>\$ 831,123</u>	<u>\$ 1,524,100</u>

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB, Continued

The \$140,657 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021.

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

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ (95,827)
2022	(95,827)
2023	(95,825)
2024	(67,004)
2025	(69,751)
Thereafter	(409,400)
	<u>\$ (833,634)</u>

Other Benefits

WRCOG also provides a deferred compensation plan under Section 457 of the Internal Revenue Code. As a result of changes in tax law, these benefits have been placed in a trust for the exclusive benefit of the employees requesting such deferrals.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

WRCOG has participated in various federal and state assisted grant programs. These programs are subject to financial and compliance audits by the grantor or their representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Management believes that any liability for reimbursement, which may arise as a result of these audits, is not material.

NOTE 10 – RELATED PARTY TRANSACTIONS

WRCOG purchased services during the current year from the County of Riverside, which is also a member of WRCOG, for parking costs, which amounted to \$280 and are included as expenditures in the General Fund.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 11 – PROPERTY ASSESSED CLEAN ENERGY PROGRAM

In 2011, WRCOG launched the Property Assessed Clean Energy (PACE) Program, a regional effort that provides financing to residential and commercial property owners to install energy-efficient, renewable energy, and water conservation improvements to homes and businesses in the subregion.

Program participants complete an application, select a contractor, and make the improvements. Repayment occurs through the owner's annual property tax bill, and in most cases, the assessment stays with the property, to be assumed by the next owner upon sale of the property. For property owners, energy and water conservation improvements will yield reduced utility bills. For Western Riverside County, the Program will create energy savings for the fast-growing region, reduce greenhouse gas emissions associated with energy use, and bring and retain jobs for area contractors.

The PACE Program has expanded statewide; nearly 150 municipalities throughout California have joined the Program. What makes the PACE Program particularly unique is that the financing is provided entirely by private investment funds to implement the Program.

Under the PACE Program, a contractual assessment is entered into by the property owner. The amount of the contractual assessment is equal to the cost to pay for the eligible improvements, the issuance of the bonds that will finance the program, and the costs to administer the program. The assessments are billed and collected on the County property tax bill. Repayments made by the property owners flow through the County to the trustee to fund the debt service. WRCOG does not receive the special assessments. As the sponsor of the PACE program, WRCOG receives a percentage of the amount financed for its participation in the program.

During the year, WRCOG received 1.463% of the amount financed, for each assessment, in the residential program. A program management fee of \$55 per assessment is collected at the initiation of the assessment to pay for recordation. Also collected is a \$50 annual administrative fee, per assessment, used to levy on county tax rolls.

For the commercial program, WRCOG received 1.15% of the amount financed, for each assessment, in the program. A program management fee of \$95 per assessment is collected at the initiation of the assessment to pay for recordation. Also collected is a \$390 annual administrative fee, per assessment, used to levy on county tax rolls.

PACE revenues are broken out by two types: Program and Recording. For FY 19/20, Program revenue totaled \$1,931,057, while recording revenue totaled \$429,355. Recording revenues are recouped from each bond assessment and charged to recover the amount paid to each County for recording, essentially offsetting the fees paid.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 12 – BEYOND PROGRAM

In June 2015, WRCOG launched the BEYOND Framework Fund Program (BEYOND), to provide local assistance funding to help its member agencies develop and implement plans and programs that can help improve the quality of life in Western Riverside County. BEYOND projects address critical growth components such as economic development, water, education, environment, energy, health, and transportation.

The BEYOND Program is funded by net PACE program revenues. Funds are required to be expended pursuant to program guidelines. Funds are provided to member agencies on a reimbursement basis. During the year, reimbursements to various member agencies for projects approved by WRCOG totaled \$124,858 from BEYOND Round I funding, and \$1,706,449 for Round II were reimbursed. The remaining \$702,559 was re-assigned within the General Fund for the Experience, Fellowship and Grant Writing programs.

NOTE 13 – FELLOWSHIP PROGRAM

In November 2015, WRCOG launched the Fellowship Program. The Fellowship Program is administered in partnership with the University of California, Riverside and California Baptist University. The purpose of the program is to encourage students to seek careers in public policy and local government. Based on available funding and member agency's needs, each member agency is provided with a student intern who is employed by WRCOG, to be used to support local government departments.

The Fellowship Program is funded by net PACE program revenues. In the fiscal year ending June 30, 2020, reimbursements to various member agencies for hired interns approved by WRCOG totaled \$185,078. The remaining \$609,412 was assigned within the General Fund for the Fellowship Program with additional funding re-assigned from the BEYOND Program.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 14 – RISK MANAGEMENT

WRCOG is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; and natural disasters which are covered through the purchase of insurance policies.

At June 30, 2020, WRCOG's insurance policies are as follows:

- Errors & Omission/ Employment Practices Liability: WRCOG is insured up to \$5,000,000 per occurrence and \$25,000 deductible per occurrence.
- Office Equipment: WRCOG is insured up to \$1,000,000 per occurrence and \$122,000 personal property and \$1,000 deductible per occurrence.
- Crime Insurance: WRCOG is insured up to \$5,000,000 per occurrence and \$25,000 deductible per occurrence.
- Excess Liability: WRCOG is insured up to \$4,000,000 per occurrence.
- Workers Compensation: WRCOG is insured up to \$1,000,000 per occurrence.
- Employee Dishonest Bond: WRCOG is insured up to \$25,000 bond limit.
- Business Auto Policy: WRCOG is insured up to \$1,000,000 liability limit.
- There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

NOTE 15 – Western Community Energy

Western Community Energy ("WCE") was organized on August 23, 2018 pursuant to the Joint Exercise of Powers Agreement by City of Canyon Lake, City of Eastvale, City of Hemet, City of Jurupa Valley, City of Perris, and City of Wildomar ("Member Agencies"). In 2002, AB 117 was signed into law allowing public agencies to aggregate the electrical load of interested consumers within their jurisdictional boundaries and purchase electricity on behalf of those consumers. The WCE was formed with the purpose and intent to collectively study, promote, develop, conduct, operate and manage energy, energy efficiency and conservation, and other energy-related and climate change programs related to a Community Choice Aggregation program ("CCA Program"), and exercise all other powers necessary and incidental to accomplishing this purpose. The Member Agencies have each adopted an ordinance electing to implement through the Authority a community choice aggregation program pursuant to California Public Utilities Code § 366.2.

The WCE will be initially administered by the Western Riverside Council of Governments ("WRCOG"), which shall provide Executive Director, staff, and consultant services to WCE. WRCOG shall provide administrative services for three years from the Effective Date of Joint Exercise of Powers Agreement. The term and conditions of the administrative services agreement may be extended by mutual agreement of WRCOG and the WCE without further amendment of the original JPA Agreement.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 16 – COVID-19 Considerations

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the outbreak has caused uncertainty in the financial markets. The duration of these uncertainties and the ultimate financial impact effects cannot be estimated at this time.

NOTE 17 – Prior Period Restatement

Updated Actuary Valuation Reported Amounts - GASB 75 Other Post Employee Benefits

WRCOG implemented GASB Statement No. 75 (GASB 75) effective July 1, 2017. GASB 75, among other provisions, amended prior guidance with respect to the reporting of postemployment benefits other than pensions (OPEB). GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows or resources, and deferred inflows of resources, and expenses. An "updated" valuation report provided amounts that needed to be applied retroactively in the government wide financial statements.

The cumulative effects of applying the updated actuarial valuation report amounts of GASB 75 have been reported as a restatement of beginning net position for the year ended June 30, 2020 in accordance with the Statement as follows:

Government-Wide Statements

Statement of Activities - Governmental Activities	
Net position, beginning of year, prior to restatement	\$ 10,190,563
OPEB Liability calculated under GASB 75	(74,455)
Deferred Outflow calculated under GASB 75	(205,027)
Deferred Inflow calculated under GASB 75	<u>(870,219)</u>
Restatement	<u>(1,149,701)</u>
Net position, beginning of year, as restated	<u>\$ 9,040,862</u>

REQUIRED SUPPLEMENTARY INFORMATION

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2020**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	\$ 775,000	\$ 775,000	\$ 800,250	\$ 25,250
TUMF mitigation fees	1,980,000	1,980,000	1,954,024	(25,976)
PACE fees	2,251,319	2,424,646	2,512,229	87,583
Other revenues	1,858,188	2,372,440	2,060,571	(311,869)
Investment income	25,000	127,758	127,757	(1)
Total revenues	6,889,507	7,679,844	7,454,831	(225,013)
Expenditures:				
Current:				
General government	6,723,012	7,051,106	3,531,873	3,519,233
Energy	2,537,074	2,404,133	2,349,851	54,282
Environmental	484,967	490,624	476,388	14,236
Total Expenditures	9,745,053	9,945,863	6,358,112	3,587,751
Net change in fund balance	<u>\$ (2,855,546)</u>	<u>\$ (2,266,019)</u>	1,096,719	<u>\$ 3,362,738</u>
Fund balance:				
Balance, beginning of year			10,716,811	
Balance, end of year			<u>\$ 11,813,530</u>	

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Schedule of the WRCOG's Proportionate Share
of the Net Pension Liability and Related Ratios as of the Measurement Date
Last Ten Years*
As of the Year Ended June 30, 2020**

Measurement Date	Employer's Proportion of the Collective Net Pension Liability ¹	Employer's Proportionate Share of the Collective Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2014	0.0229%	\$ 1,421,911	\$ 1,422,424	99.96%	79.82%
6/30/2015	0.0263%	1,808,565	1,616,828	111.86%	78.40%
6/30/2016	0.0265%	2,297,048	1,760,643	130.47%	78.40%
6/30/2017	0.0271%	2,689,185	2,062,647	130.38%	74.33%
6/30/2018	0.0272%	2,621,376	2,413,255	108.62%	76.81%
6/30/2019	0.0280%	2,873,074	2,530,409	113.54%	75.93%

¹ Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk pools excluding the 1959 Survivors Risk Pool.

* Historical information is required only for measurement period for which GASB 68 & 71 were applicable. Future years' information will be displayed up to 10 years as information becomes available.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Schedule of Plan Contributions
Last Ten Years*
As of the Year Ended June 30, 2020**

<u>Fiscal Year</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions in Relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2014-15	\$ 294,471	\$ (294,471)	\$ -	\$ 1,616,828	18.21%
2015-16	305,212	(305,212)	-	1,760,643	17.34%
2016-17	323,200	(323,200)	-	2,062,647	15.67%
2017-18	345,428	(345,428)	-	2,413,255	14.31%
2018-19	236,092	(236,092)	-	2,530,409	9.33%
2019-20	466,492	(466,492)	-	2,504,167	18.63%

Notes to Schedule:

Change in Benefit Terms: None

Changes in Assumptions: There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Historical information is required only for measurement period for which GASB 68 & 71 were applicable. Future years' information will be displayed up to 10 years as information becomes available.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2020**

Measurement Period	June 30, 2017	June 30, 2018	June 30, 2019
Total OPEB Liability			
Service cost	\$ 108,879	\$ 171,367	\$ 150,146
Interest	159,498	160,645	173,314
Differences between expected and actual experience	(156,922)	-	(836,051)
Changes of assumptions	-	-	763,070
Benefit payments	(113,278)	(84,617)	(131,557)
Net change in total OPEB liability	(1,823)	247,395	118,922
Total OPEB liability - beginning	2,443,082	2,441,259	2,688,654*
Total OPEB liability - ending (a)	2,441,259	2,688,654	2,807,576
Plan Fiduciary Net Position			
Contributions – employer	-	120,000	106,392
Net investment income	104,450	(5,368)	97,621
Benefit payments	(105,916)	(84,617)	(131,557)
Administrative expense	(7,361)	(6,574)	(7,571)
Net change in plan fiduciary net position	(8,827)	23,441	64,885
Plan fiduciary net position - beginning	1,783,502	1,774,675	1,798,116*
Plan fiduciary net position - ending (b)	1,774,675	1,798,116	1,863,001
Net OPEB liability - ending (a) - (b)	\$ 666,584	\$ 890,538	\$ 944,575
Plan fiduciary net position as a percentage of the total OPEB liability	72.70%	66.88%	66.36%
Covered payroll	\$ 2,211,299	\$ 2,617,222	\$ 2,817,402
Net OPEB liability as a percentage of covered payroll	30.14%	34.03%	33.53%

Notes to Schedule:

Changes in assumptions:

Discount rate: Decreased from 6.25% to 5.70%.

Demographic assumptions: Mortality rates updated to 2017 CalPERS experience study.

Mortality improvement: Scale updated to 2020 MacLeod Watts Scale.

General inflation rate: Decreased from 2.75% to 2.50% per year.

Salary increase: Decreased from 3.25% to 3.00% per year.

Medical trend: Updated to use the Getzen healthcare trend model.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

*As restated, see Note 17.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Schedule of OPEB Plan Contributions – Last Ten Years*
For the Year Ended June 30, 2020**

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in relation to the ADC	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2018	\$ 185,075	\$ 185,075	\$ -	\$ 2,617,222	7.07%
June 30, 2019	202,857	202,857	-	2,817,402	7.20%
June 30, 2020	256,928	140,657	116,271	2,664,693	5.28%

Notes to Schedule:

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

Methods and assumptions used to determine the actuarially determined contribution:	
Valuation Date	June 30, 2019
Actuarial Cost Method	Entry age normal cost, level percent of pay.
Amortization Methodology	Level \$, closed 30 year period
Asset Valuation Method	Market value
Discount Rate	5.70%
General Inflation	2.50%
Salary Increases	3.00%
Medical Trend	5.4% in 2021 fluctuating down to 4.0% by 2076.
Mortality	CalPERS 2017 experience study
Retirement Age	From 50 to 75

*Fiscal year 2017-18 was the first year of implementation. Additional years to be presented as information becomes available.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Required Supplementary Information
For the Year Ended June 30, 2020**

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

By state law, WRCOG's Governing Board must approve a tentative budget no later than July 1 and adopt a final budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. WRCOG's Governing Board satisfied these requirements. A budget is adopted for all expenditures by financial responsibility for the General Fund. All budgets are adopted on a basis consistent with generally accepted accounting principles.

WRCOG is entitled to an administration fee of up to 4% annually of TUMF revenues collected, with a maximum of 1% that can be used to offset salaries and benefits related to TUMF administration. In 2020, the total administration fee collected was 4%. Riverside Conservation Agency (RCA) also receives a percentage of the TUMF revenues collected of 1.47%, which is included as an expense in the TUMF Fund.

The fees allocated among the zones, Riverside County Transportation Commission (RCTC), and Riverside Transit Authority (RTA) are 45.7%, 45.7% and 3.13%, respectively. These allocations are remitted monthly to RCTC and quarterly to RTA; however the zones must submit project plans for approval to WRCOG before funds can be released. RCA must submit potential sites designated for conservation for approval before funds are released.

The TUMF Fund does not have an adopted budget that is approved by the WRCOG General Assembly, therefore, the TUMF Fund does not present a budget to actual comparison.

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SUPPLEMENTARY INFORMATION

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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2020**

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2020</u>
Assets				
Cash and investments	<u>\$ 1,391,727</u>	<u>\$ 39,506,818</u>	<u>\$ 31,470,301</u>	<u>\$ 9,428,244</u>
Total assets	<u><u>\$ 1,391,727</u></u>	<u><u>\$ 39,506,818</u></u>	<u><u>\$ 31,470,301</u></u>	<u><u>\$ 9,428,244</u></u>
 Liabilities				
Deposits payable	<u>\$ 1,391,727</u>	<u>\$ 69,643,640</u>	<u>\$ 61,607,123</u>	<u>\$ 9,428,244</u>
Total liabilities	<u><u>\$ 1,391,727</u></u>	<u><u>\$ 69,643,640</u></u>	<u><u>\$ 61,607,123</u></u>	<u><u>\$ 9,428,244</u></u>

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Statistical Section

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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Statistical Section Overview
For the Fiscal Year Ended June 30, 2020**

This section of the Western Riverside Council of Government's Comprehensive Annual Financial Report presents additional detail, historical perspective, and context to assist annual financial report users in understanding the financial statements, note disclosures, required supplementary information, and assessing WRCOG's financial condition.

Financial Trends: These schedules contain trend information to assist readers in understanding and assessing how WRCOG's financial position has changed over time.

*Net Position by Component
Changes in Net Position
Fund Balances of Governmental Funds
Changes in Fund Balances in Governmental Funds*

Revenue Capacity: These schedules contain information to help the reader assess WRCOG's most significant local revenue source, Member Dues and Mitigation Fees.

WRCOG Revenues

Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place. These schedules include:

*Demographic and Economic Statistics for Riverside County
Principal Employers of Riverside County*

Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. These schedules include:

Full-time Equivalent Employees by Function/Program

Sources: WRCOG Finance Department

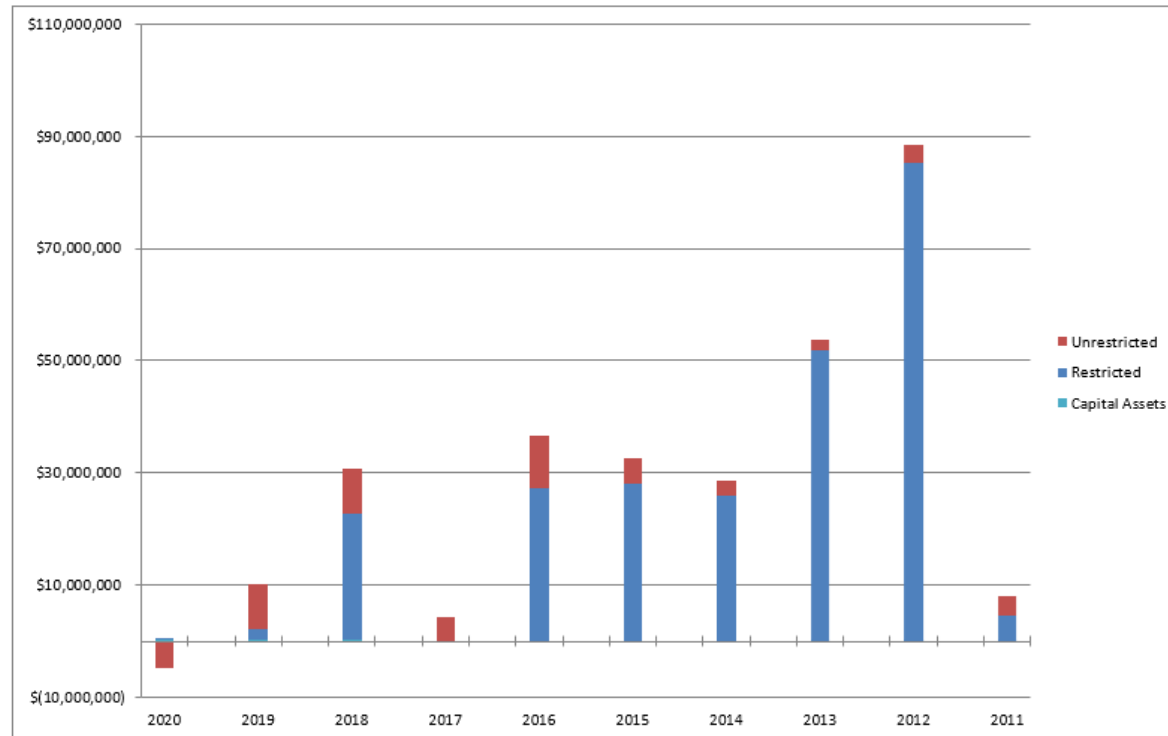
California State Department of Finance
U.S. Department of Commerce Bureau of Economic Analysis
Riverside County Economic Development Agency
State of California Economic Development Department
FRED Economic Data Economic Research Federal Reserve Bank of St. Louis

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Net Position by Component
Last Ten Fiscal Years
(Accrual Basis)**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities:										
Net investment in										
Capital Assets	\$ 293,345	\$ 362,054	\$ 413,343	\$ 93,875	\$ 100,296	\$ 54,038	\$ 30,021	\$ 20,735	\$ 32,918	\$ 47,304
Restricted	111,838	1,907,303	22,211,582	11,702	27,079,334	28,033,173	25,869,263	51,733,864	85,054,212	4,632,048
Unrestricted	(4,815,321)	6,771,505	8,130,795	4,232,803	9,385,943	4,556,290	2,632,813	1,880,401	3,361,861	3,279,968
Total governmental activities net position/(deficit)	\$ (4,410,138)	\$ 9,040,862	\$ 30,755,720	\$ 4,338,380	\$ 36,565,573	\$ 32,643,501	\$ 28,532,097	\$ 53,635,000	\$ 88,448,991	\$ 7,959,320

Source: Finance Department



**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis)**

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities:										
General government	\$ 3,674,580	\$ 6,966,676	\$ 5,416,418	\$ 4,028,482	\$ 2,520,688	\$ 2,031,313	\$ 2,245,634	\$ 2,401,116	\$ 3,392,955	\$ 1,974,339
Transportation	63,456,285	85,033,676	34,971,790	74,542,061	41,631,788	33,114,224	54,779,449	50,187,717	21,194,918	18,983,962
Energy	2,349,851	2,779,274	6,333,946	5,622,980	5,629,560	4,926,278	2,445,533	1,608,694	476,844	20,033
Environmental	704,465	533,897	570,687	513,137	423,667	531,945	647,781	576,600	520,748	-
Total primary government expenses	<u>70,185,181</u>	<u>95,313,523</u>	<u>47,292,841</u>	<u>84,706,660</u>	<u>50,205,703</u>	<u>40,603,760</u>	<u>60,118,397</u>	<u>54,774,127</u>	<u>25,585,465</u>	<u>20,978,334</u>
Program Revenues										
Governmental activities:										
General government	341,563	569,301	567,640	512,876	513,188	349,268	420,810	528,756	63,102	1,515,581
Transportation	50,389,714	66,842,236	67,483,341	42,731,611	43,508,888	37,430,113	24,905,073	25,966,400	14,122,996	8,121,757
Energy	2,966,193	3,364,946	6,003,534	9,316,452	9,779,134	7,473,816	3,198,814	1,482,940	190,142	-
Environmental	758,394	542,592	515,141	528,775	464,885	620,836	618,415	619,388	712,040	-
Total primary government program revenues	<u>54,455,864</u>	<u>71,319,075</u>	<u>74,569,656</u>	<u>53,089,714</u>	<u>54,266,095</u>	<u>45,874,033</u>	<u>29,143,112</u>	<u>28,597,484</u>	<u>15,088,280</u>	<u>9,637,338</u>
Net (Expense)/Revenue										
Total primary government net expense	<u>(15,729,317)</u>	<u>(23,994,448)</u>	<u>27,276,815</u>	<u>(31,616,946)</u>	<u>4,060,392</u>	<u>5,270,273</u>	<u>(30,975,285)</u>	<u>(26,176,643)</u>	<u>(10,497,185)</u>	<u>(11,340,996)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Other revenues	-	-	-	-	36,112	241,763	259,349	308,294	852,752	647,701
Investment income	2,356,692	2,262,464	273,559	(12,645)	509,228	552,021	706,876	(285,642)	806,546	638,791
Loss on sale of capital assets	(78,375)	-	-	-	-	-	-	-	-	-
Total primary government	<u>2,278,317</u>	<u>2,262,464</u>	<u>273,559</u>	<u>(12,645)</u>	<u>545,340</u>	<u>793,784</u>	<u>966,225</u>	<u>22,652</u>	<u>1,659,298</u>	<u>1,286,492</u>
Changes in Net Position										
Total primary government	<u>\$ (13,451,000)</u>	<u>\$ (21,731,984)</u>	<u>\$ 27,550,374</u>	<u>\$ (31,629,591)</u>	<u>\$ 4,605,732</u>	<u>\$ 6,064,057</u>	<u>\$ (30,009,060)</u>	<u>\$ (26,153,991)</u>	<u>\$ (8,837,887)</u>	<u>\$ (10,054,504)</u>

Source: Finance Department

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis)**

		Fiscal Year									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
GENERAL FUND											
General fund:											
Nonspendable											
Prepaid Expenses	\$	209,708	\$ 96,486	\$ 43,859	\$ 167,212	\$ 90,762	\$ 82,987	\$ 70,111	\$ 67,357	\$ 36,386	\$ 52,047
Restricted											
LTF		-	-	-	-	-	-	581,358	578,909	591,273	650,397
Assigned		-	-	-	11,702.00	-	-	-	-	-	-
BEYOND Program		702,559	702,559	2,533,866	3,305,419	1,556,763.00	-	-	-	-	-
Fellowship Program		609,412	304,733	514,732	121,272	400,000.00	-	-	-	-	-
Unassigned		10,291,851	9,613,033	8,233,431	8,988,826	7,888,825	5,415,947	1,275,895	456,939	392,965	76,440
Total general fund		<u>\$ 11,813,530</u>	<u>\$ 10,716,811</u>	<u>\$ 11,325,888</u>	<u>\$ 12,594,431</u>	<u>\$ 9,936,350</u>	<u>\$ 5,498,934</u>	<u>\$ 1,927,364</u>	<u>\$ 1,103,205</u>	<u>\$ 1,020,624</u>	<u>\$ 778,884</u>
ALL OTHER GOVERNMENTAL FUNDS											
All other governmental funds:											
Committed											
TUMF	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,530,712
Restricted											
Transportation		2,483,852	15,073,913	38,098,604	9,373,801	51,540,293	53,379,614	49,094,887	65,104,205	95,670,753.00	-
Foundation		111,838	72,145	11,733.00	-	11,690	11,695	11,604	20,550	11,370	48,346
Assigned											
TUMF		-	-	-	-	-	-	-	-	-	31,175,659
Total all other governmental funds		<u>\$ 2,595,690</u>	<u>\$ 15,146,058</u>	<u>\$ 38,110,337</u>	<u>\$ 9,373,801</u>	<u>\$ 51,551,983</u>	<u>\$ 53,391,309</u>	<u>\$ 49,106,491</u>	<u>\$ 65,124,755</u>	<u>\$ 95,682,123</u>	<u>\$ 103,754,717</u>

Source: Finance Department

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis)**

		Fiscal Year									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues											
Intergovernmental	\$	1,068,020	\$ 967,270	\$ 931,500	\$ 1,145,570	\$ 1,058,265	\$ 1,461,999	\$ 1,350,596	\$ 1,830,454	\$ 1,216,550	\$ 1,515,581
TUMF Mitigation fees		48,850,599	63,686,091	51,305,031	42,239,340	42,615,158	36,507,739	24,306,973	25,361,053	13,871,730	8,165,385
Pace fees		2,512,229	2,752,932	5,684,817	9,028,003	9,562,139	7,159,144	2,197,585	-	-	-
Other revenues		2,085,571	3,852,228	16,648,307	894,488	848,957	986,914	1,547,307	1,714,271	852,752	647,701
Investment income (loss)		2,356,691	2,262,464	273,560	(12,645)	509,229	552,021	420,526	(285,642)	806,546	638,791
Total revenues		56,873,110	73,520,985	74,843,215	53,294,756	54,593,748	46,667,817	29,822,987	28,620,136	16,747,578	10,967,458
Expenditures											
Current:											
General Government		3,531,873	6,039,994	4,493,570	3,965,880	2,681,489	2,070,885	2,191,112	2,321,713	3,969,631	3,650,185
Programs:											
Transportation		61,740,570	87,741,176	35,974,673	82,703,352	44,125,019	30,998,608	44,901,088	52,612,593	23,624,407	28,039,139
Energy		2,349,851	2,779,274	6,336,292	5,632,488	5,647,563	4,929,398	2,431,687	1,589,887	675,950	-
Environmental		704,465	533,897	570,687	513,137	435,670	534,027	638,549	564,061	653,485	-
Debt service		-	-	-	-	-	-	-	1,500,000	-	-
Capital outlay		-	-	-	-	-	-	-	-	-	6,647
Total expenditures		68,326,759	97,094,341	47,375,222	92,814,857	52,889,741	38,532,918	50,162,436	58,588,254	28,923,473	31,695,971
Excess (deficiency) of revenues over (under) expenditures		<u>(11,453,649)</u>	<u>(23,573,356)</u>	<u>27,467,993</u>	<u>(39,520,101)</u>	<u>1,704,007</u>	<u>8,134,899</u>	<u>(20,339,449)</u>	<u>(29,968,118)</u>	<u>(12,175,895)</u>	<u>(20,728,513)</u>
Other financing sources (uses):											
Loan proceeds		-	-	-	-	-	-	-	1,500,000	-	-
Total other financing sources (uses)		-	-	-	-	-	-	-	1,500,000	-	-
Net change in fund balances	\$	<u>(11,453,649)</u>	<u>\$ (23,573,356)</u>	<u>\$ 27,467,993</u>	<u>\$ (39,520,101)</u>	<u>\$ 1,704,007</u>	<u>\$ 8,134,899</u>	<u>\$ (20,339,449)</u>	<u>\$ (28,468,118)</u>	<u>\$ (12,175,895)</u>	<u>\$ (20,728,513)</u>
Debt service as a percentage of noncapital expenditures		<u>0.0%</u>									

Source: Finance Department

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Revenue by Funds
Last Ten Fiscal Years
(Accrual Basis)**

	Fiscal Year Ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
GENERAL FUND:										
Member dues:										
Banning	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957
Beaumont	5,000	5,000	-	-	-	5,255	5,255	5,255	5,255	5,255
Calimesa	1,049	1,049	1,049	1,049	1,049	1,102	1,102	1,102	1,102	1,102
Canyon Lake	1,406	1,406	1,406	1,406	1,406	2,256	2,256	2,256	2,256	2,256
Corona	20,290	20,290	20,290	20,290	20,290	25,886	25,886	25,886	25,886	25,886
Eastvale	7,171	7,171	7,171	7,171	7,171	-	-	-	-	-
Hemet	9,797	9,797	9,797	9,797	9,797	10,386	10,386	10,386	10,386	10,386
Jurupa Valley	12,710	12,710	12,710	12,710	12,710	-	-	-	-	-
Lake Elsinore	6,933	6,933	6,933	6,933	6,933	7,904	7,904	7,904	7,904	7,904
Menifee	10,491	10,491	10,491	10,491	10,491	10,147	10,147	10,147	10,147	10,147
Moreno Valley	25,780	25,780	25,780	25,780	25,780	25,413	25,413	25,413	25,413	25,413
Murietta	13,794	13,794	13,794	13,794	13,794	17,954	17,954	17,954	17,954	17,954
Norco	3,573	3,573	3,573	3,573	3,573	4,482	4,482	4,482	4,482	4,482
Perris	9,215	9,215	9,215	9,215	9,215	8,173	8,173	8,173	8,173	8,173
Riverside	40,512	40,512	40,512	40,512	40,512	42,894	42,894	42,894	42,894	42,894
San Jacinto	5,889	5,889	5,889	5,889	5,889	5,504	5,504	5,504	5,504	5,504
Temecula	13,424	13,424	13,424	13,424	13,424	18,714	18,714	18,714	18,714	18,714
Wildomar	4,298	4,298	4,298	4,298	4,298	4,863	4,863	4,863	4,863	4,863
County of Riverside	48,136	48,136	48,136	48,136	48,136	43,520	43,520	43,520	43,520	43,520
County of Riverside - Office of Superintendent	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	-
Eastern Municipal Water District	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Western Municipal Water District	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Morongo Band of Mission Indians	-	17,000	17,000	17,000	9,500	10,000	10,000	-	-	-
Total Member dues	\$ 294,410	\$ 311,410	\$ 306,410	\$ 306,410	\$ 298,910	\$ 299,410	\$ 299,410	\$ 289,410	\$ 289,410	\$ 272,410
ALL OTHER GOVERNMENTAL FUNDS										
Transportation Uniform Mitigation Fee (TUMF):										
Banning	16,719	\$ 12,165	\$ 16,040	\$ 40,930	\$ 6,326	\$ 54,738	\$ 4,116	\$ -	\$ 89,603	\$ 2,057
Beaumont	661,889	1,133,974	514,351	-	-	-	-	-	-	-
Calimesa	357,530	188,577	4,055	103,835	10,359	133,217	65,387	1,310	1,144	22,963
Canyon Lake	41,949	44,605	38,832	18,525	20,583	27,055	22,642	4,117	1,028	6,169
Corona	500,855	2,599,705	140,921	1,153,262	2,743,488	1,989,728	114,644	104,773	1,272,328	215,876
Eastvale	819,704	660,354	1,735,201	1,249,621	1,705,338	1,241,685	1,438,152	1,478,348	665,522	434,531
Hemet	200,532	247,002	217,626	52,392	351,010	545,597	736,612	531,470	194,078	145,284
Jurupa Valley	1,707,104	1,919,323	995,072	2,400,109	2,302,649	1,738,387	242,216	112,044	32,901	-
Lake Elsinore	1,588,824	912,194	56,629	800,725	969,533	898,098	868,004	646,241	259,098	263,885
March JPA	1,503,832	1,196,382	1,668,406	765,627	222,482	239,874	-	227,695	-	-
Menifee	2,369,260	2,589,565	1,944,365	1,374,603	1,203,549	909,230	1,665,304	821,673	628,138	1,108,611
Moreno Valley	1,861,624	4,400,523	300,521	883,562	1,356,327	2,343,895	1,138,394	693,588	29,612	425,411
Murietta	667,417	1,115,593	2,585,547	884,391	1,452,155	1,496,315	70,944	81,192	64,386	702,612
Norco	136,181	523,643	1,867,071	304,411	100,355	101,444	11,288	8,232	-	65,000
Perris	726,994	789,812	918,236	1,235,325	1,167,113	1,069,887	1,498,823	320,608	124,896	187,814
Riverside	1,928,733	3,018,415	1,484,544	3,113,205	1,852,839	1,461,429	594,363	1,365,025	955,549	837,989
San Jacinto	784,469	984,137	3,212,024	843,818	698,893	259,021	200,630	70,674	90,480	123,462
Temecula	676,132	646,123	1,448,549	810,938	809,664	679,386	227,028	1,772,534	944,090	1,288,039
Wildomar	316,900	134,061	87,114	826,659	384,865	83,178	219,722	1,032,017	16,451	30,063
County - Northwest	3,237,826	998,669	272,790	569,203	414,258	216,343	183,616	189,161	248,635	685,058
County - Southwest	1,421,458	730,000	1,643,915	863,473	636,493	1,529,926	1,288,379	1,622,276	598,885	367,429
County - Central	189,085	1,403,293	1,125,077	911,716	1,040,489	593,671	46,173	434,159	37,570	127,594
County - Pass	37,617	64,879	815,242	12,349	20,581	16,502	4,116	431,198	2,181	3,347
County - Hemet/San Jacinto	946,277	2,254,436	538,809	376,151	299,821	91,090	82,324	30,103	15,701	6,316
Regional Transit Authority	1,554,652	1,956,588	1,203,022	692,725	698,889	314,621	367,630	423,339	194,423	185,257
Riverside County Transportation Commission	22,698,912	28,567,429	23,630,936	19,594,830	19,769,172	17,480,991	10,899,357	11,978,440	5,494,327	5,438,916
WRCOG	1,986,776	2,500,431	2,056,290	1,689,574	1,704,607	2,076,008	974,049	1,027,871	505,866	544,408
MSHCP	730,140	918,909	783,850	667,382	673,319	602,662	369,011	407,929	191,743	194,668
Total TUMF	\$ 49,669,391	\$ 62,510,785	\$ 51,305,034	\$ 42,239,341	\$ 42,615,159	\$ 38,193,977	\$ 23,332,924	\$ 25,816,019	\$ 12,658,634	\$ 13,412,759

Source: Finance Department

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Demographic and Economic Statistics for the County of Riverside
Last Ten Calendar Years**

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2020	2,442,304	\$ 104,794,676	\$ 42,418	14.90%
2019	2,440,124	95,140,992	39,261	4.60%
2018	2,415,955	87,827,068	36,782	4.70%
2017	2,390,702	88,000,000	35,883	5.80%
2016	2,317,924	89,500,000	31,762	6.90%
2015	2,329,271	83,500,000	31,344	8.40%
2014	2,292,507	76,289,477	30,815	9.80%
2013	2,227,577	70,376,019	29,986	11.50%
2012	2,239,620	67,024,780	29,927	13.20%
2011	2,189,641	63,900,000	29,035	14.70%

Sources: California State Department of Finance as of January 1
 FRED Economic Data Economic Research Federal Reserve Bank of St. Louis
 U.S. Department of Commerce Bureau of Economic Analysis
 State of California Employment Development Department as of June
 Riverside County Economic Development Agency

Represents most recent data available

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Employment Statistics by Industry for Riverside County
Calendar Years 2019 and Nine Calendar Years**

Industry Type	2019	% of Total Employment	2010	% of Total Employment
Agricultural service	12,900	1.7%	12,400	2.2%
Mining and logging	500	0.1%	500	0.1%
Construction	67,600	8.8%	40,400	7.2%
Manufacturing	45,100	5.9%	39,000	7.0%
Transportation, warehousing, and public utilities	49,300	6.4%	19,700	3.5%
Wholesale trade	25,700	3.3%	18,700	3.3%
Retail trade	93,500	12.2%	78,800	14.1%
Information	6,500	0.8%	8,500	1.5%
Finance and insurance	11,100	1.4%	11,800	2.1%
Real estate and rental and leasing	10,500	1.4%	8,900	1.6%
Professional & business services	73,100	9.5%	53,700	9.6%
Education & health services	120,700	15.7%	71,300	12.7%
Leisure and hospitality	97,300	12.7%	68,700	12.3%
Other services	23,100	3.0%	18,100	3.2%
Federal government, civilian	7,200	0.9%	6,900	1.2%
State government	17,700	2.3%	15,800	2.8%
Local government	106,700	13.9%	86,600	15.5%
Total	768,500	100.0%	559,800	100.0%

Source: State of California Economic Development Department

Represents most recent data available

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Full-time Equivalent Employees by Function/Program
Last Ten Fiscal Years**

Function/Program	As of June 30									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Management services and administration	7	7	7	9	7.8	7.2	5.5	5.9	6.0	6.5
Transportation & Planning	6	7	4	3.5	5.5	4.9	4.9	5.8	5.0	6.3
Energy	11	7	14	15.3	8.3	7.2	4.6	3.1	2.2	3.2
Environmental	2	3	4.5	2.3	1.3	3.4	3.0	3.0	2.0	3.0
RCHCA	5	-	-	-	-	-	-	-	-	-
Total full time equivalents	31.0	24.0	29.5	30.1	22.8	22.7	18.0	17.8	15.2	19.0

Source: Finance Department

For FY 19/20 the amount reflected includes both WRCOG and RCHCA employees, since WRCOG provides administrative services to RCHCA per the service agreement.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Economic Indicators by Function/Program
Last Ten Fiscal Years**

	As of June 30									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Property Assessed Clean Energy Programs										
Energy Efficiency Projects Completed	7,437	1,895	9,061	24,538	31,670	22,710	9,728	7,210	1,574	n/a
Solar Projects Completed	2,049	782	3,934	9,633	10,628	12,102	5,459	3,170	763	n/a
Water Efficiency Projects Completed	471	140	697	2,148	2,880	1,798	403	36	5	n/a
Energy Savings Programs										
Energy Savings (kWh)	n/a	14,443,467	2,534,586	152,304	n/a	n/a	n/a	1,380,809	644,889	n/a
Gas Savings (Therms)	n/a	52,547	n/a	9,862	n/a	n/a	n/a	n/a	n/a	n/a
Environmental Programs										
Gallons of Gasoline Equivalent Reduced	n/a	n/a	9,630,272	9,747,951	9,730,702	8,963,115	10,376,763	8,399,294	6,916,638	5,819,901
Tons Greenhouse Gas Emissions Reduced	n/a	n/a	15,703	15,610	15,255	12,829	25,146	21,818	16,836	12,227
Used Oil Gallons Recycled	n/a	n/a	207,996	230,000	328,686	157,556	213,140	148,959	142,190	227,020
Used Oil Filters Recycled	n/a	n/a	17,378	1,428	1,418	194	250	28,000	18,000	11,235
Solid Waste - Disposal Amount (tons):	n/a	n/a	723,493	708,996	637,811	617,666	584,569	533,829	511,654	509,869
Transportation Programs										
Single Family Home Permits Issued	3,150	3,659	3,580	3,179	2,916	2,360	1,821	2,453	1,314	1,572
Multi-family Home Permits Issued	1,044	1,990	557	450	1,032	1,199	281	1,375	972	314
New Retail Construction (square foot)	618,445	428,260	622,387	479,982	366,654	265,173	396,902	292,879	324,869	333,653
New Commercial Construction (square foot)	461,103	482,308	613,916	512,886	691,077	269,918	85,772	328,923	340,597	575,997
New Industrial Construction (square foot)	4,254,754	7,540,010	6,083,631	4,089,710	2,906,471	3,045,491	1,242,931	3,860,571	329,484	1,476,539

Source: Finance Department

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Item 5.A

WRCOG's Fiscal Year 2019/2020
Financial Audit

Attachment 2

GAGAS Report

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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

PARTNERS

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Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST

Independent Auditor's Report

To the Executive Committee
Western Community Energy
Riverside, California

MANAGERS / STAFF

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Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
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Laura Arvizu, CPA
Louis Fernandez, CPA
Abigail Hernandez Conde, CPA, MSA
Zoe Xinlu Zhang, CPA, MSA
John Maldonado, CPA, MSA

We have audited, 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, the financial statements of Western Community Energy (WCE) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise WCE's basic financial statements, and have issued our report thereon dated February 1, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
February 1, 2021

Item 5.A

WRCOG's Fiscal Year 2019/2020
Financial Audit

Attachment 3

SAS 114 Report

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To the Executive Committee
Western Riverside Council of Governments

We have audited the financial statements of Western Riverside Council of Governments (WRCOG) as of and for the year ended June 30, 2020, and have issued our report thereon dated February 1, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 1, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the WRCOG's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of WRCOG's solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by WRCOG is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the fair value of investments is based on observable market inputs and information from WRCOG's safekeeping custodian banks. We evaluated the key factors and assumptions used to develop the fair value of investments and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the net pension liability/net OPEB liability and related deferred inflows and deferred outflows is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting WRCOG's financial statements relate to:

The disclosure of fair value of investments in Note 2 to the financial statements represents amounts susceptible to market fluctuations.

The disclosure of net pension liability in Note 7 to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed estimates.

The disclosure of the net OPEB liability and related deferred inflows and deferred outflows in Note 8 to the financial statements is based on actuarial assumptions. Actual future liabilities/assets may vary from disclosed estimates.

The disclosure related to the effects of COVID-19 in Note 16.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to WRCOG's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated February 1, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with WRCOG, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Western Riverside Council of Government's auditors.

We applied certain limited procedures to management's discussion and analysis, the schedule of proportionate share of net pension liability, the schedule of plan contributions, the schedule of changes in the net OPEB liability, schedule of OPEB plan contributions and the General Fund budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI. We were not engaged to report on the introductory section or the statistical section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Executive Committee, and management of WRCOG and is not intended to be and should not be used by anyone other than these specified parties.

Rogers, Anderson, Malachy & Scott, LLP.

San Bernardino, California
February 1, 2021



Western Riverside Council of Governments

County of Riverside • City of Banning • City of Beaumont • City of Calimesa • City of Canyon Lake • City of Corona • City of Eastvale
City of Hemet • City of Jurupa Valley • City of Lake Elsinore • City of Menifee • City of Moreno Valley • City of Murrieta • City of Norco
City of Perris • City of Riverside • City of San Jacinto • City of Temecula • City of Wildomar • Eastern Municipal Water District
Western Municipal Water District • Riverside County Superintendent of Schools

February 1, 2021

Rogers, Anderson, Malody and Scott, LLP
735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408

This representation letter is provided in connection with your audit of the financial statements of Western Riverside Council of Governments (WRCOG) as of June 30, 2020 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of WRCOG in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 1, 2020 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.

- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to financial statement preparation services provided, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- WRCOG has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which WRCOG is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- WRCOG has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Required Supplementary Information

With respect to the Schedule of the WRCOG's Schedule of Revenues, Expenditures, and Changes in Fund Balance, Schedule of Changes in the Net Other Post-Employment Benefits Liability, Schedule of Other Post-Employment Benefit Plan Contributions, Proportionate Share of Plans' Net Pension Liability and the Schedule of Plan Contributions accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the RSI in accordance with U.S. GAAP.
- We believe the RSI, including its form and content, is measured and fairly presented in accordance with the applicable criteria.
- The methods of measurement or presentation have not changed from those used in the prior period.

- We believe the significant assumptions or interpretations underlying the measurement or presentation of the RSI, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

A handwritten signature in dark ink, appearing to read "Rick Bishop", written over a horizontal line.

Rick Bishop
Executive Director

A handwritten signature in dark ink, appearing to read "A. Ruiz", written over a horizontal line.

Andrew Ruiz
Chief Financial Officer



Western Riverside Council of Governments

Finance Directors Committee

Staff Report

Subject: Preliminary Draft Fiscal Year 2021/2022 Agency Budget

Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6740

Date: April 29, 2021

The purpose of this item is to present the Agency's preliminary draft Budget for Fiscal Year (FY) 2021/2022 and seek input from Committee members.

Requested Action:

1. Recommend that the Executive Committee adopt Resolution Number 03-21; A Resolution of the Executive Committee of the Western Riverside Council of Governments adopting the Fiscal Year 2021/2022 Agency Budget.

WRCOG's annual Budget is adopted every June by its General Assembly. Due to COVID-19, this year's General Assembly will be held virtually and the Executive Committee will be asked at its June 7, 2021, meeting to act on behalf of the General Assembly to adopt the Agency budget. Before adoption, the draft Budget is vetted through WRCOG's committees for comment and direction. The Budget is assembled by the Agency Departments: Administration, Energy, Environmental, and Transportation & Planning. The General Fund is comprised of the Administration, Energy, and Environmental Departments, while TUMF is part of the Special Revenue Fund. Each Department contains its own programs and has its own source of funds.

Budget Review and Adoption Schedule

The preliminary draft Budget for FY 2021/2022 will be presented according to the following schedule:

- April 29, 2021: **Finance Directors Committee**
- May 3, 2021: Executive Committee
- May 12, 2021: Administration & Finance Committee
- May 20, 2021: Technical Advisory Committee
- June 7, 2021: Final approval and adoption by the Executive Committee on behalf of the General Assembly

FY 2021/2022 Agency Budget Development Process and COVID-19

As the FY 2020/2021 budget was developed and ultimately adopted, staff took a conservative approach in its development due to the uncertain long-term impacts of COVID-19. Overall, the Agency's Budget was reduced by approximately 30%. Certain programs were conservatively budgeted for and staff also took into consideration impacts to its liabilities, such as pension obligations to CalPERS, as those were anticipated to be impacted as well. Much of this reduction was associated with the TUMF Program, whereby TUMF revenues were forecasted to decrease by 30% from the previous year. There have been two significant changes from the anticipated budget – TUMF revenues were higher than anticipated and the PACE residential programs were terminated.

FY 2021/2022 Budget

Administration

The Administration Department budgeted expenditures include salaries and benefits of Administration employees, including the Executive Director and staff in the Government Relations, Administrative Services, and Fiscal divisions. The majority of the revenues for the Administration Program is generated from member dues. The Administration Program also includes WRCOG's lease, audit, bank, legal, IT, and consulting fees. Expenditures have historically exceeded revenues in this Program so the Agency charges overhead to the remaining departments to balance the Budget. The overhead is determined during the creation of the Budget and is simply the amount necessary to have revenues equal expenditures. Departments will show the amount of overhead they are paying in the General Operations line item. The amount provided by the various departments will then be transferred out to the Administration Program to balance its budget. Total revenues and transfers in for the Administration Department equal \$2,384,140 against \$2,384,140 in expenditures.

Energy

The Energy Department includes the following Programs: PACE Administration; PACE Commercial; Streetlights; WREP Partnership; California Resiliency Challenge; and Regional Energy Network.

As previously noted, one major change in Fiscal Year 2020/2021 was related to WRCOG's Residential PACE (R-PACE) Programs. WRCOG's partner in the residential HERO Program, Renovate America, terminated its HERO product and subsequently filed for Chapter 11 Bankruptcy at the end of December 2020, ending the Program. Additionally, at the December 2020 WRCOG Executive Committee meeting, staff was directed to terminate the remaining R-PACE administration agreements with the two other companies that have partnered with WRCOG, Renew Financial and PACE Funding Group (PFG). The overall impact to the Agency's Budget is nominal since the number of new residential assessments has significantly decreased over the past several years. Additionally, many of the staff working on the PACE Program are funded through sources such as maintenance fees on existing assessments and other related revenue sources. Even though the Program will no longer be collecting revenues for new projects, WRCOG is still obligated to service these assessments throughout their remaining life and therefore will continue to collect revenues related to administrative functions, including customer support.

The Regional Streetlight Program will continue in FY 2021/2022 through the Operations and Maintenance fees built into the purchasing of streetlights.

The Western Riverside Energy Partnership (WREP) will continue to focus on supporting municipal facilities with energy efficiency retrofits and providing sustainable best practices to the community. Only SoCalGas will continue to support the Partnership on its energy initiatives for the calendar year as Southern California Edison has dropped out of the Partnership. Staff have been working on the next evolution of the WREP over the past year into what is now being called the Inland Regional Energy Network, or I-REN.

The Energy Department was approved for a multi-year Climate Resiliency Grant in FY 2019/2020 that will continue to be funded into next fiscal year. WRCOG is developing a Regional Energy Resiliency Plan addressing the climate change impacts such as wildfires, extreme heat, and resulting public safety power shutoffs on the region's power supply.

A REN, or Regional Energy Network, would be a scaled-up version of WRCOG's WREP Program, which means it would be able to offer energy efficiency programs, such as energy upgrades for local government buildings, financing mechanisms for energy upgrades, and workforce development programs. These funds are allocated from the California Public Utilities Commission (CPUC) and are from ratepayer charges. It is anticipated that CPUC approval to form WRCOG's I-REN will occur later this year with funding available in the latter half of FY 2021/2022.

Total budgeted Energy Departmental revenues equal \$2,891,372 against \$2,670,880 in expenditures.

Environmental

The Environmental Department includes the Solid Waste, Clean Cities, and Used Oil Programs, which receive local, federal, and state funding to provide services to WRCOG's member agencies. The Used Oil Program will have its revenues reduced by over 50%. These revenues are based on the gas tax given that fewer drove their vehicles during the COVID-19 pandemic, so there is a smaller allocation. Other Environmental Department revenues remain relatively unchanged. The Household Hazardous Waste grant will also continue in FY 2021/2022.

Total budgeted Environmental Department revenues equal \$560,993 against \$560,993 in expenditures.

Transportation and Planning

The Transportation & Planning Department include the following Programs: Transportation Uniform Mitigation Fee (TUMF); Local Transportation Funding (LTF), RIVTAM, analyses for Smart Climate, and Regional Early Action Planning (REAP). The Planning Department will continue to administer the Fellowship and Grant Writing Programs with previously allocated carryover funds from excess PACE revenues.

The majority of revenues received in the Transportation Department come from the TUMF Program, which WRCOG anticipates receiving approximately \$48M in revenues from development impact fees in FY 2021/2022, which is approximately a 50% increase in revenues from the FY 2020/2021 adopted budget; however, staff will be amending the TUMF budget for the FY 2020/2021 4th quarter which will increase budgeted revenues close to what is anticipated in FY 2021/2022. As previously noted, one major change in the FY 2020/2021 Budget was an increase in anticipated TUMF revenues. While TUMF revenue was forecasted to decrease, there has instead been a significant increase in TUMF collections, specifically in the single-family land-use type. While the budget forecasted approximately \$32M in revenue, WRCOG has so far collected \$38M for the first part of the fiscal year.

The REAP Program provides funding for regional planning efforts to support housing. WRCOG was awarded nearly \$1.7M from the Southern California Association of Governments for this Program. These funds will be used to fund studies, such as WRCOG's effort to develop a comprehensive mapping and visualization tool for housing projects. This funding will also be allocated to evaluate a proposed Housing Trust Fund, which will fully reimburse WRCOG for all costs related to this effort.

The Fellowship Program is being stretched out with the local match WRCOG was able to work out with its member agencies and staff anticipates to have another round next year. As far as the Grant Writing Program, there is some anticipated carryover that will be programmed into next year's budget.

Total budgeted Transportation & Planning revenues equal \$51,163,000 against \$51,143,948 in expenses.

Summary

Total Agency revenue for FY 2020/2021 is projected to be \$56,999,505 against total Agency expenditures of \$56,759,961. This represents a total increase of approximately 40% in WRCOG's budget compared to FY 2020/2021; however, staff anticipate the total increase to be actually less than 10% after the 4th quarter Budget amendment.

While the economy appears to be improving, programs have still been conservatively budgeted for. There could still be delayed repercussions from COVID-19 that could show itself in the coming years. Additionally, staff continue to not only look at short-term budgetary impacts, but also long-term financial obligations, such as its pension obligations to CalPERS. Throughout the fiscal year, staff will closely monitor any financial changes and make the necessary adjustments to ensure the budget remains balanced.

Prior Action:

None.

Fiscal Impact:

All known and expected revenues and expenditures impacting the Agency have been budgeted for Fiscal Year 2021/2022 but will be continually updated throughout the Budget process.

Attachment:

1. Preliminary draft summary Agency Budget for Fiscal Year 2021/2022.

Item 5.B

Preliminary Draft Fiscal Year
2021/2022 Agency Budget

Attachment 1

Preliminary draft summary Agency
Budget for Fiscal Year 2021/2022

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Western Riverside Council of Governments

FY 21/22 Draft Budget

For Fiscal Year Ending June 30, 2022

	Actual Thru 2/28/21	Budget 6/30/2021	Proposed 6/30/2022
Total Agency Budget			
Revenues			
Member Dues	286,640	311,410	286,640
Interest Revenue - Other	8,105	25,000	17,500
Overhead Transfer In	1,472,288	2,208,432	1,851,393
TUMF Commercial	1,129,919	987,281	4,800,000
TUMF Retail	1,140,863	2,151,178	4,800,000
TUMF Industrial	1,373,977	5,681,507	7,680,000
TUMF Single Family	22,717,967	15,654,486	19,200,000
TUMF Multi Family	3,832,164	6,417,964	9,600,000
TUMF Commerical - Admin Fee	47,080	41,137	200,000
TUMF Retail - Admin Fee	47,536	89,632	200,000
TUMF Industrial - Admin Fee	57,249	236,729	320,000
TUMF Single Family - Admin Fee	946,582	652,270	800,000
TUMF Multi-Family - Admin	159,673	267,415	400,000
Fund Balance Carryover	150,000	730,000	400,000
Grant Revenue	101,277	669,894	1,663,000
LTF Revenue	676,500	676,500	750,000
RIVTAM	-	50,000	50,000
General Assembly Revenue	-	300,000	300,000
Fellowship Revenue	90,000	100,000	100,000
HERO Admin Revenue	838,745	1,024,250	2,000,000
Clean Cities Revenue	151,000	250,000	240,000
Solid Waste Revenue	112,970	112,970	112,970
Used Oil Grants	376,396	376,396	168,023
Grant Revenue	100,000	185,000	115,000
Gas Co. Prtnrshp Revenue	83,666	108,400	108,400
Regional Streetlights Revenue	201,915	201,915	207,972
PACE Commercial Sponsor Revenue	180,904	200,000	400,000
Total Revenues	\$ 36,796,849	\$ 40,463,036	\$ 56,999,505

Expenses			
Salaries & Wages - Fulltime	1,290,095	2,053,769	2,328,997
Fringe Benefits	691,712	1,016,193	1,188,581
Fellowship Salaries & Wages	78,787	180,049	180,049
Overhead Allocation	834,148	1,427,293	1,692,159
General Legal Services	375,911	285,600	643,100
Audit Svcs - Professional Fees	22,700	35,000	35,000
Bank Fees	1,880	33,885	33,885
Commissioners Per Diem	24,150	62,500	57,500
Parking Cost	14,997	20,000	20,000
Office Lease	249,443	390,000	350,000
Fuel Expense	247	1,500	1,500
General Assembly Expense	5,667	300,000	300,000
Vehicle Maintenance	516	500	500
Parking Validations	2,520	15,827	15,450
Staff Recognition	-	1,000	1,000
Coffee and Supplies	2,263	3,000	3,000
General Supplies	462	3,000	3,500
Event Support	26,094	166,237	95,737
Meeting Support Services	123	9,250	5,250
Program/Office Supplies	9,504	14,700	13,700
Misc. Office Equipment	-	1,000	1,000
Supplies/Materials	-	24,750	45,750



Western Riverside Council of Governments

FY 21/22 Draft Budget

For Fiscal Year Ending June 30, 2022

	Actual Thru 2/28/21	Budget 6/30/2021	Proposed 6/30/2022
Total Agency Budget			
Computer Equipment/Supplies	2,660	2,000	2,000
Computer Software	24,304	80,500	102,000
Rent/Lease Equipment	5,163	20,000	15,000
Membership Dues	9,366	32,750	31,750
Subscriptions/Publications	239	4,250	4,250
Postage	1,116	5,350	5,350
Other Household Expenses	55	3,250	3,250
Storage	4,641	9,500	5,000
Recording Fee	55,100	184,800	10,000
Printing Services	1,830	5,000	4,000
Computer Hardware	2,952	10,000	16,500
Communications - Regular Phone	18,194	16,000	16,000
Computer Supplies	145	2,500	3,500
Communications - Cellular Phones	7,032	13,500	13,500
Communications - Computer Services	27,601	53,000	53,000
Communications - Web Site	12,144	8,000	8,000
Equipment Maintenance	1,250	10,500	10,500
Equipment Maintenance-Computer	-	21,000	11,000
Insurance - Errors & Omissions	-	15,000	15,000
Insurance - Gen/Busi Liab/Auto	36,606	100,500	99,500
WRCOG Auto Insurance	-	4,500	4,500
TUMF Project Reimbursement	12,407,593	30,892,416	46,080,000
Seminars/Conferences	232	9,650	9,650
Travel - Mileage Reimbursement	310	10,750	9,500
Travel - Ground Transportation	-	2,300	2,300
Travel - Airfare	-	4,250	4,250
Lodging	-	3,050	3,800
Advertising Media	57,600	65,667	39,791
Meals	392	7,300	7,400
Other Incidentals	496	6,500	5,000
Training	1,075	10,000	7,500
OPEB Repayment	-	110,526	110,526
Staff Education Reimbursement	-	7,500	7,500
Consulting Labor	929,416	2,305,885	3,023,487
Total Expenses	\$ 17,258,574	\$ 40,468,538	\$ 56,759,961



Western Riverside Council of Governments

FY 21/22 Draft Budget - Administration

For Fiscal Year Ending June 30, 2022

	Actual Thru 2/28/21	Budget 6/30/2021	Proposed 6/30/2022
Revenues			
Member Dues	286,640	311,410	286,640
Interest Revenue - Other	8,105	25,000	17,500
Fund Balance Carryover	-	100,000	228,607
Overhead Transfer In	1,472,288	2,208,432	1,851,393
Total Revenues	\$1,767,033	\$2,644,842	\$2,384,140
Expenses			
Salaries & Wages - Fulltime	417,582	535,629	547,815
Fringe Benefits	449,625	570,265	587,455
General Legal Services	35,293	75,000	75,000
Audit Svcs - Professional Fees	22,700	35,000	35,000
Bank Fees	230	2,385	2,385
Commissioners Per Diem	24,150	60,000	55,000
Parking Cost	14,997	20,000	20,000
Office Lease	249,443	390,000	350,000
WRCOG Auto Fuels Expenses	247	1,500	1,500
WRCOG Auto Maintenance Expense	516	500	500
Parking Validations	2,520	10,000	10,000
Staff Recognition	-	1,000	1,000
Coffee and Supplies	2,263	3,000	3,000
Event Support	5,408	45,000	45,000
Program/Office Supplies	9,504	12,000	12,000
Computer Equipment/Supplies	2,660	2,000	2,000
Computer Software	15,675	20,000	20,000
Rent/Lease Equipment	5,163	20,000	15,000
Membership Dues	8,141	30,000	30,000
Subscription/Publications	239	2,000	2,000
Postage	292	1,500	1,500
Other Household Exp	55	1,500	1,500
Storage	-	1,500	1,500
Printing Services	1,830	1,000	1,000
Computer Hardware	2,952	8,500	15,000
Communications - Regular Phone	18,194	16,000	16,000
Communications - Cellular Phones	4,111	7,500	7,500
Communications - Computer Services	27,601	50,000	50,000
Communications - Web Site	-	8,000	8,000
Equipment Maintenance - General	1,250	8,000	8,000
Equipment Maintenance - Comp/Software	-	20,000	10,000
Insurance - Errors & Omissions	-	15,000	15,000
Insurance - Gen/Busi Liab/Auto	31,043	92,000	92,000
WRCOG Auto Insurance	-	4,500	4,500
Seminars/Conferences	192	3,000	3,000
Travel - Mileage Reimbursement	-	1,000	1,000
Travel - Ground Transportation	-	500	500
Travel - Airfare	-	500	500
Lodging	-	500	500
Meals	63	2,500	2,500
Other Incidentals	-	2,000	2,000
Training	1,075	7,500	5,000
OPEB Repayment	-	110,526	110,526
Staff Education Reimbursement	-	7,500	7,500
Fund Balance Carryover	228,607	234,037	-
Total Expenses	\$1,701,397	2,644,842	\$2,384,140



Western Riverside Council of Governments
FY 21/22 Draft Budget - Transportation and Planning
For Fiscal Year Ending June 30, 2022

	Actual Thru 2/28/21	Budget 6/30/2021	Proposed 6/30/2022
Revenues			
TUMF Commercial	1,129,919	987,281	4,800,000
TUMF Retail	1,140,863	2,151,178	4,800,000
TUMF Industrial	1,373,977	5,681,507	7,680,000
TUMF Single Family	22,717,967	15,654,486	19,200,000
TUMF Multi Family	3,832,164	6,417,964	9,600,000
TUMF Commerical - Admin Fee	47,080	41,137	200,000
TUMF Retail - Admin Fee	47,536	89,632	200,000
TUMF Industrial - Admin Fee	57,249	236,729	320,000
TUMF Single Family - Admin Fee	946,582	652,270	800,000
TUMF Multi-Family - Admin	159,673	267,415	400,000
Fund Balance Carryover	150,000	640,000	300,000
Grant Revenue	101,277	669,894	1,663,000
LTF Revenue	676,500	676,500	750,000
RIVTAM	-	50,000	50,000
General Assembly Revenue	-	300,000	300,000
Fellowship Revenue	90,000	100,000	100,000
Total Revenues	\$ 32,642,147	\$ 34,615,993	\$ 51,163,000
Expenses			
Salaries & Wages - Fulltime	558,975	677,813	958,110
Fellowship Salaries & Wages	78,787	180,049	180,049
Fringe Benefits	129,378	232,466	323,756
Overhead Allocation	381,160	729,629	836,408
General Legal Services	21,298	52,600	52,600
Bank Fees	-	15,000	15,000
Parking Validations	-	3,000	3,000
Event Support	275	4,500	4,500
General Supplies	129	1,500	2,500
Computer Supplies	44	1,000	1,000
Computer Software	504	58,500	80,000
Membership Dues	625	250	250
Subscriptions/Publications	-	1,500	1,500
Meeting Support Services	-	250	250
POSTAGE	26	650	650
Other Household Expenses	-	250	250
Printing Services	-	2,000	2,000
Cellular Phone	1,574	4,000	4,000
Equipment Maintenance	-	2,500	2,500
Insurance - Gen/Busi Liab/Auto	2,144	3,000	3,000
Seminar/Conferences	40	1,650	2,650
Travel - Mileage Reimbursement	310	4,000	4,000
Travel - Ground Transportation	-	550	550
Travel-AirFare	-	750	750
Lodging	-	800	1,550
Meals	329	1,000	1,600
Other Incidentals	496	500	500
Outside Consultants	688,401	1,304,723	2,281,026
Project Reimbursement	12,407,593	30,892,416	46,080,000
General Assembly Expenses	5,667	300,000	300,000
Total Expenses	\$ 14,277,756	\$ 34,476,845	\$ 51,143,948



Western Riverside Council of Governments
FY 21/22 Draft Budget - Energy and Environment
For Fiscal Year Ending June 30, 2022

	Actual Thru 2/28/21	Budget 6/30/2021	Proposed 6/30/2022
Revenues			
Statewide HERO Sponsor Revenue	170,588	272,000	-
HERO Admin Revenue	838,745	1,024,250	2,000,000
Clean Cities Revenue	151,000	250,000	240,000
Solid Waste Revenue	112,970	112,970	112,970
Fund Balance Carryover	-	265,000	100,000
Used Oil Grants	376,396	376,396	168,023
Grant Revenue	100,000	185,000	115,000
Gas Co. Prtnrshp Revenue	83,666	108,400	108,400
Regional Streetlights Revenue	201,915	201,915	207,972
PACE Commercial Sponsor Revenue	180,904	200,000	400,000
Total Revenues	\$ 2,387,669	\$ 3,377,201	\$ 3,452,365
Expenses			
Salaries & Wages - Fulltime	313,538	587,647	823,073
Fringe Benefit	112,709	213,462	277,370
Overhead Allocation	452,988	697,664	855,751
Legal	319,320	157,000	515,500
Bank Fees	1,650	16,500	16,500
Commissioners Per Diem	-	2,500	2,500
Parking Validations	-	2,827	2,450
Statewide - Event Support	20,411	116,737	46,237
General Supplies	332	1,500	1,000
Computer Supplies	101	1,500	2,500
Computer Software	8,126	2,000	2,000
NWCC- Membership Dues	600	2,500	1,500
Program/Office Supplies	-	2,700	1,700
Subscriptions/Publications	-	750	750
Meeting Support Services	123	9,000	5,000
Postage	797	3,200	3,200
Other Expenses	-	1,500	1,500
Computer/Hardware	-	1,500	1,500
Misc. Office Equipment	-	1,000	1,000
Cellular Phone	1,347	2,000	2,000
Communications Computer Servic	-	3,000	3,000
Equipmebt Maintenance-Computer	-	1,000	1,000
Insurance - Gen/Busi Liab/Auto	3,419	5,500	4,500
Recording Fee	55,100	184,800	10,000
Seminar/Conferences	-	5,000	4,000
Storage	4,641	8,000	3,500
Printing Services	-	2,000	1,000
Travel - Mileage Reimbursement	-	5,750	4,500
Travel - Ground Transportatoin	-	1,250	1,250
Travel - Airfare	-	3,000	3,000
Lodging	-	1,750	1,750
Meals	-	3,800	3,300
Statewide Other Incidentals	-	4,000	2,500
Training	-	2,500	2,500
Supplies/Materials	-	24,750	45,750
Advertising Media	57,600	65,667	39,791
Consulting	142,487	801,162	537,501
Total Expenses	\$ 1,508,262	\$ 3,242,173	\$ 3,231,873

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Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: CitizensTrust Investment Update

Contact: Michael Gardner, Vice President / Senior Portfolio Manager,
CitizensTrust, mggardner@cbbank.com, (909) 483-4390

Date: April 29, 2021

The purpose of this item is to provide an overview of investments held with CitizensTrust as well as an overview of the financial market interest rates and yield.

Requested Action:

1. Receive and file.

The item is reserved for a presentation from Michael Gardner and Dick McDonald of CitizensTrust.

Prior Action:

None.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment:

None.

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Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: The Economy and Financial Markets Update

Contact: Richard Babbe, Managing Director, Public Financial Management, babber@pfm.com, (213) 415-1631

Date: April 29, 2021

The purpose of this item is to provide an overview of the economic prospects of 2021, as well as potential future fiscal policy changes. In addition, the presentation will cover an interest rate overlook, quantitative tapering and what it means, as well as where equity markets are headed.

Requested Action:

1. Receive and file.

The item is reserved for a presentation from Richard Babbe of Public Financial Management.

Prior Action:

None.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment:

None.

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