

**1. CALL TO ORDER**

The meeting of the Finance Directors Committee was called to order at 1:04 p.m. by Chair Lorena Rocha at WRCOG's office, Citrus Room.

**2. SELF INTRODUCTIONS**

**Members present:**

Melana Taylor, City of Beaumont  
Terry Shea, City of Canyon Lake  
Ernie Reyna, City of Eastvale  
Lorena Rocha, City of Hemet (Chair)  
Marshall Eyerman, City of Moreno Valley  
Marie Ricci, City of Riverside  
James Riley, City of Wildomar  
Matthew Schenk, March JPA  
Damon Smith, Riverside County Superintendent of Schools (ex-officio member)

**Staff present:**

Andrew Ruiz, Interim Chief Financial Officer  
Daniel Ramirez-Cornejo, Program Manager  
Jessica May, Staff Analyst  
Suzy Nelson, Administrative Assistant

**Guests present:**

Robert Howell, City of Wildomar  
Paul Angulo, County of Riverside Auditor-Controller  
Sarah Meacham, Public Financial Management (PFM)  
Richard Babbe, PFM

**3. PUBLIC COMMENTS**

There were no public comments.

**4. SELECTION OF FINANCE DIRECTORS COMMITTEE CHAIR, VICE-CHAIR, AND 2ND VICE-CHAIR FOR FISCAL YEAR 2018/2019**

**Action:** 1. *Selected Lorena Rocha, City of Hemet, as Chair; Alan Kreimeier, City of Jurupa Valley, as Vice-Chair; and Ernie Reyna, City of Eastvale, as 2nd Vice-Chair for Fiscal Year 2018/2019.*

*(Wildomar / March JPA) 8 yes; 0 no; 0 abstention. Item 4 was approved. The Cities of Banning, Calimesa, Corona, Jurupa Valley, Lake Elsinore, Menifee, Murrieta, Norco, Perris, San Jacinto, and Temecula, and the County of Riverside, Eastern Municipal Water District, Western Municipal Water District, and the Morongo Band of Mission Indians were not present.*

**5. MINUTES** – (Moreno Valley / Eastvale) 8 yes; 0 no; 0 abstention. Item 5.A was approved. The Cities of Banning, Calimesa, Corona, Jurupa Valley, Lake Elsinore, Menifee, Murrieta, Norco, Perris, San Jacinto, and Temecula, the County of Riverside, Eastern Municipal Water District, Western Municipal Water District, and Morongo Band of Mission Indians were not present.

**A. Summary Minutes from the October 25, 2018, Finance Directors Committee Meeting are Available for Consideration.**

**Action:** 1. *Approved the Summary Minutes from the October 25, 2018, Finance Directors Committee meeting.*

**6. CONSENT CALENDAR** – (Moreno Valley / Canyon Lake) 8 yes; 0 no; 0 abstention. Item 6.A was approved. The Cities of Banning, Calimesa, Corona, Jurupa Valley, Lake Elsinore, Menifee, Murrieta, Norco, Perris, San Jacinto, and Temecula, the County of Riverside, Eastern Municipal Water District, Western Municipal Water District, and Morongo Band of Mission Indians were not present.

**A. Finance Department Activities Update**

**Action:** 1. *Received and filed.*

**7. REPORTS / DISCUSSION**

**A. 2nd Quarter Draft Budget Amendment for Fiscal Year 2018/2019**

Andrew Ruiz reported that the 2nd Quarter Draft Budget Amendment includes an increase of \$7,040 in Administration expenditures due to a Workers Comp audit, and an increase of \$31,496 in interest revenues since switching investments to CAMP. In the Transportation & Planning Departments, consulting expenses increased by \$50,798; this will be offset by reimbursed grants. The Used Oil Program within the Environmental Department experienced an increase in materials by \$9,838 and will be offset by a decrease in advertising expenses.

Legal expenses surrounding the SAMAS Capital legal matter, as well as the WREP holiday light exchange and Streetlight Program loan origination fees totaled a \$28k increase; this will be offset by a reduction in expenditures in other categories.

PACE revenues for the WRCOG HERO Program were decreased by \$100k, and CA HERO revenues were decreased by \$750k. Other HERO revenues are being increased by \$149k; Greenworks PACE revenues were increased by \$4k; and PACE Funding revenues increased by \$20k. A total decrease in PACE revenues total \$675k, and will be offset by a reduction in consulting, salaries, and recording expenditures.

**Action:** 1. *Recommended that the Executive Committee approve the 2nd Quarter Draft Budget Amendment for Fiscal Year 2018/2019.*

*(Eastvale / March JPA) 8 yes; 0 no; 0 abstention. Items 7.A was approved. The Cities of Banning, Calimesa, Corona, Jurupa Valley, Lake Elsinore, Menifee, Murrieta, Norco, Perris, San Jacinto, and Temecula, the County of Riverside, Eastern Municipal Water District, Western Municipal Water District, and Morongo Band of Mission Indians were not present.*

**B. Fiscal Year 2017/2018 Comprehensive Annual Financial Report (CAFR)**

Andrew Ruiz reported on WRCOG's annual financial audit conducted by Rogers, Anderson, Malody & Scott (RAMS). RAMS will be assisting with the creating of the Agency financial statements as well as the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year (FY) 2017/2018.

WRCOG received an unmodified opinion for its FY 2017/2018 audit. An unmodified opinion is the highest form of assurance an auditing firm can provide its client and means that the audit and associated Agency financials are both in good form and the accounting practices are solid.

WRCOG's total net position increased by 609%, or \$26.4M, during FY 2017/2018 compared to the prior year's decrease of \$31.6M. The increase in net position was mostly due to an increase in cash due to the TUMF revenue collections. Total liabilities decreased 14%, or \$11.2M, during FY 2017/2018 compared to the prior year, mostly due to the increase in TUMF revenues over what was anticipated.

Current assets increased from \$83.6M in FY 2016/2017 to \$99.4M, or 19%. The increase in current assets is attributable to the difference in TUMF revenues received over projects completed and paid out. The net investment in Capital Assets represent 1.3%, or \$413k, for FY 2017/2018, compared to 2.2%, or \$94k, for FY 2016/2017. The increase is due to the purchase of new capitalized items, which includes an office move, computers, and other equipment.

WRCOG's total net position for the Unrestricted accounts are at 26.4%, or \$8.1M, for FY 2017/2018, compared to 97.6%, or \$4.2M, for FY2016/2017. This component may be used to meet any ongoing obligations to creditors.

The ending General Fund balance is down from \$12.6M to \$11.3M and TUMF Fund balance is up from \$9.4M to \$38.1M.

**Action:**           1.       *Received and filed.*

### **C. TUMF Program Activities Update: TUMF Calculation and Collection Process Update**

Daniel Ramirez-Cornejo presented on the Fiscal Year (FY) 2018/2019 TUMF Revenue Update. A total of \$29M was collected in the first five months of FY 2018/2019. The Northwest and Central Zones have collected approximately 70% of the total revenue during FY 2018/2019 to date. The most significant collection has been in the single-family residential followed by the industrial collections.

At its October 1, 2018, meeting, the Executive Committee approved the option that would have WRCOG calculate and collect TUMF for all member agencies. The Executive Committee directed staff to consult with each member agency to formally determine those that wish to enroll in the this process; to work with legislative bodies with each agency wishing to enroll in this process to adopt an update to their TUMF Ordinance; to allow those agencies that wish to not participate at this time to continue calculating and collecting TUMF; and to contact all member agencies on an annual basis to verify enrollment status.

WRCOG staff have been meeting with those member agencies that have elected to have WRCOG take responsibility for TUMF calculating and collection to explain in further detail the new process and address any questions they may have.

For those member agencies that have elected to maintain calculating and collecting TUMF, staff will be reaching out to give a refresher on the requirements of the TUMF remittance reporting process.

**Action:**           1.       *Received and filed.*

#### **D. The Economy and Financial Markets Update**

Richard Babbe spoke on the economy, and the general consensus is that it has strengthened over the past year; unemployment is at a 49-year low, and interest rates have risen sharply with no expectation for them to go down. Trade concerns, higher interest rates, and geopolitical events could impact longer-term economic growth.

***Action:*** 1. *Received and filed.*

#### **E. Presentation by the Riverside County Auditor-Controller**

Paul Angulo provided an overview on his background and his role as the Auditor-Controller. The Office of the Auditor-Controller provides fiscal oversight countywide for all governmental agencies under the control of the Board of Supervisors. The Auditor-Controller's Office is also responsible for everything and anything related to budget, property, payments, receipts, payroll, general ledger, cash, and financial reports.

Mr. Angulo shared that he has developed a strategic plan to address the issue of leveraging resources to provide a better customer service to the stakeholders and to be a leader amongst all county governments.

***Action:*** 1. *Received and filed.*

### **7. REPORT FROM THE INTERIM CHIEF FINANCIAL OFFICER**

The Interim Chief Financial Officer had no report to provide.

### **8. ITEMS FOR FUTURE AGENDAS**

Committee members expressed an interest in hearing a presentation from the Riverside County Sheriff and Cal-Fire.

Committee member Terry Shea, City of Canyon Lake, offered to provide a GAAP update.

### **9. GENERAL ANNOUNCEMENTS**

There were no general announcements.

### **10. NEXT MEETING**

**The next Finance Directors Committee meeting is scheduled for Thursday, April 25, 2019, at 1:00 p.m., at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside, CA, 92501.**

### **11. ADJOURNMENT**

**The meeting of the Finance Directors Committee meeting adjourned at 2:17 p.m.**