



Western Riverside Council of Governments Administration & Finance Committee

AGENDA

**Wednesday, April 12, 2017
12:00 p.m.**

**County of Riverside
Administrative Center
4080 Lemon Street
5th Floor, Conference Room C
Riverside, CA 92501**

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in the Administration & Finance Committee meeting, please contact WRCOG at (951) 955-8320. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting. In compliance with Government Code Section 54957.5, agenda materials distributed within 72 hours prior to the meeting which are public records relating to an open session agenda item will be available for inspection by members of the public prior to the meeting at 4080 Lemon Street, 3rd Floor, Riverside, CA, 92501.

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

1. CALL TO ORDER (Ben Benoit, Chair)

2. PUBLIC COMMENTS

At this time members of the public can address the Administration & Finance Committee regarding any items listed on this agenda. Members of the public will have an opportunity to speak on agenda 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.

3. 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 March 8, 2017, Administration & Finance Committee meeting are available for consideration.** **P. 1**
Requested Action: 1. *Approve Summary Minutes from the March 8, 2017, Administration & Finance Committee meeting.*
- B. **Finance Department Activities Update** **P. 7**
Requested Action: 1. *Receive and file.*
- C. **Financial Report Summary through February 2017** **P. 9**
Requested Action: 1. *Receive and file.*
- D. **Single Signature Authority Report** **P. 15**
Requested Action: 1. *Receive and file.*
- E. **3rd Quarter draft Budget amendment for Fiscal Year 2016/2017** **P. 17**
Requested Action: 1. *Recommend that the Executive Committee approve the 3rd Quarter draft Budget amendment for Fiscal Year 2016/2017.*
- F. **Selection of Financial Auditors** **P. 43**
Requested Action: 1. *Approve Rogers, Anderson, Malody, and Smith, LLP., to conduct financial auditing services for WRCOG in an amount not to exceed \$25,000 for Fiscal Year 2016/2017 and \$76,510 (total) through Fiscal Year 2018/2019.*
- G. **Consideration of revised Agency Investment Policy** **P. 49**
Requested Action: 1. *Recommend that the Executive Committee adopt WRCOG Resolution Number 11-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments adopting a revised Investment Policy.*
- H. **Transportation Uniform Mitigation Fee (TUMF) Program Activities Update** **P. 69**
Requested Action: 1. *Receive and file.*

4. **REPORTS / DISCUSSION**

- A. **Continued Membership in the Inland Empire Economic Partnership** **P. 75**
Requested Action: 1. *Discuss and provide a recommendation to the Executive Committee on IEEP membership for 2017.*

- B. 26th Annual General Assembly & Leadership Address P. 89**
- Requested Action:** 1. *Discuss nominees for the 2017 WRCOG Outstanding Community Service Award and recommend a candidate(s) to the Executive Committee for final approval.*
- C. Fiscal Year 2015/2016 Financial Audit P. 95**
- Requested Action:** 1. *Receive and file.*
- D. PACE Programs Activities Update P. 185**
- Requested Actions:** 1. *Consider the recommendation from the PACE Ad Hoc Committee to amend the Program Report to include seismic retrofit products for residential and commercial properties.*
2. *Consider the recommendation from the PACE Ad Hoc Committee to not proceed with establishing a SB 555 Program.*
3. *Consider the recommendation from the PACE Ad Hoc Committee to not include proposed eligible products in the PACE Program Report.*
- E. Community Choice Aggregation Program Activities Update P. 189**
- Requested Action:** 1. *Receive and file.*
- F. Draft Fiscal Year 2017/2018 Agency Budget P. 191**
- Requested Action:** 1. *Discuss and provide input.*
- G. Nominations for WRCOG Chair, Vice-Chair, and 2nd Vice-Chair positions for Fiscal Year 2017/2018 P. 207**
- Requested Action:** 1. *Provide recommendations for leadership positions of Chair, Vice-Chair, and 2nd Vice-Chair for Fiscal Year 2017/2018, to be considered by the Executive Committee on May 1, 2017, and the General Assembly on June 22, 2017.*

5. ITEMS FOR FUTURE AGENDAS Members

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

6. GENERAL ANNOUNCEMENTS Members

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

7. CLOSED SESSION

A. CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO SECTION 54957.6

Agency Representative: Committee Chair or designee
Unrepresented Employee: Executive Director

B. PERFORMANCE EVALUATION PURSUANT TO SECTION 54957

Title: Executive Director

- 8. NEXT MEETING:** The next Administration & Finance Committee meeting is scheduled for Wednesday, May 10, 2017, at 12:00 p.m., in the County of Riverside Administrative Center, 5th Floor, Conference Room C.
- 9. ADJOURNMENT**

1. CALL TO ORDER

The meeting of the Administration & Finance Committee (Committee) was called to order at 12:09 p.m. by Chair Ben Benoit, at the County of Riverside Administrative Center, 5th Floor, Conference Room C.

Members present:

Debbie Franklin, City of Banning
Bonnie Wright, City of Hemet
Laura Roughton, City of Jurupa Valley
Brian Tisdale, City of Lake Elsinore
Kelly Seyarto, City of Murrieta
Ben Benoit, City of Wildomar (Chair)
Mike Naggar, City of Temecula
Chuck Washington, County of Riverside District 3
Marion Ashley, County of Riverside District 5
Brenda Dennstedt, Western Municipal Water District (12:30 p.m. departure)

Staff present:

Steve DeBaun, Legal Counsel, Best Best & Krieger
Rick Bishop, Executive Director
Ernie Reyna, Chief Financial Officer
Jennifer Ward, Director of Government Relations
Christopher Gray, Director of Transportation
Andrew Ruiz, Program Manager
Christopher Tzeng, Program Manager
Daniel Ramirez-Cornejo, Staff Analyst
Janis Leonard, Executive Assistant

Guest present:

Arnold San Miguel, Southern California Association of Governments

2. PUBLIC COMMENTS

There were no public comments.

3. CONSENT CALENDAR – (Dennstedt/Franklin) 10 yes; 0 no; 0 abstention. Items 3.A through 3.H were approved by a unanimous vote of those members present. The City of Corona was not present.

- A. Summary Minutes from the February 8, 2017, Administration & Finance Committee meeting are available for consideration.**

Action: 1. Approved Summary Minutes of the February 8, 2017, Administration & Finance Committee meeting.

- B. Finance Department Activities Update**

Action: 1. Received report.

C. Financial Report Summary through January 2017

Action: 1. *Received report.*

D. Community Choice Aggregation Program Activities Update

This item was pulled for discussion by Rick Bishop, who reported that the Coachella Valley Association of Governments (CVAG) has not yet discussed discuss the potential partnership in a Community Choice Aggregation (CCA) Program, but is anticipated to do so soon. Mr. Bishop will be speaking at a CCA conference later this week and will report back to this Committee with an update. Last week, WRCOG released a Request For Proposals for third party interest in providing services for a complete turnkey CCA. This will help determine if a third party approach to all or some of potential CCA activities is cost-effective. Bids are being requested for the Western Riverside region, CVAG area, the San Bernardino region, Riverside County as a whole, and for the two county region.

Action: 1. *Received report.*

E. Update to Records Retention Schedule: Emails

Action: 1. *Received report.*

F. CEQA Ad Hoc Committee Update

Actions: 1. *Directed staff to work with its partner agencies to support the proposed updates to CEQA legislation as recommended by the CEQA Ad Hoc Committee.*
2. *Directed staff to provide a summary of any CEEQA reform / modernization efforts at the conclusion of the Legislative Session.*
3. *Disbanded the CEQA Modernization Ad Hoc Committee.*

G. Approval of Professional Services and Contractor Agreement with WSP Parsons Brinckerhoff, Inc., to provide TUMF Program technical support

Action: 1. *Recommended the WRCOG Executive Committee approve the Tenth Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and WSP Parsons Brinckerhoff, Inc., to provide TUMF Program technical support in an amount not to exceed \$79,824 for the fiscal year and \$1,916,437 in total.*

H. Option to Develop a Subregional Sustainable Communities Strategy as part of SCAG's Regional Transportation Plan

Action: 1. *Recommended to the Executive Committee that WRCOG elect not to pursue development of a Subregional Sustainable Communities Strategy for the 2020 Regional Transportation Cycle and direct the Executive Director to transmit notification of this decision to SCAG.*

4. REPORTS/DISCUSSION

A. WRCOG appointment of a representative to a SCAG Policy Committee

Rick Bishop reported that WRCOG is responsible for making six appointments to SCAG's Policy Committees. The Air Districts now have a designated seat on SCAG's Regional Council, which has created a vacancy to WRCOG's appointments, as Chairman Ben Benoit previously fulfilled one of WRCOG's appointments, but now serves as the Air Districts' Regional Council representative. Appointments run through December 2018.

Councilmember Crystal Ruiz, who has expressed interest in this appointment, is also running for one of SCAG's Regional Council positions.

Committee member Debbie Franklin asked how appointment to any particular Policy Committee is determined.

Mr. Bishop responded that there are no rules as to how many representatives are appointed to any particular Policy Committee. The Executive Committee makes the determination. SCAG also has no rules or procedures that impact the appointments made by the subregional organizations.

Committee member Laura Roughton suggested a contingent appointment of Mayor Pro Tem Micheal Goodland, City of Jurupa Valley, to provide regional diversity.

Actions: 1. *Recommended to the Executive Committee to appoint Councilmember Crystal Ruiz, City of San Jacinto, to SCAG's Transportation Policy Committee.*

(Washington/Roughton) 10 yes; 0 no; 0 abstention. Item 4.A was approved by a unanimous vote of those members present. The City of Corona was not present.

2. *If Crystal Ruiz wins the upcoming SCAG Regional Council election, recommended to the Executive Committee to appoint Mayor Pro Tem Micheal Goodland, City of Jurupa Valley, to SCAG's Community, Economic & Human Development Policy Committee.*

(Seyarto/Ashley) 10 yes; 0 no; 0 abstention. Item 4.A was approved by a unanimous vote of those members present. The City of Corona was not present.

B. Transportation Uniform Mitigation Fee (TUMF) Program Activities Update

Christopher Gray reported that the Draft TUMF Nexus Study was recently released, and will be available for a 45-day public comment period. The cover memo describes proposed changes to the Nexus Study compared to the prior draft version.

SCAG's recent growth forecast was inserted into the Nexus Study, which projects approximately 250,000 additional households, and an increase in employment. Staff from the University of California, Riverside, has confirmed this review and concurs with the growth and employment projections.

A comprehensive review of the Network was completed. There were projects discovered which no longer met the criteria to be placed on the Network, so they were removed. This resulted in an approximate 10% reduction of Network costs. The Public Works Committee approved the Network for inclusion in the Nexus Study Update.

WRCOG hired a consultant, who determined that current unit costs are higher than previous costs. Residential is approximately 71% of the fee, and non-residential is approximately 29%. As input into the Network change, items in the Nexus Study change.

Committee member Bonnie Wright asked if labor costs were compared, and if it was based on pre-recession or during the recession.

Mr. Gray responded that member jurisdictions were surveyed on how much it cost to build a road, for pavement, for concrete, for steel, hourly labor costs, etc. Costs were inflated, they decreased, and are now again increasing.

At the state level, there is a lot of talk about looking to Vehicle Miles Traveled (VMT) as the transportation metric. Later this year, CEQA will be analyzing VMT; different trips travel different lengths. WRCOG wants to position the TUMF Program to allow jurisdictions to continue to use TUMF for CEQA mitigation when CEQA reform is changed.

The Nexus Study Ad Hoc Committee, consisting of three elected officials, three City Managers, and three Public Works Directors, reviewed proposed changes to the fee. The Ad Hoc Committee strongly suggested a phase-in to any retail fee increase. Many of the Ad Hoc Committee members expressed concern on the impact of single-family residential, primarily from housing affordability issues. A preponderance of the Ad Hoc Committee members also suggested a phase-in of the single-family fee. Historically, various TUMF increases have been phased-in.

Committee member Wright asked how a two-year fee fits into the Program.

Mr. Gray responded that on a yearly basis, retail accounts for only 2% to 3% of the total fee collection. Freezing the retail fee would cause minimal impact to the Program. Staff is recommending a freeze on any changes to retail, given that the retail fee is substantially higher than surrounding subregions. Staff will revisit this matter in approximately 18 months.

Staff have researched potential programmatic changes to the Program. Some member jurisdictions have asked staff to review how TUMF is calculated on retail uses. Staff will review the larger issue of how retail is treated, while the fee is frozen.

Committee member Kelly Seyarto asked how mixed-use is being handled.

Mr. Gray responded that staff is undertaking a study to develop a fee reduction process for mixed-use that will be included in the Fee Calculation Handbook.

Committee member Chuck Washington indicated that because retail only accounts for 2% to 3% of the fee, it will not have a big impact on the Program. If this does not impact the Program, and cities are heading in the other direction in order to mitigate traffic, because that is what attracts businesses and generates what cities collect in sales tax.

Mr. Gray responded that staff is recommending status quo for retailers for the next two years, and review how fees are collected and calculated, what type of retail there is, etc. Big shopping center developers do not pay the fee, the tenants pay the fee.

Committee member Wright asked staff to be mindful of expansion for storage.

Mr. Gray responded that law and policy dictates what can be charged and what cannot.

Rick Bishop added that the Fee Calculation Handbook addresses fee calculation “nuances” in the Program.

Committee member Marion Ashley indicated that there is a big difference in a warehouse and a fulfillment center for industrial.

Mr. Gray indicated that there are two emerging issues to study over the next few years – one is retail and how far trips go, and the other is logistics industrial.

Mr. Bishop indicated that the Executive Committee will be asked to adopt a Nexus Study, and to set the fee for one year. Past practice has been that the Executive Committee reviews on an annual basis.

Committee member Mike Naggar suggested reviewing the industrial fee, perhaps breaking it down to community commercial, neighborhood commercial, and regional commercial, and also research the trade area. Committee member Naggar asked when working discussions will occur.

Mr. Gray responded that the Nexus Study must first be approved because there are project requiring funding. It is also an element of a settlement with the City of Beaumont. Once the Nexus Study is approved and the fee is set, then those discussions can occur.

For residential, example template projects have been created, and it has been determined that an increase in the fee is a fraction of the total development costs.

Mr. Bishop pointed out that several years ago, member jurisdictions were provided the option to reduce TUMF by 50%. Approximately half the jurisdictions reduced the fee by 50%. There was no discernable difference in permit activity.

Committee member Naggar indicated that the challenge is the point in time in which measures are taken. The fee has an impact well before it is measurable; it occurs during the real estate process.

Committee member Washington indicated that eliminating a fee does not generate growth. With regard to the 50% reduction, neighboring cities should be reviewed. This would take into account what is going on in that very local subregion versus all of Western Riverside County.

Mr. Gray responded that fees are part of the calculation, but there are a lot of other matters that could impact the fee. Transportation funding is a zero-sum game. The City of Yucaipa does not have a regional fee like TUMF; however, it charges \$8,000 as a local traffic fee.

If there is not some amount of fee increase, projects will have to be paid some other way.

Committee member Debbie Franklin indicated that her city offered to waive TUMF for a 5-year period, and no homes were built. A neighboring city, which charges local fees, were building many homes, and continue to build. So it is not just fees.

Action: 1. *Received report.*

C. 26th Annual General Assembly & Leadership Address

Jennifer Ward reported that this year's event is scheduled for June 22, 2017. An email was sent to all elected officials and City Managers asking for nominations for the Community Service Award. Nominations are due by March 31, 2017. This Committee will review the list of nominations and make a recommendation to the Executive Committee. The winner will be presented an award at General Assembly, and runner-ups will be mentioned.

Staff is still pursuing a number of options for the keynote speaker.

Committee member Mike Naggar likes the idea of having someone non-political and suggested Jeff Bezos.

Committee member Laura Roughton indicated that Tony Hsieh is a great speaker and very engaging.

Action: 1. *Received report.*

5. ITEMS FOR FUTURE AGENDAS

There were no items requested for future agendas.

6. GENERAL ANNOUNCEMENTS

There were no general announcements.

7. NEXT MEETING: **The next Administration & Finance Committee meeting is scheduled for Wednesday, April 12, 2017, at 12:00 p.m., in the Riverside County Administrative Center, 5th Floor, Conference Room C.**

8. ADJOURNMENT: **The meeting of the Administration & Finance Committee adjourned at 1:15 p.m.**

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Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Finance Department Activities Update

Contact: Ernie Reyna, Chief Financial Officer, reyna@wrcog.coq.ca.us, (951) 955-8432

Date: April 12, 2017

The purpose of this item is to provide an update on the WRCOG audit of Fiscal Year 2015/2016, which resulted in a final Comprehensive Annual Financial Report issued on January 31, 2017. This report also provides an update on the next upcoming Agency budget amendment report, an update on the annual TUMF Audit for 2015/2016, and the Request For Proposals process of selecting financial auditors.

Requested Action:

1. Receive and file.
-

Financial Audit

Financial auditors from Vavrinek, Trine, Day, & Co (VTD) have completed the financials of the Comprehensive Annual Financial Report (CAFR). The CAFR was issued with a report date of January 31, 2017, and the Finance Directors' Committee received a report on the audit and financial statements at its March 23, 2017, meeting. The Administration & Finance Committee will receive the report at its April 12, 2017, meeting, the Technical Advisory Committee will receive the report at its April 20, 2017, meeting, and the Executive Committee will receive the report at its May 1, 2017, meeting.

Budget Amendment

March 31, 2017, will mark the end of the third quarter of Fiscal Year 2016/2017, and it is anticipated the Administration & Finance Committee will be presented with a budget amendment at its April 12, 2017, meeting. The Technical Advisory Committee will also consider the amendment report at its April 20, 2017, meeting. The Executive Committee will consider the amendment report at its May 1, 2017, meeting.

Request for Proposal of New Auditors

WRCOG staff has utilized the services of VTD for financial auditing services for the past five years. WRCOG has released a Request for Proposals for future auditing services. Proposals from consultants were due by March 9, 2017. Staff formed an Audit Ad Hoc Committee and has selected its top three firms to be interviewed on March 27, 2017. The recommended audit firm for consideration by the Administration & Finance Committee is part of a separate staff report in this agenda. The Executive Committee is scheduled to consider the recommendation from the Administration & Finance Committee on May 1, 2017.

Prior Actions:

April 3, 2017: The Executive Committee received report.
March 16, 2017: The Technical Advisory Committee received report.

Fiscal Impact:

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

Attachment:

None.



Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Financial Report Summary through February 2017

Contact: Ernie Reyna, Chief Financial Officer, reyna@wrcog.cog.ca.us, (951) 955-8432

Date: April 12, 2017

The purpose of this item is to provide a monthly summary of WRCOG's financial statements in the form of combined Agency revenues and costs.

Requested Action:

1. Receive and file.
-

Attached for Committee review is the Financial Report Summary through February 2017.

Prior Actions:

April 3, 2017: The Executive Committee received report.
March 16, 2017: The Technical Advisory Committee received report.

Fiscal Impact:

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

Attachment:

1. Financial Report Summary – February 2017.

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Item 3.C

Financial Report Summary through
February 2017

Attachment 1

Financial Report Summary –
February 2017

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Western Riverside Council of Governments
Monthly Budget to Actuals
For the Month Ending February 28, 2017

		Approved 6/30/2017 Budget	Thru 2/28/2017 Actual	Remaining 6/30/2017 Budget
Revenues				
40001	Member Dues	309,410	306,410	3,000
42001	Other Revenue	-	3,515	(3,515)
42004	General Assembly	300,000	5,000	295,000
40601	WRCOG HERO	1,963,735	903,078	1,060,657
40603	CA HERO	7,615,461	4,573,813	3,041,648
40605	The Gas Company Partnership	62,000	41,031	20,969
40606	SCE WRELP	4,692	77,698	(73,006)
40607	WRCOG HERO Commercial	27,500	13,404	14,096
40609	SCE Phase III	10,643	10,634	9
40611	WRCOG HERO Recording Revenue	335,555	200,625	134,930
40612	CA HERO Recording Revenue	1,301,300	919,590	381,710
40614	Active Transportation	200,000	50,254	149,746
41201	Solid Waste	107,915	98,415	9,500
41401	Used Oil Opportunity Grants	290,227	264,320	25,907
41402	Air Quality-Clean Cities	228,000	161,750	66,250
40616	CCA Revenue	247,950	102,095	149,918
40617	Energy Admin Revenue	31,678	30,000	1,678
41701	LTF	701,300	701,250	50
43001	Commercial/Service - Admin (4%)	37,074	45,953	(8,879)
43002	Retail - Admin (4%)	142,224	54,031	88,193
43003	Industrial - Admin (4%)	128,446	113,242	15,204
43004	Residential/Multi/Single - Admin (4%)	1,067,271	475,354	591,917
43005	Multi-Family - Admin (4%)	224,983	58,994	165,989
43001	Commercial/Service	889,786	1,103,157	(213,371)
43002	Retail	3,413,375	1,296,736	2,116,639
43003	Industrial	3,082,710	2,717,816	364,894
43004	Residential/Multi/Single	25,614,514	11,408,214	14,206,300
43005	Multi-Family	5,399,595	1,415,859	3,983,736
	Total Revenues	61,237,078	27,152,582	33,889,248
Expenditures				
	Wages and Benefits			
60001	Wages & Salaries	1,981,159	1,490,423	490,737
61000	Fringe Benefits	578,219	866,833	(288,614)
	Total Wages and Benefits	2,619,378	2,357,256	262,122
	General Operations			
63000	Overhead Allocation	1,520,636	1,012,091	508,545
65101	General Legal Services	450,949	471,744	(20,795)
65401	Audit Fees	25,000	15,300	9,700
65505	Bank Fees	25,500	115,751	(90,251)
65507	Commissioners Per Diem	46,950	35,250	11,700
73001	Office Lease	145,000	102,264	42,736
73003	WRCOG Auto Fuels Expense	678	353	325
73004	WRCOG Auto Maint Expense	33	33	0
73101	Special Mail Svcs	1,500	1,028	472
73102	Parking Validations	3,755	3,735	20
73104	Staff Recognition	1,200	632	568
73107	Event Support	185,980	74,958	111,022
73108	General Supplies	21,021	11,243	9,778
73109	Computer Supplies	8,937	4,806	4,132
73110	Computer Software	13,705	24,272	(10,567)

Western Riverside Council of Governments
Monthly Budget to Actuals
For the Month Ending February 28, 2017

		Approved 6/30/2017 Budget	Thru 2/28/2017 Actual	Remaining 6/30/2017 Budget
73111	Rent/Lease Equipment	25,000	21,452	3,548
73113	Membership Dues	21,364	17,176	4,188
73114	Subscriptions/Publications	8,539	16,621	(8,082)
73115	Meeting Support/Services	14,809	6,168	8,641
73116	Postage	5,708	2,031	3,677
73117	Other Household Expenditures	2,523	4,764	(2,241)
73118	COG Partnership Agreement	40,000	17,772	22,228
73122	Computer Hardware	4,000	337	3,663
73126	EV Charging Equipment	49,605	49,605	0
73201	Communications-Regular	2,000	559	1,441
73203	Communications-Long Distance	1,200	151	1,049
73204	Communications-Cellular	11,802	7,860	3,942
73206	Communications-Comp Sv	18,271	42,558	(24,287)
73209	Communications-Web Site	15,600	1,314	14,286
73301	Equipment Maintenance - General	7,070	10,565	(3,495)
73302	Equipment Maintenance - Computers	8,151	14,264	(6,113)
73405	Insurance - General/Business Liason	73,220	73,020	200
73407	WRCOG Auto Insurance	1,570	1,570	-
73502	County RCIT	2,500	545	1,955
73506	CA HERO Recording Fee	1,636,855	3,489,724	(1,852,869)
73601	Seminars/Conferences	23,035	10,175	12,861
73605	General Assembly	300,000	2,125	297,875
73611	Travel - Mileage Reimbursement	21,920	11,494	10,426
73612	Travel - Ground Transportation	8,779	2,615	6,164
73613	Travel - Airfare	22,837	9,436	13,401
73620	Lodging	19,016	5,914	13,102
73630	Meals	10,633	5,186	5,447
73640	Other Incidentals	14,888	7,294	7,594
73650	Training	12,200	40	12,160
73703	Supplies/Materials	41,851	300	41,551
73706	Radio & TV Ads	44,853	41,133	3,720
XXXXX	TUMF Projects	38,399,980	39,712,519	(1,312,539)
85101	Consulting Labor	3,497,028	2,075,012	1,422,016
85102	Consulting Expenses	245,000	3,613	241,387
85180	BEYOND Expenditures	2,023,000	234,186	1,788,814
90101	Computer Equipment/Software	31,500	21,227	10,273
90501	Office Improvements	100,000	3,276	96,724
97005	Benefits Transfer Out	-	(386,490)	386,490
97001	Operating Transfer Out	(1,518,136)	(1,033,406)	(484,730)
Total General Operations		56,198,774	46,377,164	9,821,610
Total Expenditures		58,818,152	48,734,420	10,083,732





Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Single Signature Authority Report

Contact: Ernie Reyna, Chief Financial Officer, reyna@wrcog.cog.ca.us, (951) 955-8432

Date: April 12, 2017

The purpose of this item is to notify the Committee of any recent contracts 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 \$50,000. For the period of January 1, 2017, through March 31, 2017, no contracts were signed by the Executive Director.

Prior Actions:

February 6, 2017: The Executive Committee received report for the period October 1, 2016, through December 31, 2016.

January 19, 2017: The Technical Advisory Committee received report for the period October 1, 2016, through December 31, 2016.

Fiscal Impact:

None.

Attachment

None.

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Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: 3rd Quarter draft Budget amendment for Fiscal Year 2016/2017

Contact: Ernie Reyna, Chief Financial Officer, reyna@wrcog.coq.ca.us, (951) 955-8432

Date: April 12, 2017

The purpose of this item is to request approval of WRCOG's 3rd Quarter Budget amendments for Fiscal Year 2016/2017, as identified in the attachment to this staff report, which include no net changes to both the General Fund and Transportation Department, and a net expenditure increase to the Energy and Environment Department that will be offset by future PACE revenues. A summary of proposed amendments by Department is provided.

Requested Action:

1. Recommend that the Executive Committee approve the 3rd Quarter draft Budget amendment for Fiscal Year 2016/2017.

General Fund: The Administration Program will be increasing some line items related to unanticipated increases to Riverside County's IT services of \$24,287, and additional support for the new accounting software, "Financial Edge," in the amount of \$19,846. In total, the General Fund will be increasing all expenditures by \$80,436, which is to be offset by a reduction to the office improvement line item of \$75,622 and BEYOND expenditures of \$4,814, for a net zero increase in expenditures.

Net Expenditure Increase to the General Fund: **\$0**

Transportation Department: The TUMF Program will be increasing legal services by \$46,583 related to litigation with the City of Beaumont, and total transportation expenditures will be increasing by \$49,158. This increase of expenditures will be offset by a reduction in the salaries line item as well as the travel line items in the TUMF Program by the same amount. This will result in a net zero increase in expenditures.

Net Expenditure Increase to Transportation Department: **\$0**

Energy Department: The local PACE as well as the Streetlight Programs will have increases in expenditures for legal expenditures. The local PACE will be increasing Legal fees by \$43,981 regarding a class action lawsuit and public records requests, while the Streetlight Program will increase its Legal fees by \$8,898 related to additional fees for impacts on special districts and developing a memo based on CEQA lawsuits concerning LED Streetlight retrofits. In total, the Energy Department will be increasing its expenditures by \$69,956, while offsetting expenditures in other areas by \$17,001 for a net expenditure increase of \$52,956. The net increase in Energy expenditures will be offset by future PACE revenues.

Net Expenditure Increase to Energy Department: **\$52,955**

Environment Department: The Riverside Used Oil Program will be increasing its Radio & TV Ads line item by \$8,980, and the Used Oil OPP6 Program will be increasing its Salaries line item by \$6,617. In total the Environment Department will be increasing expenditures by \$19,700. This amount is reduced by a reduction to the printing services line item of \$9,988, for a net expenditure increase of \$9,712.

Net Expenditure Increase to Environment Department: \$9,712

Prior Actions:

February 6, 2017: The Executive Committee approved the 2nd Quarter draft Budget amendment for Fiscal Year 2016/2017.
January 19, 2017: The Technical Advisory Committee recommended that the Executive Committee approve the 2nd Quarter draft Budget amendment for Fiscal Year 2016/2017.

Fiscal Impact:

General Fund: No Revenue / Expenditure / Increase or Decrease

Transportation: No Revenue / Expenditure / Increase or Decrease

Energy: Net expenditure increase of \$52,955

Environment: Net expenditure increase of \$9,712

In total, WRCOG will have an increase in total Agency expenditures of \$62,667, which will be offset by future PACE revenues as well as reductions to the 4th Quarter FY 2016/2017 Environment Department Budget.

Attachment:

1. Annual Budget for the year ending June 30, 2017, with 3rd Quarter amendments.

Item 3.E

3rd Quarter draft Budget amendment
for Fiscal Year 2016/2017

Attachment 1

Annual Budget for the year ending
June 30, 2017, with 3rd Quarter
amendments

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**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017**

Department: Total General Fund

		Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures				
General Operations				
65101	General Legal Services	60,088	72,552	12,464
73102	Parking Validations	105	245	140
73107	Event Support	1,561	1,893	332
73108	General Supplies	188	196	8
73113	Membership Dues	14,829	17,911	3,082
73115	Meeting Support/Services	1,608	2,562	954
73116	Postage	53	104	51
73117	Other Household Expenses	2,000	3,134	1,134
73204	Communications - Cellular	177	241	64
73206	Communications - Computer Server	18,271	42,558	24,287
73301	Equipment Maintenance - General	5,570	7,907	2,337
73302	Equipment Maintenance - Computers	8,151	14,264	6,113
73405	Insurance - Gen/Business	72,250	72,585	335
85101	Consulting Labor	26,266	46,112	19,846
90101	Computer Equipment/Software	20,000	22,630	9,290
90501	Office Improvements	-	-	(75,622)
85180	BEYOND Expenses	-	-	(4,814)
Total General Operations		246,506	304,893	0

Total Net Expenditure Increase/(Decrease) \$ 0

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Administration			
	Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures			
General Operations			
65101 General Legal Services	60,000	70,169	10,169
73113 Membership Dues	14,354	15,511	1,157
73115 Meeting Support/Services	1,608	2,562	954
73117 Other Household Expenses	2,000	3,134	1,134
73206 Communications - Computer Srv	18,271	42,558	24,287
73301 Equipment Maintenance - General	5,570	7,907	2,337
73302 Equipment Maintenance - Computers	8,151	14,264	6,113
73405 Insurance - Gen/Business	72,250	72,585	335
85101 Consulting Labor	26,266	46,112	19,846
90101 Computer Equipment/Software	20,000	22,630	9,290
90501 Office Improvements	100,000	-	(75,622)
Total General Operations	343,859	297,432	0
Total Net Expenditure Increase/(Decrease)			\$ 0

**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017**

Department: Government Relations (70)

		Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures				
65101	General Legal Services	88	2,383	2,295
73102	Parking Validations	105	245	140
73107	Event Support	1,561	1,893	332
73108	General Supplies	188	196	8
73113	Membership Dues	475	2,400	1,925
73116	Postage	53	104	51
73204	Communications Cellular	177	241	64
85180	BEYOND Expenses			(4,814)
Total General Operations		2,647	7,661	0

Total Net Revenue Increase/(Decrease)	\$ 0
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Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Transportation (Summary)			
	Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures			
Wages and Benefits			
60001 Wages & Salaries	506,580	286,489	(49,159)
Total Wages and Benefits	-	-	(49,159)
General Operations			
65101 General Legal Services	220,519	267,102	46,583
73115 Meeting Support/Services	-	-	183
73204 Communications-Cellular	762	1,225	596
73611 Travel - Mileage Reimbursement	1,275	1,471	196
73612 Travel - Ground Transportation	170	177	7
73613 Travel - Airfare	-	-	(986)
73630 Meals	2,207	3,482	1,275
73640 Other Incidentals	614	1,919	1,305
Total General Operations	225,547	275,375	49,158
Total Net Expenditure Increase/(Decrease)			\$ 0

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Transportation (TUMF - 1148)				
		Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures				
Wages and Benefits				
60001	Wages & Salaries	496,575	276,143	(49,499)
	Total Wages and Benefits	496,575	276,143	(49,499)
General Operations				
65101	General Legal Services	220,519	267,102	46,583
73204	Communications-Cellular	1,500	1,633	133
73611	Travel - Mileage Reimbursement	1,275	1,471	196
73612	Travel - Ground Transportation	170	177	7
73630	Meals	2,207	3,482	1,275
73640	Other Incidentals	614	1,919	1,305
	Total General Operations	226,285	278,904	49,499
Total Net Expenditure Increase/(Decrease)				\$ 0

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Environmental (Clean Cities - 1010)			
	Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures			
Wages and Benefits			
60001 Wages & Salaries	10,005	10,345	340
Total Wages and Benefits	10,005	10,345	340
General Operations			
73115 Meeting Support/Services	100	283	183
73204 Communications-Cellular	762	1,225	463
73613 Travel - Airfare			(986)
Total General Operations	862	1,508	(340)
Total Net Expenditure Increase/(Decrease)			\$ (0)

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Energy (Summary)			
	Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures			
Wages and Benefits			
60001 Wages & Salaries	48,191	21,940	(956)
Total Wages and Benefits	48,191	21,940	(956)
General Operations			
65101 General Legal Services	55,878	110,530	54,799
73102 Parking Validations	200	570	370
73107 Event Support	4,972	5,968	(4)
73108 General Supplies	2,083	3,156	1,099
73113 Membership Dues	265	1,765	1,500
73114 Subscriptions/Publications	175	425	250
73115 Meeting Support/Services	410	1,111	701
73117 Other Household Expenditures	310	1,858	1,548
73120 Printing Services	-	-	(1,773)
73301 Equipment Maintenance - General	1,000	-	(1,000)
73601 Seminars/Conferences	-	370	370
73611 Travel - Mileage Reimbursement	1,035	1,273	238
73612 Travel - Ground Transportation	1,525	1,937	412
73613 Travel - Airfare	3,437	4,296	1,518
73630 Meals	148	348	200
73640 Other Incidentals	2,224	3,399	1,175
73703 Supplies/Materials	-	-	(7,000)
85101 Consulting Labor	-	2,500	2,500
85102 Consulting Expenses	-	1,250	(6,267)
90501 Office Improvements	-	3,276	3,276
Total General Operations	73,662	144,033	53,912
Total Net Expenditure Increase/(Decrease)			\$ 52,956

**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017**

Department: Energy (WRCOG HERO - 2006)			
	Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures			
General Operations			
65101 General Legal Services	33,024	77,005	43,981
73107 Event Support	1,500	-	(1,000)
73301 Equipment Maintenance - General	1,000	-	(1,000)
73612 Travel - Ground Transportation	1,275	1,378	103
73640 Other Incidentals	2,224	3,399	1,175
73703 Supplies/Materials	7,000	-	(7,000)
Total General Operations	46,023	81,783	36,260
Total Net Expenditure Increase/(Decrease)			\$ 36,260

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Energy (SCE - 2010)			
	Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures			
General Operations			
65101 General Legal Services	4,307	6,080	1,773
73120 Printing Services	-	-	(1,773)
Total General Operations	4,307	6,080	0
Total Net Expenditure Increase/(Decrease)			\$ 0

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Energy (Regional Street Lights - 2026)			
	Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures			
General Operations			
65101 General Legal Services	18,547	27,445	8,898
73107 Event Support	4,972	5,968	996
73115 Meeting Support/Services	410	545	135
73611 Travel - Mileage Reimbursement	1,035	1,215	180
73630 Meals	148	176	28
Total General Operations	25,112	35,350	10,238
Total Net Expenditure Increase/(Decrease)			\$ 10,238

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Energy (Community Choice Aggregation - 2040)			
	Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures			
Wages and Benefits			
60001 Wages & Salaries	48,191	20,078	(2,818)
Total Wages and Benefits	48,191	20,078	(2,818)
General Operations			
73113 Membership Dues	265	1,765	1,500
73601 Seminars/Conferences		370	370
73612 Travel - Ground Transportation	250	302	52
73613 Travel - Airfare	1,937	2,833	896
Total General Operations	2,452	5,270	2,818
Total Net Expenditure Increase/(Decrease)			\$ 0

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Base (Energy Dept - 2100)			
	Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures			
General Operations			
73108 General Supplies	-	26	26
73114 Subscriptions/Publications	175	425	250
73115 Meeting Support/Services	-	565	565
73613 Travel - Airfare	1,500	-	(841)
Total General Operations	1,675	1,016	0
Total Net Expenditure Increase/(Decrease)			\$ 0

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Spruce (2102)			
		Approved 6/30/2017 Budget	Thru 3/31/2017 Actual
			Amendment Needed 3/31/2017
Expenditures			
Wages and Benefits			
60001	Wages & Salaries	-	1,252
	Total Wages and Benefits	-	1,252
General Operations			
73612	Travel - Ground Transportation	-	164
73630	Meals	-	75
85101	Consulting Labor	-	1,250
	Total General Operations	-	1,489
Total Net Expenditure Increase/(Decrease)			\$ 2,741

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: CA First (2103)			
		Approved 6/30/2017 Budget	Thru 3/31/2017 Actual
			Amendment Needed 3/31/2017
Expenditures			
Wages and Benefits			
60001	Wages & Salaries	-	609
	Total Wages and Benefits	-	609
General Operations			
65101	General Legal Services	-	147
73611	Travel - Mileage Reimbursement	-	58
73612	Travel - Ground Transportation	-	93
73613	Travel - Airfare	-	1,463
73630	Meals	-	96
85101	Consulting Labor	-	1,250
	Total General Operations	-	3,106
Total Net Expenditure Increase/(Decrease)			\$ 3,716

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Energy (California HERO - 5000)			
	Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures			
73102 Parking Validations	200	570	370
73108 General Supplies	2,083	3,156	1,073
73117 Other Household Expenditures	310	1,858	1,548
85102 Consulting Expenses	-	-	(6,267)
90501 Office Improvements	-	3,276	3,276
Total General Operations	2,593	8,860	0
Total Net Expenditure Increase/(Decrease)			\$ 0

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Environmental (Summary)			
	Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures			
Wages and Benefits			
60001 Wages & Salaries	9,012	15,700	6,688
Total Wages and Benefits	9,012	15,700	6,688
General Operations			
65101 General Legal Services	-	1,817	1,817
73102 Parking Validations	-	115	115
73107 Event Support	-	1,574	970
73110 Computer Software	-	113	113
73120 Printing Services	12,000	-	(9,988)
73405 Insurance - General/Business Liason	-	-	185
73611 Travel - Mileage Reimbursement	213	829	820
73612 Travel - Ground Transportation	85	99	14
73706 Radio & TV Ads	-	-	8,980
Total General Operations	12,298	4,546	3,024
Total Net Expenditure Increase/(Decrease)			\$ 9,712

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Environmental (Solid Waste - 1038)			
	Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures			
73107 Event Support	-	-	(400)
73110 Computer Software	-	113	113
73611 Travel - Mileage Reimbursement	213	500	287
Total General Operations	213	613	(0)
Total Net Expenditure Increase/(Decrease)			\$ (0)

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Environmental - (Used Oil OPP5 - 2029)			
	Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures			
Wages and Benefits			
60001 Wages & Salaries	7,743	7,814	71
Total Wages and Benefits	7,743	7,814	71
Total Net Expenditure Increase/(Decrease)			\$ 71

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Environmental - (Riverside Used Oil - 2032)

		Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures				
General Operations				
65101	General Legal Services	-	879	879
73102	Parking Validations	-	115	115
73120	Printing Services	12,000	-	(9,988)
73612	Travel - Ground Transportation	85	99	14
73706	Radio & TV Ads	42,353	51,333	8,980
Total General Operations		12,085	1,093	(8,980)
Total Net Expenditure Increase/(Decrease)				\$ (0)

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Environmental - (Used Oil OPP6 - 2033)			
	Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures			
Wages and Benefits			
60001 Wages & Salaries	1,269	7,886	6,617
Total Wages and Benefits	1,269	7,886	6,617
General Operations			
65101 General Legal Services	-	938	938
73107 Event Support	-	1,574	1,574
73405 Insurance - General/Business Liason		185	185
73611 Travel - Mileage Reimbursement		329	329
Total General Operations	-	2,087	3,025
Total Net Expenditure Increase/(Decrease)			\$ 9,642

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2017

Department: Environmental - (Riverside Recycle - 2034)			
	Approved 6/30/2017 Budget	Thru 3/31/2017 Actual	Amendment Needed 3/31/2017
Expenditures			
73107 Event Support	-	-	(204)
73611 Travel - Mileage Reimbursement	-	-	204
Total General Operations	-	-	-
Total Net Expenditure Increase/(Decrease)			\$ -

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Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Selection of Financial Auditors

Contact: Ernie Reyna, Chief Financial Officer, reyna@wrcog.coq.ca.us, (951) 955-8432

Date: April 12, 2017

The purpose of this item is to notify the Administration & Finance Committee of the selection of Financial Auditors for Fiscal Years 2016/2017, 2017/2018, 2018/2019, with the option of Fiscal Years 2019/2020 and 2020/2021.

Requested Action:

1. Approve Rogers, Anderson, Malody, and Smith, LLP., to conduct financial auditing services for WRCOG in an amount not to exceed \$25,000 for Fiscal Year 2016/2017 and \$76,510 (total) through Fiscal Years 2018/2019.

New Financial Auditors

WRCOG staff has utilized the services of Vavrinek, Trine, Day & Co., LLP (VTD) for financial auditing services for the past five fiscal years (FY). Best financial practices recommend rotating auditing services every few years for audit objectivity and to provide a “fresh look” and perspective. Earlier this calendar year, WRCOG released a Request for Proposal (RFP) for future auditing services in which staff requested a commitment for a minimum of three years with the option for two additional one-year services. This would include the following years: FYs 2016/2017, 2017/2018, and 2018/2019. At staff’s discretion, the option for the firm to perform audit services for FYs 2019/2020 and 2020/2021 could be exercised.

Based on the nine RFPs received, staff formed an Audit Ad Hoc Committee to rate the firms on numerous qualifications. On March 27, 2017, the Audit Ad Hoc Committee interviewed the top three firms, which included the following: Rogers, Anderson, Malody, and Smith (RAMS) of San Bernardino; Van Lant & Fankhanel (VLF) of Loma Linda; and Teaman, Ramirez, & Smith (TRS) of Riverside. After the interviews concluded, the Ad Hoc Committee unanimously selected RAMS as the new financial auditors beginning with the financial audit of FY 2016/2017.

The first year’s (FY 2016/2017) audit cost will be \$25,000 and will increase by 2% each year thereafter. The minimum amount that will be paid for the three years of auditing services will be as follows:

Year 1 - \$25,000
Year 2 - \$25,500
Year 3 - \$26,010

Total for three year commitment - \$76,510

After the three years of committed audit services are complete, the total cost of the auditing services will amount to \$76,510. The Executive Director has single signature authority to sign contracts and services up to \$50,000; any amount in excess requires the approval of the Administration & Finance Committee. Should

WRCOG exercise the fourth year of auditing services, the cumulative total would increase from \$76,510 to \$103,040, which would then require the approval of the Executive Committee at that time.

It is the goal of staff to begin work with RAMS at the end of May to begin interim testing for the upcoming FY 2016/2017 audit, followed by fieldwork in early September, and issuance of the Comprehensive Annual Financial Report (CAFR) by mid-November. The CAFR and the corresponding audit report will be taken to the Finance Director's Committee at the end of November or early December, followed by a report to the Administration & Finance and Technical Advisory Committees in December, and ultimately filed and received by the Executive Committee in January of 2018.

Prior Action:

None.

Fiscal Impact:

The amount of the contract for the first fiscal year will be \$25,000, then increase by 2% each fiscal year thereafter. After the third year, the total contract will amount to \$76,510. Auditing services are budgeted each year in the Agency's Budget in the General Fund, and the dollar amount for the services will be within the Executive Director's single signature authority.

Attachment:

1. RAMS Scope of Services.

Item 3.F

Selection of Financial Auditors

Attachment 1

RAMS Scope of Services

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Scope of Work

Rogers, Anderson, Malody & Scott, LLP. will audit the Basic Financial Statements of WRCOG in conformity with generally accepted auditing standards and issue an opinion thereon. We will be responsible for performing certain limited procedures involving the required supplementary information as required by the Governmental Accounting Standards Board.

Our audit(s) will be in accordance with:

- Generally Accepted Auditing Standards as promulgated by the American Institute of Certified Public Accountants, including requirements found in the new AICPA audit guide "Audits of State and Local Governments".
- Government Auditing Standards issued by the Comptroller of the United States of America.
- *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (OMB Uniform Guidance). (New Single Audit requirement standards) if applicable.
- The financial statements will be prepared in accordance with the latest GASB pronouncements.

We will print and bind fifteen (15) copies of the financial statements including supplementary information. We will provide one unbound copy of the financial statements, and a final electronic copy of the financial statements for use in WRCOG's Comprehensive Financial Report (CAFR).

We will provide guidance and technical assistance in completing the Management's Discussion and Analysis (MD&A), financial statements and required note disclosures.

We will communicate in a letter to the Chief Financial Officer any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. "Non-reportable conditions" discovered by the auditor shall be communicated in the "Management Letter" addressed to the Executive Committee of WRCOG setting forth recommendations for improvements in WRCOG's accounting systems.

Immediately notify, in writing, the Chief Financial Officer of all irregularities and illegal acts or indications of illegal acts of which the auditor becomes aware.

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Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Consideration of revised Agency Investment Policy

Contact: Ernie Reyna, Chief Financial Officer, reyna@wrcog.coq.ca.us, (951) 955-8432

Date: April 12, 2017

The purpose of this item is to request consideration of an updated WRCOG Investment Policy. Best financial practices suggest that agencies should review and update its investment policies every few years to ensure accuracy and compliance with state and federal regulations.

Requested Action:

1. Recommend that the Executive Committee adopt WRCOG Resolution Number 11-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments adopting a revised Investment Policy.

Updates to Agency Investment Policy

On January 13, 2016, the Administration & Finance Committee approved having WRCOG staff amend WRCOG's contract with Public Financial Management (PFM) to allow PFM to serve as the financial advisor to the Agency, in addition to PFM's current contracted services. PFM's primary role is to support WRCOG with debt issuance activity and provide investment recommendations through the current holdings at Citizens Trust, and possibly other financial institutions in the near future, consistent with WRCOG's Investment Policy. Other responsibilities would include, but are not limited to, providing advice on all aspects of any proposed capital financing; developing innovative solutions to WRCOG's funding requirements in order to achieve the most advantageous financing terms; making recommendations on the timing, sizing, maturity schedules, call provisions, and other details of bond issues; reviewing and making appropriate recommendations on all official statements and other documents necessary for debt issuance; as well as other responsibilities.

WRCOG's current Investment Policy has not been updated since it was created and adopted by the Executive Committee in October 2005. The proposed Policy has three primary objectives: safety, liquidity, and return on investment. The proposed Policy will ensure that all investments held by WRCOG comply with federal, state, and local laws governing the investment of funds. The goal of the portfolio is to remain liquid enough to meet all reasonably anticipated operating requirements. Finally, the investment portfolio shall be managed with the objective of attaining a market rate of return throughout budgetary and economic cycles.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

1. WRCOG Resolution Number 11-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments adopting a revised Investment Policy.

Item 3.G

Consideration of revised Agency
Investment Policy

Attachment 1

WRCOG Resolution Number 11-17;
A Resolution of the Executive
Committee of the Western Riverside
Council of Governments adopting a
revised Investment Policy

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Western Riverside Council of Governments

County of Riverside • City of Banning • 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 • Morongo Band of Mission Indians
Riverside County Superintendent of Schools

RESOLUTION NUMBER 11-17

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS ADOPTING A REVISED INVESTMENT POLICY

WHEREAS, the Executive Committee of the Western Riverside Council of Governments (the "Executive Committee" and "WRCOG" respectively) previously adopted Resolution No. 07-06, which approved an investment policy (the "Prior Policy"); and

WHEREAS, the California Legislature has provided standards for governing bodies authorized to make investment decisions for local agencies, which are set forth in Sections 16429.1, 53600-53609 and 53630-53686 of the California Government Code (the "Investment Act"); and

WHEREAS, the Investment Act allows local agencies to annually approve a statement of investment policy; and

WHEREAS, it has been determined that it is in the best interests of WRCOG to review and update the Prior Policy; and

WHEREAS, the Executive Committee has been presented with an updated investment policy (the "Investment Policy") attached hereto as Exhibit "A"; and

WHEREAS, the Executive Committee, with the aid of its staff, has reviewed the Investment Policy, which is designed to conform to the requirements of the Investment Act, and wishes to approve the Investment Policy.

NOW, THEREFORE, BE IT RESOLVED by the Executive Committee of the Western Riverside Council of Governments as follows:

Section 1. The above recitals are true and correct.

Section 2. The Investment Policy is hereby approved and adopted, a copy of which is attached hereto as Exhibit "A" and by this reference is made a part hereof.

Section 3. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Executive Committee of the Western Riverside Council of Governments held on May 1, 2017.

Ben Benoit, Chair
WRCOG Executive Committee

Rick Bishop, Secretary
WRCOG Executive Committee

Approved as to form:

Steven DeBaun
WRCOG Legal Counsel

AYES: _____ NOES: _____ ABSENT: _____ ABSTAIN: _____

EXHIBIT A

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS INVESTMENT POLICY

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS INVESTMENT POLICY

Policy

The purpose of this investment policy ("Policy") is to identify prudent policies and procedures that shall govern the investment of the Western Riverside Council of Governments' ("WRCOG") funds. The ultimate goal of this Policy is to protect the safety of the invested funds, enhance the economic status of WRCOG, and to ensure that all investments comply with federal, state, and local laws governing the investment of the funds covered by this Policy.

Scope

This Policy shall cover all funds and investment activities under the direct authority of WRCOG and accounted for in the Comprehensive Annual Financial Report (CAFR), except for the employee's retirement and deferred compensation funds. In addition, deposits with banks under the provision California Government Code's "Deposit of Funds" provisions are excluding from this Policy's requirements.

Bond proceeds shall be invested in the securities permitted by the applicable bond documents. If the bond documents are silent as to the permitted investments, the bond proceeds will be invested in the securities permitted by this Policy. Notwithstanding the other provisions of this Policy, the percentage limitations listed in elsewhere in this Policy do not apply to bond proceeds.

Objectives

The primary objectives, in priority order, for WRCOG's investment activities shall be:

1. **Safety:** Safety of principal is the foremost objective of the investment program. WRCOG's investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
2. **Liquidity:** WRCOG's investment portfolio will remain sufficiently liquid to enable WRCOG to meet all operating requirements, which might be reasonably anticipated.
3. **Return on Investment:** WRCOG's investment portfolio shall be managed with the objective of attaining a market rate of return throughout budgetary and economic cycles.

The remainder of this Policy describes the policies and procedures to be followed in support of these objectives.

Prudence

All persons authorized to make investment decisions on behalf of WRCOG are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Authorized persons, acting in accordance with written procedures and this Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Delegation of Authority

Responsibility for the investment program is hereby delegated by WRCOG's Executive Committee to the Chief Financial Officer ("CFO"), for a period of one-year, who shall thereafter assume full responsibility for the investment program until the delegation of authority is revoked. Subject to review, the Executive Committee may renew the delegation of authority each year. The CFO may delegate the day-to-day investment activities to his/her designee(s) but not the responsibility for the overall investment program. If authorized by the Executive Committee, the CFO may also utilize the services of an external investment advisor to assist with the investment program. The investment advisor shall never take possession of WRCOG's funds or assets. No person may engage in investment activities except as provided under the terms of this Policy and the procedures established by the CFO.

Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Additionally, the CFO, other employees designated by WRCOG, and the Investment Advisor, if one is used; are required to prepare an Annual Conflict of Interest Statement (FPPC Form 700).

Internal Controls

The CFO is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of WRCOG are protected from loss, theft or misuse. The procedures should include references to individuals authorized to execute transactions or transfers, safekeeping agreements, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgement by management. Compliance with this Policy and internal controls shall be reviewed annually by WRCOG's independent auditor.

Authorized Financial Dealers and Institutions

Investments not purchased directly from the issuer, shall be purchased either from an institution licensed by the state as a broker-dealer or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a savings association or federal association or from a brokerage firm designated as a primary government dealer by the Federal Reserve bank. If WRCOG is utilizing financial dealers or institutions to execute transactions, the CFO shall maintain a list of the firms that have been approved for investment purposes. A copy of this Policy shall be sent annually to all firms with which WRCOG executes investments.

If WRCOG has contracted with an investment advisor to provide investment services, the investment advisor may use their own list of approved issuers, brokers/dealers and financial

institutions with which to conduct transactions on WRCOG's behalf.

Authorized and Suitable Investments

The California Government Code provides basic investment limits and guidelines for government entities. In the event an apparent discrepancy is found between this Policy and the Government Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this Policy apply at the time the security is purchased. Credit ratings, where shown, specify the minimum credit rating category required at purchased. In the event a security held by WRCOG is subject to a credit rating change that brings it below the minimum credit ratings specified in this Policy, the CFO should notify the Executive Committee of the change in the next quarterly investment report. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the change, prognosis for recovery or further rate drops, and the market price of the security.

- A. **U.S. Treasury Instruments.** United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. There is no limitation as to the percentage of WRCOG's portfolio that may be invested in this category.
- B. **Federal Agency Securities.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of WRCOG's portfolio that may be invested in this category.
- C. **Supranational Obligations.** United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by a Nationally Recognized Statistical Rating Organization ("NRSRO"). A maximum of 30% of WRCOG's portfolio may be invested in this category.
- D. **Municipal Debt.** Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

Purchases are limited to securities rated in a rating category of “A” (long-term) or “A-1” (short-term) or their equivalents or better by an NRSRO. A maximum of 30% of WRCOG’s portfolio may be invested in this category.

- E. **Medium-Term Notes.** Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Purchases are limited to securities rated in a rating category of “A” or its equivalent or better by an NRSRO. A maximum of 30% of WRCOG’s portfolio may be invested in this category.
- F. **Negotiable CDs.** Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases are limited to securities rated in a rating category of “A” (long-term) or “A-1” (short-term) or their equivalents or better by an NRSRO. A maximum of 30% of WRCOG’s portfolio may be invested in this category.
- G. **Asset-Backed Securities.** A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond of a maximum of five years’ maturity. Securities eligible for investment under this subdivision shall be issued by an issuer rated in a rating category of “A” or its equivalent or better for the issuer’s debt as provided by an NRSRO and rated in a rating category of “AA” or its equivalent or better by an NRSRO. A maximum of 20% of WRCOG’s portfolio may be invested in this category.
- H. **Commercial Paper.** Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):
 - (1) The entity meets the following criteria: (A) Is organized and operating in the United States as a general corporation; (B) Has total assets in excess of five hundred million dollars (\$500,000,000), and (C) Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or better by an NRSRO.
 - (2) The entity meets the following criteria: (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company, (B) Has program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond, and (C) Has commercial paper that is rated “A-1” or better, or the equivalent, by an NRSRO.

Purchases are limited to securities that have a maximum maturity of 270 days. A maximum of 30% of WRCOG’s portfolio may be invested in this category.
- I. **State of California’s Local Agency Investment Fund (LAIF).** Whenever WRCOG has funds invested in LAIF, the CFO shall periodically review the program’s investments. The maximum amount invested in this category may not exceed the limit set by LAIF for operating accounts.

- J. **Local Government Investment Pools (“LGIP”).** Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in Government Code. WRCOG will limit investments to LGIPs that seek to maintain a stable net asset value. Whenever WRCOG has any funds invested in a LGIP, the CFO shall maintain on file a copy of the LGIP’s current information statement and periodically review the LGIP’s investments. A maximum of 25% of WRCOG’s portfolio may be invested in this category.
- K. **Money Market Funds (“MMF”).** Purchases are restricted to Government Money Market Funds. Furthermore, these Money Market Funds must have met either of the following criteria: (A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs, or (B) Retained an investment advisor with not less than five years’ experience and registered or exempt from registration with the SEC, with assets under management in excess of five hundred million dollars (\$500,000,000). Whenever WRCOG has any funds invested in a MMF, the CFO shall maintain on file a copy of the MMF’s current information statement. A maximum of 20% of WRCOG’s portfolio may be invested in this category.

Ineligible Investments

WRCOG shall not invest in any investment authorized by the Government Code, but not explicitly listed in this Policy without the prior approval of the Executive Committee. Furthermore, WRCOG will not invest in inverse floaters, range notes, mortgage-derived, interest-only strips, or any security that could result in zero interest accrual if held to maturity. WRCOG may hold any previously permitted but currently prohibited investments until their maturity dates.

Diversification

WRCOG shall diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. To promote diversification, no more than 5% of the portfolio may be invested in the securities of any one issuer, regardless of security type; excluding U.S. Treasuries, federal agencies, supranationals, and pooled investments such as LAIF, money market funds, or local government investment pools.

Maximum Maturities

The CFO and/or his/her designee(s) shall maintain a system to monitor and forecast revenues and expenditures so that WRCOG funds can be invested to the fullest extent possible while providing sufficient liquidity to meet WRCOG’s reasonably anticipated cash flow requirements. Maturities of investments will be selected to provide necessary liquidity, manage interest rate risk, and optimize earnings. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds.

The weighted average maturity of the investment portfolio shall not exceed 3.0 years. For those investment types for which this Policy does not specify a maturity limit, no individual investment shall exceed a maturity of five years from the date of purchase unless the Executive Committee has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board of Directors no less than three months prior to the investment.

This Policy authorizes investing bond project and reserve funds beyond five years if the maturities of such investments do not exceed the expected use of the funds, the investments are deemed prudent in the opinion of the CFO, and the investments are not prohibited by the applicable bond documents.

Safekeeping and Custody

To protect against potential losses by collapse of individual securities dealers, all deliverable securities owned by WRCOG, including collateral on repurchase agreements, shall be held in safekeeping by a third party bank trust department acting as agent for WRCOG under the terms of a custody agreement executed by the bank and by WRCOG. All deliverable securities will be received and delivered using standard delivery-versus-payment procedures.

Performance Standards

The investment portfolio shall be managed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. WRCOG will employ an active management approach that allows for the sale of securities prior to their scheduled maturity dates for purposes of improving the portfolio's credit quality, liquidity, or return in response to changing market conditions or WRCOG circumstances. This Policy recognizes that in a diversified portfolio occasional measured losses are inevitable and must be considered within the context of the overall portfolio's structure and expected investment return, with the proviso that adequate diversification and credit analysis have been implemented.

An appropriate performance benchmark shall be established against which portfolio performance shall be compared on a regular basis. The selected performance benchmark shall be representative of WRCOG's overall investment objectives and liquidity requirements.

Reporting

The CFO will prepare a quarterly investment report that shall include a description of the portfolio, type of investments, issuers, maturity dates, par values and current market values of each component of the portfolio, list of transactions, including funds managed for WRCOG by third party contract managers. The report will include a certification that: (1) all investment actions executed since the last report have been made in full compliance with this Policy and (2) the report shall include a statement denoting the ability of WRCOG to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

Investment Policy Adoption

WRCOG's investment policy shall be adopted by resolution of the Executive Committee. This Policy shall be reviewed periodically by the CFO and any modifications made thereto must be approved by the Executive Committee.

GLOSSARY

The glossary is provided for general information only. It is not to be considered a part of the Policy for determining Policy requirements or terms.

AGENCIES: Securities issued by federal agency securities and/or Government-sponsored enterprises (e.g. FNMA, FHLMC, FHLB).

AMORTIZED COST (or Book Value): For investments purchased at a discount, amortized cost constitutes cost plus interest earned to date.

ASKED: The price at which securities are offered for sale; also known as offering price.

ASSET-BACKED SECURITIES (ABS): Securities whose income payments and hence value is derived from and collateralized (or "backed") by a specified pool of underlying assets which are receivables. Pooling the assets into financial instruments allows them to be sold to general investors, a process called securitization, and allows the risk of investing in the underlying assets to be diversified because each security will represent a fraction of the total value of the diverse pool of underlying assets. The pools of underlying assets can comprise common payments credit cards, auto loans, mortgage loans, and other types of assets. Interest and principal is paid to investors from borrowers who are paying down their debt.

BASIS POINT: One hundredth of one percent (i.e. 0.01 percent).

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CALLABLE BOND: A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large denomination CD's are typically negotiable.

COMMERCIAL PAPER: An unsecured promissory note with a fixed maturity no longer than 270 days.

COLLATERAL: Securities, evidence of deposit or other property, which secures repayment of an investment. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report of the (entity). It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

(b) A certificate attached to a bond evidencing interest due on a payment date.

CREDIT RISK: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security and a loss will result.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (e.g., U.S. Treasury Bills, commercial paper.)

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. Duration is expressed as a number of years. The duration of a security is a useful indicator of its price volatility for given changes in interest rates. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits.

FEDERAL FARM CREDIT BANK (FFCB): Government-sponsored institution that consolidates the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks and the Banks for Cooperatives. Its securities do not carry direct U.S. Government guarantees.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or Freddie Mac): Established in 1970 to help maintain the availability of mortgage credit for residential housing. FHLMC finances these operations by marketing guaranteed mortgage certificates and mortgage participation certificates. FHLMC's securities are highly liquid and are widely accepted. FHLMC is currently operated under conservatorship of the U.S. Government.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a Federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA is currently operated under conservatorship of the U.S. Government.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the U.S. which consists of seven member Board of Governors, 12 regional banks, and about 5,700 commercial banks that are members.

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA): The Financial Industry Regulatory Authority (FINRA) is the largest independent regulator for all securities firms doing business in the United States. All told, FINRA oversees nearly 4,750 brokerage firms, about 167,000 branch offices and approximately 634,000 registered securities representatives.

INTEREST RATE RISK: The risk of gain or loss in market values of securities due to changes in interest-rate levels. For example, rising interest rates will cause the market value of portfolio securities to decline.

INVESTMENT POLICY: A clear and concise statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment purposes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): A type of pooled investment program in which funds from local agency investors/participants are aggregated together for investment purposes.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM-TERM NOTES (MTNs): Unsecured corporate obligations. For purposes of the California Government Code, they have a maximum remaining maturity of five years or less.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MONEY MARKET FUND. A type of mutual fund that invests exclusively in short-term investments.

MORTGAGE-BACKED SECURITIES (MBS): These securities represent an ownership interest in mortgage loans made by financial institutions (savings and loans, commercial banks, or mortgage companies) to finance the borrower's purchase of a home or other real estate. MBS are created when these loans are packaged, or "pooled," by issuers or servicers for sale to investors. As the underlying mortgage loans are paid off by the homeowners, the investors receive payments of interest and principal.

MUTUAL FUND: A fund operated by an investment company that raises money from shareholders and invests it on their behalf. Profits are distributed to shareholders after the investment company deducts its management fee. Mutual funds are regulated by the SEC.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO): A credit rating agency that issue credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes. The largest three NRSROs are Standard & Poor's, Moody's Investors Service and Fitch Ratings.

NEGOTIABLE: Something that can be sold or transferred to another party.

NEGOTIABLE CERTIFICATES OF DEPOSIT: Large denomination certificates of deposit with a fixed maturity date, which can be sold in the money market. They are not collateralized.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PAR VALUE: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in increments of \$1,000 per bond.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PREMIUM: The amount by which a security sells above its par value.

PRINCIPAL: The face or par value of a debt instrument or the amount of capital invested in a given security.

PRUDENT INVESTORS RULE: An investment standard. In California, persons authorized to make investment decisions on behalf of a local agency are considered trustees and therefore fiduciaries subject to the Prudent Investor Rule. A trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

SAFEKEEPING: A service banks offer to clients for a fee, where physical securities are held in the bank's vault for protection and book-entry securities are on record with the Federal Reserve Bank or Depository Trust Company in the bank's name for the benefit of the client. As agent for the client, the safekeeping bank settles securities transactions, collects coupon payments, and redeems securities at maturity or, if called, on the call date.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES: Investment instruments such as notes, bonds, stocks, money market instruments and other instruments of indebtedness of equity.

SECURITIES & EXCHANGE COMMISSION (sec): Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SPREAD: The difference between two figures or percentages. It may be the difference between the bid (price at which a prospective buyer offers to pay) and asked (price at which an owner offers to sell) prices of a quote, or between the amount paid when bought and the amount received when sold.

SUPRANATIONAL: Supranational entities are formed by two or more central governments with the purpose of promoting economic development for the member countries. Supranational institutions finance their activities by issuing debt, such as supranational bonds. Examples of supranational institutions include the European Investment Bank and the World Bank. Similarly to the government bonds, the bonds issued by these institutions are considered direct obligations of the issuing nations and have a high credit rating.

TREASURY SECURITIES. Obligations issued by the federal government, which are backed by the U.S. Government's full faith & credit. Generally considered to have the lowest credit risk of any security. They are issued in a range of maturities:

- **TREASURY BILLS.** Are short-term, non-interest bearing discount security having initial maturities of one-year or less.
- **TREASURY NOTES.** Are Intermediate-term coupon-bearing securities having initial maturities from two to ten years.
- **TREASURY BONDS.** Are long-term coupon-bearing securities having initial maturities of more than ten years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

WEIGHTED AVERAGE MATURITY (OR DURATION): The sum of the amount of each investment multiplied by the number of days to maturity (or duration), divided by the total amount of investments.

YIELD: The annual rate of return on an investment expressed as a percentage of the investment. Income yield is obtained by dividing the current dollar income by the current market price for the security.

YIELD CURVE: Yield calculations of various maturities of instruments of the same quality at a given time to show yield relationships.

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Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Transportation Uniform Mitigation Fee (TUMF) Program Activities Update

Contact: Christopher Gray, Director of Transportation, gray@wrcog.cog.ca.us, (951) 955-8304

Date: April 12, 2017

The purpose of this item is to provide Committee members with an update on comments received to date since the release of the draft TUMF Nexus Study.

Requested Action:

1. Receive and file.
-

WRCOG's TUMF Program is a regional fee program designed to provide transportation and transit infrastructure that mitigates the impact of new growth in Western Riverside County. Each of WRCOG's member jurisdictions and the March JPA participates in the Program through an adopted ordinance, collects fees from new development, and remits the fees to WRCOG. WRCOG, as administrator of the TUMF Program, allocates TUMF to the Riverside County Transportation Commission (RCTC), groupings of jurisdictions – referred to as TUMF Zones – based on the amounts of fees collected in these groups, and the Riverside Transit Agency (RTA). The TUMF Nexus Study is intended to satisfy the requirements of California Government Code Chapter 5 Section 66000-66008 (also known as the California Mitigation Fee Act), which governs imposing development impact fees in California. The Study establishes a nexus, or reasonable relationship, between the development impact fee's use and the type of project for which the fee is required. The TUMF Program is a development impact fee and is subject to the California Mitigation Fee Act (AB 1600, Govt. Code § 6600), which mandates that a Nexus Study be prepared to demonstrate a reasonable and rational relationship between the fee and the proposed improvements for which the fee is used. AB 1600 also requires the regular review and update of the Program and Nexus Study to ensure the validity of the Program. The last TUMF Program Update was completed in October 2009.

Draft TUMF Nexus Study

On February 28, 2017, WRCOG released the draft TUMF Nexus Study for review and comment through April 14, 2017 (http://www.wrcog.cog.ca.us/uploads/media_items/tumfnexusstudy-170228-draft.original.pdf). Staff requests that all comments be submitted in writing to the WRCOG office and/or via e-mail to Christopher Gray at gray@wrcog.cog.ca.us by the comment period deadline.

Private sector comments: To date, WRCOG has received one formal comment letter from the private sector. In mid-March, NAIOP (Commercial Real Estate Development Association) submitted a letter of support. The letter of support from NAIOP is included as Attachment 1 to the Staff Report. Staff has also held meetings with the Building Industry Association (BIA) to discuss questions regarding the soft cost allocations included in the Program. The discussions with the BIA have also included the review of approximately ten segments of the TUMF Network that may be partially or fully complete. This review may result in WRCOG adjusting the TUMF Network accordingly. Similar to addressing the comments received by the BIA in 2015, WRCOG has retained a consultant to review the identified facilities to determine if any of the ten segments should be adjusted in the

TUMF Network. The consultant has completed a memo of the field review conducted of the identified TUMF segments with recommendations for adjusting the TUMF Network.

Public sector comments: WRCOG has not received any formal comment letters from member jurisdictions on the draft TUMF Nexus Study. However, staff has received questions regarding the inclusion of an exhibit (Exhibit G-1), which contains the results of the TUMF Network review conducted in 2014/2015. With the delay in finalizing the TUMF Nexus Study in 2015, WRCOG conducted a second review of the TUMF Network due to the use of updated growth projections from the 2016 SCAG RTP/SCS. The draft TUMF Nexus Study released in February 2017 contains the results of the two comprehensive reviews to the TUMF Network. Exhibit H-1 of the Draft TUMF Nexus Study is the final list of facilities that are included in the Program.

Prior Actions:

<u>April 3, 2017:</u>	The Executive Committee approved the 2017 5-Year Transportation Improvement Programs for the Hemet/San Jacinto, Northwest, Pass, and Southwest Zones.
<u>March 9, 2017:</u>	The Public Works Committee appointed representatives from the Cities of Menifee, Moreno Valley, and Wildomar to serve on the TUMF Program Ad Hoc Committee.
<u>March 8, 2017:</u>	The Administration & Finance Committee received report.

Fiscal Impact:

TUMF activities are included in the Agency's adopted Fiscal Year 2016/2017 Budget under the Transportation Department.

Attachment:

1. NAIOP Letter of Support.

Item 3.H

Transportation Uniform Mitigation
Fee (TUMF) Program Activities
Update

Attachment 1

NAIOP Letter of Support

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March 15, 2017

Rick Bishop, Executive Director
Christopher Gray, Director of Transportation
Western Riverside Council of Governments
4080 Lemon Street
3rd Floor, MS 1032
Riverside, CA 92501-3609

Rick Bishop and Christopher Gray:

NAIOP, the Commercial Real Estate Development Association, is the leading organization of developers, owners, and related professionals in office, industrial, retail and mixed-use real estate. The NAIOP Inland Empire Chapter covers Riverside and San Bernardino Counties. NAIOP members are proud to develop through research, discussion, and exchange of information better standard for the development and operation of industrial and office properties in the Inland Empire.

Our mission is to advance the real estate profession, contribute to the greater community in which we all live and work and positively impact the economic development and improved quality of life throughout the Inland Empire.

As an industry group, we appreciate the effort WRCOG took to involve NAIOP as a stakeholder in your study and decision making process. We understand the need to raise fees from time to time and continue to remember and appreciate WRCOG's willingness to lower fees in difficult economic times. We hope the stakeholder process WRCOG undertook becomes a model for future decision making in the County and we support the newly proposed TUMF fee.

We look forward to working together and are available as a resource, please do not hesitate to contact us and keep us on your distribution list with updates going forward.

Sincerely,

Robert Evans
Executive Director

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NAIOP INLAND EMPIRE STAFF

Robert Evans, Executive Director

Devon Sulli, Executive Assistant

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Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: Continued Membership in the Inland Empire Economic Partnership

Contact: Rick Bishop, Executive Director, bishop@wrcog.cog.ca.us, (951) 955-8303

Date: April 12, 2017

The purpose of this item is to request that the Committee provide a recommendation on whether WRCOG should renew membership in the Inland Empire Economic Partnership (IEEP).

Requested Action:

1. Discuss and provide a recommendation to the Executive Committee on IEEP membership for 2017.
-

WRCOG has maintained membership in the Inland Empire Economic Partnership since 2015. IEEP and its programs and activities are aimed at improving the economic climate in Riverside and San Bernardino Counties. Specifically, IEEP's mission is to enhance the two-county region's voice for business and quality of life. IEEP accomplishes this objective largely through its membership, which is a collection of important organizations in the private and public sector that gives the organization the knowledge and perspective needed to advocate and provide a vibrant business and living environment in the region.

WRCOG's current membership includes a place on the IEEP Board of Directors, along side of heads of major companies invested in IEEP. The Board of Directors is comprised of a member each from Riverside and San Bernardino Counties' Board of Supervisors; two mayors representing the city members of IEEP; and the President / Chancellor of the Claremont Graduate University, California State University, San Bernardino, and University of California, Riverside. The San Bernardino Council of Governments, now referred to as SBCTA / SBCOG, is also a member of IEEP.

The Administration & Finance and Executive Committees have reiterated that there is a place for WRCOG to participate in the broad arena of economic development; membership at the governing board level provides WRCOG with opportunities to connect with business and academic leaders, in addition to additional government leaders, for the purpose of developing, refining and implementing business and quality of life initiatives that could benefit Western Riverside County and the two-county region. Several of IEEP's committees and councils are focused on areas that WRCOG is also engaged in through its Economic Development and Sustainability Framework, including education, healthcare, workforce and transportation.

IEEP's priorities also mirror many of those that have been expressed by Executive Committee and Technical Advisory Committee members during the Agency's workshops, and include job creation, raising educational attainment, healthcare advancement, and meeting transportation in infrastructure needs. Other IEEP priorities – which have not been specifically identified as priorities in previous WRCOG forums – include developing a goods movement and logistics strategy, manufacturing growth, and leadership training.

As WRCOG and its member agencies continue to discuss potential opportunities for the Agency to participate in regional economic development activities, staff believes that continued membership in IEEP can help fill this objective. That being said, WRCOG staff is aware of different levels of participation – and financial commitment – that exist with IEEP membership. As stated previously, WRCOG currently serves on the Board of Directors, which does provide for some opportunities to help shape IEEP priorities. If desired, WRCOG could continue its

membership on IEEP as a public sector member, which has an annual cost of \$7,500 (compared to the current \$15,000 WRCOG provides to serve on the Board of Directors). There is also a \$5,000 business council membership that may apply to WRCOG, as well.

Prior Actions:

- December 14, 2016: The Administration & Finance Committee tabled the matter for further discussion.
- January 5, 2015: The Executive Committee authorized WRCOG to join the Inland Empire Economic Partnership Board of Directors for a one-year period, and transmit \$15,000 in dues to the Inland Empire Economic Partnership for calendar year 2015.
- December 10, 2014: The Administration & Finance Committee recommended that WRCOG join the Inland Empire Economic Partnership Board of Directors for a one-year period, and transmit \$15,000 in dues to the Inland Empire Economic Partnership for calendar year 2015.
- September 10, 2014: The Administration & Finance Committee received a presentation on the IEEP and directed staff to review the Organization further and return with a recommendation regarding WRCOG membership in IEEP.

Fiscal Impact:

Depending on the level of membership chosen, annual dues will be \$15,000, \$7,500, or \$5,000 which have been programmed in the General Fund's Fiscal Year 2016-2017 budget.

Attachments:

1. Letter from IEEP dated September 9, 2016.
2. IEEP brochure.

Item 4.A

Continued Membership in the Inland
Empire Economic Partnership

Attachment 1

Letter from IEEP dated
September 9, 2016

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September 9, 2016

Mr. Ernie Reyna
Chief Financial Officer
Western Riverside Council of Governments
4080 Lemon Street
3rd Floor, MS 1032
Riverside, CA 92501

Dear Mr. Reyna,

Thank you for your continued support of The Inland Empire Economic Partnership (IEEP) and for your commitment to serve on the IEEP Board of Directors. As you know, we pride ourselves on being the Inland Empire's only economic development organization and the two-county region's leading voice for business and quality of life. Our diverse membership is dedicated to creating economic opportunities that promote a better quality of life for our region of over 4.3 million people. Members like you support our efforts in job creation, leadership infrastructure, and regional advocacy. We are proud to have you as a member.

Over the next year we plan to add to our membership base, maximize our public policy efforts, successfully implement Launch, increase college achievement and career readiness with SCIEP and Linked Learning, and maintain our statewide and national strategic partnerships. In addition, we hope to continue the success of the Regional Leadership Academy and Cash for College programs. These goals are achievable through your support and membership.

Enclosed is an invoice for your annual IEEP investment. We are asking Western Riverside Council of Governments to reinvest in the region's future by supporting the only two-county economic development organization and by working with top business and community leaders to make the Inland Empire a better place to live and do business.

If you have any questions please feel free to contact me personally at (909) 944-2201 or via email: tbooth@ieep.com

Sincerely,

A handwritten signature in blue ink, appearing to read 'TJ Booth', is written over a light blue horizontal line.

Tyler J. Booth
Business Engagement Specialist
Inland Empire Economic Partnership



10630 Town Center Dr. Suite 105
Rancho Cucamonga, CA 91730
Phone 909.944.2201

Invoice

Bill To:

Western Riverside Council of Governments
Attn: Ernie Reyna
4080 Lemon Street
3rd Floor, MS 1032
Riverside, CA 92501-3609

Date	Invoice #
7/14/2016	65276

Description	Amount
Annual Investment- Board of Director January 1, 2017 Through December 31, 2017	15,000.00
Total:	\$15,000.00
Thank you for your support.	
Note: Contributions to IEEP are not deductible as "charitable contributions" for federal purposes. However, they may be considered ordinary business expense. Tax ID #33-0189202.	Please Remit to: Inland Empire Economic Partnership 10630 Town Center Dr, Suite 105 Rancho Cucamonga, CA 91730

Item 4.A

Continued Membership in the Inland
Empire Economic Partnership

Attachment 2

IEEP brochure

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ie INLAND EMPIRE ECONOMIC PARTNERSHIP



**Jobs
Leadership
Regional Advocacy**

The Region's Voice for Business and Quality of Life

We Support



Job Creation



Leadership Infrastructure



Regional Advocacy



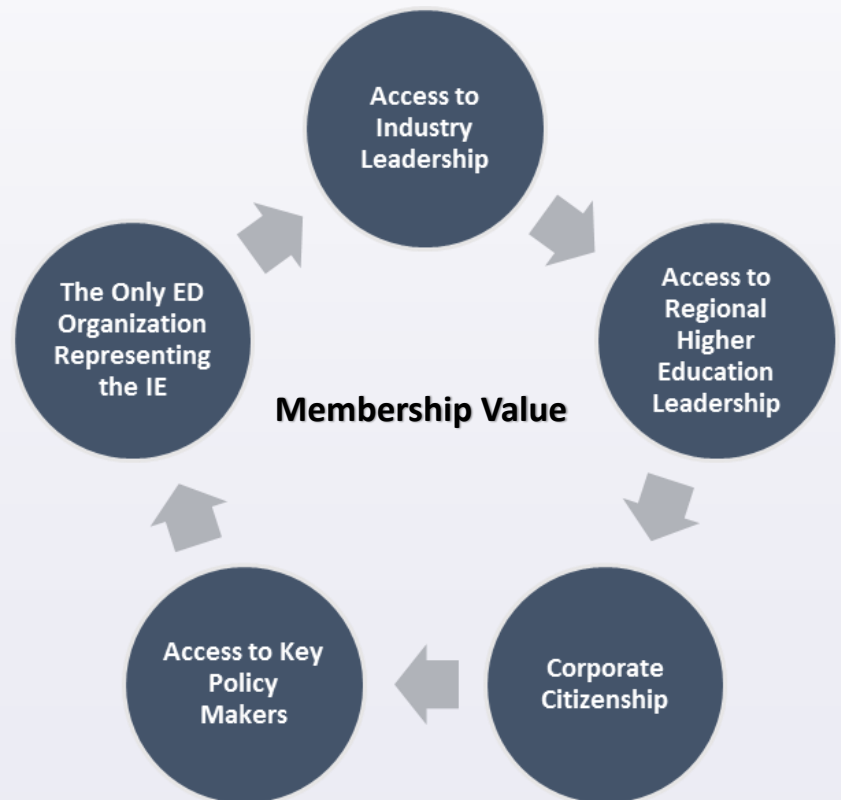
Education and Workforce

Our Mission

To help create the two-county region's voice for business and quality of life. Our membership, a collection of important organizations in the private and public sector, gives the organization the knowledge and perspective needed to advocate and provide a vibrant business and living environment.

Our Value

The Inland Empire Economic Partnership is the region's only economic development organization. We support efforts in job creation, leadership infrastructure, and regional advocacy for Riverside and San Bernardino Counties. The diverse membership of IEEP is dedicated to creating economic opportunities that promote a better quality of life for our region of over 4.3 million people.





CASH FOR C//LLEGE

The Cash for College program is designed to increase college access and success. It also seeks to inform, assist, and reward program participants. In 2015, IEEP was designated by the California Student Aid Commission as the Inland Empire Regional Coordinating Organization (RCO) to provide Financial Aid Completion Workshops assistance to students and their families. During the workshops participants receive individualized assistance to complete the Free Application for Federal Student Aid (FAFSA), the California Dream Act application, and other financial aid forms.



IEEP serves as one of three anchor institutions. The regional hub is focused on developing integrated academic and technical pathways—aligned to high-quality standards aimed to prepare all students for career and life



Initiatives: The Regional Lens

IEEP aims to increase the region's economic competitiveness, educational attainment, job creation, quality of life, and government responsiveness.

At a regional level we continue our involvement in support of:

- ⇒ Job Creation
- ⇒ Raising Educational Attainment
- ⇒ A Goods Movement and Logistics Strategy
- ⇒ Manufacturing Growth
- ⇒ Healthcare Advancement
- ⇒ Leadership Training
- ⇒ Meeting Transportation and Infrastructure Needs

SOUTHERN CALIFORNIA



ASSOCIATION of GOVERNMENTS



Thriving Regions. Thriving State.



SOUTHERN CALIFORNIA LEADERSHIP COUNCIL



Action Committees



⇒ The goods movement industry represents almost 140,000 workers in San Bernardino and Riverside counties. The IEEP Logistics Council convenes to address the issues challenging the industry throughout the region. It is comprised of the who's who of the industry cluster.



⇒ Because educational attainment is an ongoing problem in the Inland Empire, IEEP created a regional Education Council. The Council includes representatives from numerous colleges and universities throughout Riverside and San Bernardino counties. The Education Council has drawn together several initiatives that include college readiness, strategies to help elementary and secondary schools meet the demands of the 21st-century workplace, making college tuition more affordable and helping steer students towards STEM programs.



⇒ The Inland Empire Business Council is made up of more than 40 influential businesses and includes some of the most recognizable names in the worlds of finance, retail, transportation, and construction. Members who invest at this level support the IEEP's efforts to represent and promote the business community in the two-county area. The input and participation these businesses bring help make the area a better place to live and work by enhancing the Inland Empire's economic development and prosperity and moving the area forward in its pursuit of better lives for all of our 4.3 million residents. The Business Council has become the Inland region's leading voice on economic matters and a conduit to transmit the region's voice. In promoting economic development in the two-party area, its members work with and stay in contact with local and state officials and educators to make sure the economy stays on a path to prosperity in our area.



⇒ The IEEP Health Council prioritizes and focuses on influencing policy and programs that improve health outcomes and reduce overall costs for employers and employees in our region. The Health Council seeks to promote systematic reform that will increase efficiency, promote innovation in treatment and care, develop and advise on workforce pathway programs, as well as promote wellness and prevention to reduce long-term costs and increase employee productivity. The council has identified three key areas of focus: Coverage, Population Health, and Workforce.

Membership Levels

BOARD OF DIRECTORS MEMBERSHIP- \$15,000

Members invested at this leadership level of the organization have a seat on the IEEP Board of Directors that includes heads of the major companies and organizations invested in IEEP. IEEP Board of Directors includes private sector executives, county supervisors, mayors, city council members, presidents/chancellors of universities, IEEP CEO Paul Granillo, and IEEP Chief Economist John Husing.

BUSINESS COUNCIL MEMBERSHIP- \$5,000

Members invested at this level join with other members of IEEP in increasing the region's competitiveness, educational attainment, job creation, overall health, quality of life, upward mobility for disadvantaged populations, and governmental responsiveness by harnessing the latent power of creativity of private, non-profit, governmental executives, and entrepreneurs to move the region forward.

INLAND EMPIRE LOGISTICS COUNCIL- \$10,000

Members invested at this level join the major employers and agencies in the logistics sector. Investment in the Inland Empire Logistics Council automatically gives membership of the IEEP Business Council.

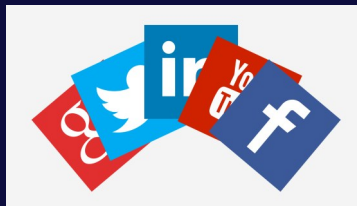
PUBLIC PARTNERS- \$7,500

Members invested at this level are made up of primarily City and County governmental entities, which have a vital interest in bettering the business climate and quality of life of the Inland Empire.





10630 Town Center Drive, Suite 105
Rancho Cucamonga, CA 91730
909.944.2201



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Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: 26th Annual General Assembly & Leadership Address

Contact: Jennifer Ward, Director of Government Relations, ward@wrcog.cog.ca.us, (951) 955-0186

Date: April 12, 2017

The purpose of this item is to update the Committee regarding planning for the 26th Annual General Assembly & Leadership Address and to nominate candidates for the 2017 Community Service Award.

Requested Action:

1. Discuss nominees for the 2017 WRCOG Outstanding Community Service Award and recommend a candidate(s) to the Executive Committee for final approval.

WRCOG's 26th Annual General Assembly & Leadership Address is scheduled for Thursday, June 22, 2017, at the Morongo Casino, Resort & Spa. Staff will provide a verbal update and continue discussions with Committee members regarding planning for the event.

Also at the meeting, staff will provide a presentation on the nominations received for the 2017 Outstanding Community Service Award. A list of previous WRCOG award winners is provided as Attachment 1. Staff is allowing for additional time for nominations to be submitted, and request that all submittals be sent to ward@wrcog.cog.ca.us by Friday, April 7, 2017.

Committee members will be asked to review each nomination, discuss, and provide a recommendation to the Executive Committee as to which candidate(s) should receive this year's award. The Executive Committee will provide final approval on May 1, 2017, and the award winner(s) will be recognized onstage at the General Assembly & Leadership Address on June 22, 2017. The WRCOG Chair will verbally congratulate all nominees at the event as well.

Prior Action:

March 8, 2017: The Administration & Finance Committee received report.

Fiscal Impact:

Expenditures for the annual General Assembly & Leadership Address will be offset by sponsorship revenues secured prior to the event, as demonstrated in the Agency's Fiscal Year 16-17 Budget.

Attachment:

1. List of Prior WRCOG Annual Award Winners.

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Item 4.B

26th Annual General Assembly &
Leadership Address

Attachment 1

List of Prior WRCOG Annual Award
Winners

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WRCOG Award for Outstanding Community Service

Each year at the General Assembly & Leadership Address, WRCOG awards individuals and/or organizations for outstanding contributions to improving quality of life in Western Riverside County. Historically, WRCOG has presented two awards: the Norton Younglove Environmental Quality Award and the Patricia Ann Wilson Outstanding Community Service Award. In 2016, these were combined into one award: the “WRCOG Award for Outstanding Community Service.”

Prior Award Winners

Kathy Azevedo
Gail Wanczuk Barton
Jim Birckhead
Don Blose
Martin Bowman
Burrtec, CR&R, and Waste Management, Inc.
Jane Carney
CE-CERT
County of Riverside Rideshare
Jamil Dada
Dr. Brenda Davis
Melba Dunlap
Virginia Field
HERO Program Consultant Team
Sam Huang
Nick Jones
Jurupa Unified School District
Pat Kilroy
Randall Lewis

Ronald O. Loveridge
Anne Mayer
Linda Mejia
Larry and Wayne Minor and their families
Rosalie Moyer
Tom Mullen
Fred Noble
Rita Peters
Pete Peterson
Ali Sahabi
Rose Salgado
Southern California Gas Company
Joe Tavaglione
Barry Wallerstein
Gary Wanczuk
Roy Wilson
Robert Wolf
Norton Younglove
Robert Zweig

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Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Fiscal Year 2015/2016 Financial Audit

Contact: Ernie Reyna, Chief Financial Officer, reyna@wrcog.coq.ca.us, (951) 955-8432

Date: April 12, 2017

The purpose of this item is to report on WRCOG's Fiscal Year 2015/2016 financial audit and Comprehensive Annual Financial Report (CAFR). The CAFR was issued with a report date of January 31, 2017.

Requested Action:

1. Receive and file.
-

Financial Audit

Financial auditors from Vavrinek, Trine, Day, & Co (VTD) completed the financial audit of WRCOG on December 27, 2016, which included the CAFR, which was issued with a report date of January 31, 2017. A report on the audit and financial statements were discussed at the March 23, 2017, Finance Directors' Committee meeting. The Executive Committee will receive the report at its May 1, 2017, meeting.

WRCOG has completed its fifth year with auditors from VTD. In those five years, VTD has assisted WRCOG with the creation of financial statements that meet all standards of the Governmental Accounting Standards Board (GASB).

WRCOG has received the distinguished "Certificate of Achievement for Excellence in Financial Report" from the Government Finance Officers Association (GFOA) for three consecutive years, and all signs indicate that Fiscal Year (FY) 2015/2016 will also produce this distinguished award. The award recognizes that the Agency is transparent and has provided full disclosure of its financial statements and that the readers of the CAFR have all the information needed to draw a financial conclusion of the Agency. An application for the award was submitted and WRCOG anticipates receiving a response by the end of April.

WRCOG's auditors have provided an unmodified opinion on the FY 2015/2016 CAFR. An unmodified opinion is the highest form of assurance that an auditing firm can provide to their client, and means that the audit and associated agency financials are both in good form and the accounting practices are solid. There are three other opinions an auditing firm can provide which either necessitate the need to pursue major revisions to the financial statements, or provide little assurance as to the current internal controls or policies an agency has in place. Those opinions include modified, adverse, and a disclaimer of opinion.

WRCOG's total net position increased by 11%, or \$3.6 million, during FY 2015/2016 compared to the prior year's increase of \$4.2 million. The \$3.6 million increase in net position was mostly due to an increase in cash in the WRCOG and CA HERO Programs. Current assets increased from \$83.5 million in FY 2014/2015 to \$95.2 million, an increase of 13.9%. This increase in current assets is attributable to more cash in the bank due largely to an increase in revenue from the WRCOG and CA HERO Programs.

Net Investment in Capital Assets represents .3%, or \$100,000 of WRCOG's total net position for FY 2015/2016 compared to .2%, or \$54,000, for FY 2014/2015. The increase is attributable to the purchase of new capitalized items, including computers, printers, office improvements, and an Agency vehicle. Restricted net position accounts for 73.6%, or \$26.4 million, of WRCOG's total net position for FY 2015/2016 compared to 85.7%, or \$27.8 million, for FY 2014/2015. This component of net assets 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 the Transportation Uniform Mitigation Fee (TUMF) Program as the Administration Plan requires that WRCOG hold the funds until a Zone has an opportunity to claim use of the funds through the Zone Transportation Improvement Program (TIP) process. The jurisdiction located within a particular Zone must demonstrate it has expended its own funds, is requesting reimbursement, and has provided the appropriate supporting documentation. Unrestricted net position accounts for 26.1%, or \$9.4 million, of WRCOG's total net position for FY 2015/2016 compared to 14.1%, or \$4.6 million, for FY 2014/2015. This component of WRCOG's total net position may be used to meet WRCOG's ongoing obligations to creditors.

Two findings were reported on WRCOG's FY 2015/2016 financials. The first finding is due to the treatment of liabilities within the TUMF Program. Management submitted a journal entry containing an amount that accrues the liability of the TUMF Program. The auditors believed only a certain portion of the TUMF liability should be accrued, while WRCOG believed the entire TUMF liability should be accrued, as a conservative approach. Management did not agree with the auditors, as it felt accruing the higher liability was the correct approach simply because the Program is at the discretion of the member agencies and at any given point, the restricted funds held in WRCOG's bank account could revert back to the member agencies. This finding was disputed and this was taken to GASB for review, and GASB sided with the auditors.

The second finding was an investment policy violation. This particular finding was properly communicated to management and stems from WRCOG's investment broker investing in a foreign company, which goes against the investment policy. The company in question is Nippon Telephone & Telegraph, which issues bonds in the United States. Although this company has offices located in the United States, it was determined by WRCOG's legal counsel that this corporation was organized in Japan, thereby making this investment option a violation of the policy. The percentage of WRCOG's portfolio affected by this particular investment represents only .20% of the entire portfolio and this bond was sold prior to the auditors testing of investments. In addition, there was no loss experienced due to this investment selection. WRCOG management accepted this finding and has since implemented a third party (PFM) to oversee WRCOG's investment selections at Citizens Trust.

For any questions or concerns for the auditing firm VTD, please contact Phil White, Partner, at (951) 367-3000 or pwhite@vtdcpa.com.

Prior Action:

None.

Fiscal Impact:

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

Attachments:

1. 2015/2016 Comprehensive Annual Financial Report.
2. 2015/2016 SAS 114 Report.
3. 2015/2016 GAGAS Report.

Item 4.C

Fiscal Year 2015/2016 Financial
Audit

Attachment 1

2015/2016 Comprehensive Annual
Financial Report

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Western Riverside Council of Governments

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2016



Riverside, CA



Comprehensive Annual Financial Report For Fiscal Year Ended June 30, 2016

Submitted by:
Fiscal Department
Western Riverside Council of Governments

"Respect Local Control...Provide Regional Perspective"

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**JUNE 30, 2016
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WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)

JUNE 30, 2015

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Introductory Section



Western Riverside Council of Governments

County of Riverside • City of Banning • 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 • Morongo Band of Mission Indians
Riverside County Superintendent of Schools

January 31, 2017



THE PRESS-ENTERPRISE

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, 2016 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.

Vavrinek, Trine, Day & Co., LLP has issued an unmodified opinion on WRCOG's financial statements for the year ended June 30, 2016. 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, 2015. 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 \$4 billion in transportation and transit improvements in Western Riverside County. The TUMF Program will construct 1,229 new lane miles, improve 58 interchanges, construct 56 bridges and 17 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 \$690 million in TUMF revenue since program inception in 2003. 87 TUMF-funded projects have been completed; 13 are under construction; 10 are in engineering or right-of-way acquisition; and 23 are in the planning and environmental stages. The TUMF Program has funded and delivered more than \$320 million in transportation projects since it began in 2003.

HERO Program: In 2011, WRCOG launched the HERO 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. The Program is the largest of its kind in the U.S.; as of the end of the fiscal year more than \$949 million in applications have been approved. Nearly 14,600 residential projects have been completed, representing nearly \$273 million in funding. These completed projects equate to over 203 GWh of kilowatt hours saved, and over 54,106 tons of greenhouse gas (GHG) reductions occurring annually.

Program participants simply 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. The Program is a win-win at numerous levels. 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 been so successful that it has now expanded statewide; nearly 150 municipalities throughout California have joined the Program as of the end of the fiscal year, and more cities and counties are joining the Program each week.

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 Leader Partnership (WRELP): This Partnership originally consisted of WRCOG, Southern California Edison, and 12 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: The Regional Streetlight Program is an ongoing effort between WRCOG and its member jurisdictions to identify the feasibility of acquiring 63,000 streetlights from Southern California Edison (SCE), retrofit them to cost-effective and energy-efficient lights, and provide regional operations and maintenance as needed.

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 2015/2016, WRCOG is allocating \$1.8 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.cog.ca.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.

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. The IT Director 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.

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, 2015. This was the third 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.

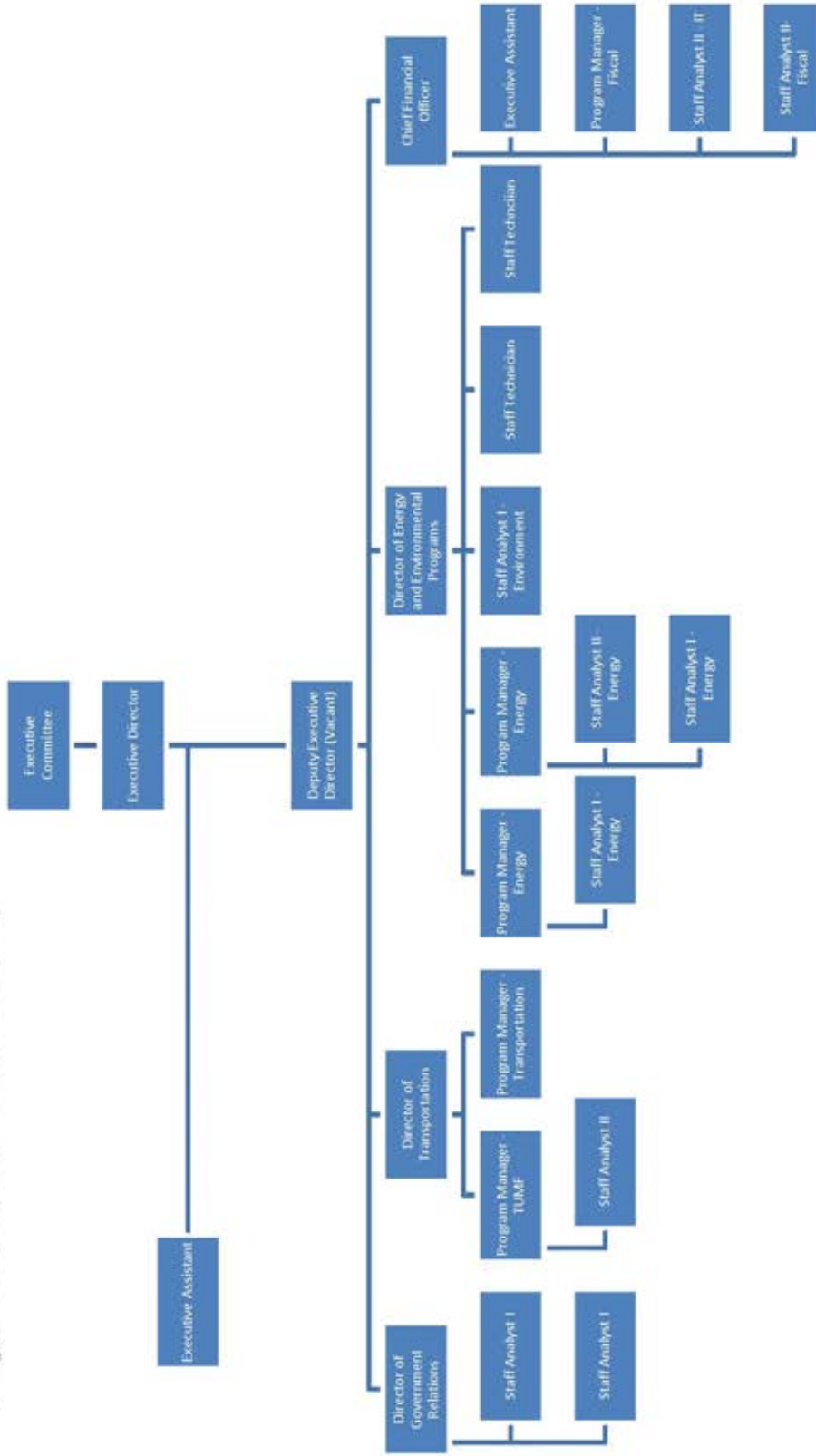
Sincerely,

A handwritten signature in black ink, appearing to read "Ernie Reyna". The signature is fluid and cursive, with the first name "Ernie" and last name "Reyna" clearly distinguishable.

Ernie Reyna, CPA
Chief Financial Officer



Western Riverside Council of Governments Organizational Chart 2016



Western Riverside Council of Governments

List of Principal Officials As of June 30, 2016

Executive Committee Members

Name and Position	Title	Agency
Ben Benoit	Chair	City of Wildomar
Debbie Franklin	Vice Chair	City of Banning
Chuck Washington	2 nd Vice Chair	County of Riverside, District 3
Jeff Hewitt	Member	City of Calimesa
Jordan Ehrenkranz	Member	City of Canyon Lake
Eugene Montanez	Member	City of Corona
Ike Bootsma	Member	City of Eastvale
Bonnie Wright	Member	City of Hemet
Laura Roughton	Member	City of Jurupa Valley
Brian Tisdale	Member	City of Lake Elsinore
John Denver	Member	City of Menifee
Jeffrey Giba	Member	City of Moreno Valley
Randon Lane	Member	City of Murrieta
Kevin Bash	Member	City of Norco
Rita Rogers	Member	City of Perris
Rusty Bailey	Member	City of Riverside
Crystal Ruiz	Member	City of San Jacinto
Mike Naggar	Member	City of Temecula
Kevin Jeffries	Member	County of Riverside, District 1
John Tavaglione	Member	County of Riverside, District 2
Marion Ashley	Member	County of Riverside, District 5
Brenda Dennstedt	Member	Western Municipal Water Dist.
David Slawson	Member	Eastern Municipal Water Dist.
Kenneth Young	Member	Riverside County Superintendent of Schools
Robert Martin	Member	Morongo Band of Mission Indians

Management Staff

Rick Bishop, Executive Director
 Chris Gray, Director of Transportation
 Ernie Reyna, Chief Financial Officer
 Barbara Spoonhour, Director of Energy and Environmental Programs
 Donna Dean, Program Manager
 Tyler Masters, Program Manager
 Andrew Ruiz, Program Manager



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, 2015

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO



Financial Section



INDEPENDENT AUDITORS' REPORT

Executive Committee
Western Riverside Council of Governments
Riverside, California

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, 2016, 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.

Auditors' 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, 2016, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, WRCOG adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* and GASB Statement No. 82, *Pension Issues- an amendment of GASB Statement No. 67, No. 68, and No. 73*, effective July 1, 2015. As described in Note 15 to the financial statements, fund balances were restated as of July 1, 2015 to properly record the Transportation Uniform Mitigation Fees liability and the refund liability. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and the required supplementary information on pages 44 through 48 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 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 January 31, 2017, 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.



Riverside, California
January 31, 2017

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

**Management's Discussion and Analysis
Year Ended June 30, 2016**

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, 2016. 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

In addition, the following supplemental information has been included in this report:

- Required Supplementary Information – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
- Required Supplementary Information – Schedules of Funding Progress for Other Postemployment Benefits
- Schedule of WRCOG's Proportional Share of Net Pension Liability
- Schedule of Contributions
- 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 of 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
Year Ended June 30, 2016**

Fund Financial Statements WRCOG 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 in Governmental Accounting Standards Board (GASB) Statement No. 34, as amended. 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 government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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 funding progress, proportionate share of net pension liability, schedule of contributions, other post-employment benefits, plus budget and actual information.

FINANCIAL HIGHLIGHTS

- Total net position of WRCOG was \$36 million and consisted of net investment in capital assets of \$100 thousand; restricted net position of \$26.5 million; and unrestricted net position of \$9.4 million.
- At June 30, 2016, WRCOG's assets of \$95.2 million plus deferred outflows of resources of \$800 thousand exceeded its liability of \$59.7 million and deferred inflows of resources of \$300 thousand resulting in a net position of \$36 million.

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 positive net position, with total assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$36 million.

Net pension liability is the amount needed to fully fund WRCOG's defined benefit plan. The net pension liability reported as of June 30, 2015 was \$1.4 million and increased to \$1.8 million as of June 30, 2016.

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 a deferred outflow related to pensions which are the result of the implementation of GASB 68.

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 a deferred inflow also related to pensions and is the result of the implementation of GASB 68.

Revenues reported as unavailable within the governmental funds but recognized in the statement of activities amounted to \$217,687.

The table below provides summarized data from the Statement of Net Position for WRCOG as of June 30, 2016, as compared to the prior year:

	2016	2015
Current and other assets	\$95,112,835	\$83,511,976
Capital assets being depreciated	<u>100,296</u>	<u>54,038</u>
Total Assets	<u>95,213,131</u>	<u>83,566,014</u>
Deferred Outflows of Resources	<u>791,771</u>	<u>353,621</u>
Long-term obligations	27,026,755	26,982,461
Other liabilities	<u>32,743,421</u>	<u>24,123,050</u>
Total liabilities	<u>59,770,176</u>	<u>51,105,511</u>
Deferred Inflows of Resources	<u>266,755</u>	<u>450,415</u>
Net Position:		
Net investment in capital assets	100,296	54,038
Restricted	26,481,732	27,753,381
Unrestricted	<u>9,385,943</u>	<u>4,556,290</u>
Total net position	<u>\$35,967,971</u>	<u>\$32,363,709</u>

WRCOG's total net position increased by 11%, or \$3.6 million, during fiscal year 2015-2016 compared to the prior year's increase of \$4.2 million. The \$3.6 million increase in net position was mostly due to an increase in cash due to the WRCOG and CA HERO Program. Current assets increased from \$83.5 million in FY 2014/2015 to \$95.2 million, or 13.9%. This increase in current assets is attributable to more cash in the bank due largely to an increase in revenue from the WRCOG and CA HERO Programs. Below are the three components of net position and their respective fiscal year-end balances:

- **Net Investment in Capital Assets** represents .3%, or \$100 thousand of WRCOG's total net position for fiscal year 2015-2016 compared to .2%, or \$54 thousand, for fiscal year 2014-2015. The increase is attributable to the purchase of new capitalized items, including computers, printers, office improvements, and an agency vehicle.
- **Restricted net position** accounts for 73.6%, or \$26.4 million, of WRCOG's total net position for fiscal year 2015-2016 compared to 85.7%, or \$27.8 million, for fiscal year 2014-2015. This component of net assets 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 Process (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 26.1%, or \$9.4 million, of WRCOG's total net position for fiscal year 2015-2016 compared to 14.1% or \$4.6 million for fiscal year 2014-2015. 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 \$272 thousand to \$509 thousand, as a result of positive returns in interest earnings from the Riverside County Investment Pool.
- Charges for Services are revenues received related to the sponsorship of the HERO Program. WRCOG receives a % of the amount financed for its participation in the program. In addition, HERO program recording fees are included in the revenue balance.
- 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 \$42.6 million recognized during the year, as compared to \$36.5 million for fiscal year 2014-2015, which represents an increase of 16.7% or \$6.1 million.

Expenses: Total program expenses for governmental activities were \$50.2 million for the current fiscal year, an increase of 23.6%, or \$9.6 million compared to prior fiscal year of \$40.6 million. The increase in expenses is mostly attributable to a greater amount of TUMF Projects that were reimbursed during the fiscal year, as well as an increase in HERO related expenses.

The following table provides information from the Statement of Activities for WRCOG for the fiscal year 2015-2016, as compared to the prior year:

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30,

	<u>2016</u>	<u>2015</u>
Revenues		
Program revenues:		
Charges for Services	\$9,779,134	\$ 0
Operating grants and contributions	44,486,961	45,874,033
General revenues:		
Other revenues	36,112	241,763
Investment earnings	<u>509,228</u>	<u>272,229</u>
Total revenues	<u>54,811,435</u>	<u>46,388,025</u>
Expenses		
General government	2,520,688	2,031,313
Transportation	41,631,788	33,114,224
Energy	5,629,560	4,926,278
Environmental	<u>423,667</u>	<u>531,945</u>
Total expenses	<u>50,205,703</u>	<u>40,603,760</u>
Change in net position	4,605,732	5,784,265
Net position at beginning of year, restated	<u>31,362,239</u>	<u>26,579,444</u>
Net position at end of year	<u>\$35,967,971</u>	<u>\$ 32,363,709</u>

Operating grants and contributions decreased \$1.3 million or 3%, from \$45.8 million in fiscal year 2014-2015 to \$44.5 million in the current fiscal year due to a reclassification of revenues from operating grants in the prior year to charges for services in the current year. Total expenses increased from \$40.6 million to \$50.2 million due to an increased amount of HERO and TUMF expenses.

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 \$9.9 million, as compared to \$5.5 million for the prior fiscal year. The increase of \$4.4 million, or 80.7%, was mostly a result of the increased amount of revenue over expenses for the HERO Program, which equated to a net increase of \$4.1 million. The increase in HERO revenue was attributable to the program's continued expansion throughout the State of California and allowing more residents access to the program. 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 \$91 thousand; the assigned portion was \$1,956,763, which included the BEYOND Program of \$1,556,763 and the Fellowship Program of \$400,000, for a total of \$1,956,763 in assigned fund balance; and, the spendable portion at \$7.9 million. The current year's unassigned fund balance is 90% of the total general fund expenditures of \$8.8 million, as compared to 71.9% of the total general fund expenditures for fiscal year 2014-2015. The total fund balance of the General fund for the current year is 139% of the total general fund expenditures as compared to 73.0% for the prior year.

GENERAL FUND FINANCIAL ANALYSIS

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

Revenues	2016	2015
Intergovernmental	\$1,058,265	\$ 1,461,999
TUMF mitigation fees	1,704,607	1,482,533
HERO fees	9,562,139	7,159,144
Other revenues	848,957	986,914
Investment income	<u>4,651</u>	<u>15,265</u>
Total revenues	<u>\$13,178,619</u>	<u>\$ 11,105,855</u>

The decrease in intergovernmental revenue was attributable to a decreased amount of funding from several sources including Southern California Edison and the partnership with The Gas Company. TUMF mitigation fees were higher because more permits were issued during the fiscal year resulting in an increased amount of revenue from the TUMF program. HERO fees increased significantly because the program expanded into new areas of California allowing more residents of the state to access and quality for the HERO loans. Lastly, investment income decreased slightly in the general fund due to fluctuations in the market.

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

Expenditures	2016	2015
General government	\$2,681,489	\$ 2,070,885
Energy	5,647,563	4,929,398
Environmental	<u>435,626</u>	<u>534,002</u>
Total expenditures	<u>\$8,764,678</u>	<u>\$ 7,534,285</u>

The increase of expenditures in the General Government was due to the increase in payroll related costs such as benefits to both current and retired employees and the rising cost of pensions. The increase of expenditures in Energy was attributable to mostly the HERO Program. Since the Program has gone statewide, expenditures are more due to an increase in such areas as payroll, consulting, and recording fees. Lastly, The Environmental Program experienced a decrease in expenditures mostly due to a reduction in employees for this department.

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 \$13.3 million; however, the actual amount was only \$13.1 million, leaving a variance of \$130 thousand.

On the expenditure side for the General Fund, it was anticipated expenditures would be \$10.1 million; however, actual expenditures were only \$8.8 million, leaving a variance of \$1.3 million. This was mostly due to the Environmental Program's grant year which does not match up with WRCOG's Fiscal Year. The grant year causes expenditures to be carried forward into the next Fiscal Year.

CAPITAL ASSETS AND LONG TERM OBLIGATIONS

As of June 30, 2016, WRCOG had \$100,296, 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 decreased from \$29.1 million in FY 2014/2015, as restated, to \$27 million in FY 2015/2016, or a decrease of 7.3%. The decrease in long-term liabilities can mostly be attributed to a decrease in refund liabilities from the TUMF Program. Refund liability represents amounts owed to developers for the pre-payment of TUMF fees. In some instances these TUMF fees are paid in advance, but the project is never started and the developer requests a refund.

Additional information to WRCOG's long-term liabilities can be found on Note 5 to the financial statements

ECONOMIC FACTORS AND OTHER FACTORS

On June 11, 2015 WRCOG adopted the fiscal year 2015/2016 annual budget during its General Assembly. The budget is presented by function, which includes: Administration, Transportation, Energy, and Environmental. Expenditures have shifted in that now the majority of budgeted expenditures are now in the Energy category because of the need for consulting services, payroll, and recording fees. The TUMF fund, after experiencing years of declining revenue, saw an increase of 17% in Fiscal Year 2015/2016. Leading economic indicators suggest that the housing market has stabilized, which is helped balance the WRCOG budget.

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 Chief Financial Officer, Finance Department at Western Riverside Council of Governments, 4080 Lemon Street, 3rd Floor, P.O. Box 12008, Riverside, California 92501.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Statement of Net Position
June 30, 2016**

	Governmental Activities
ASSETS	
Cash and investments	\$ 86,797,273
Receivables	
Grants	795,465
Interest	71,836
Mitigation fees receivable	6,676,368
Prepaid items	90,762
Net OPEB Asset	681,131
Capital assets, net of accumulated depreciation	100,296
Total Assets	<u>95,213,131</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>791,771</u>
LIABILITIES	
Accounts payable	1,191,926
Accrued payroll	7,227
Due to other governments	31,351,956
Unearned revenue	174,575
Non-current liabilities	
Due within one year	17,737
Due in more than one year:	
Compensated absences	159,629
TUMF liabilities	25,058,561
Net pension liability	1,808,565
Total Liabilities	<u>59,770,176</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>266,755</u>
NET POSITION	
Investment in capital assets	100,296
Restricted for	
Transportation Uniform Mitigation Fee Program	26,481,732
Unrestricted	<u>9,385,943</u>
Total Net Position	<u><u>\$ 35,967,971</u></u>

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

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Statement of Activities
For the Fiscal Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Primary Government				
Governmental Activities:				
General government	\$ 2,520,688		\$ 513,188	\$ (2,007,500)
Transportation	41,631,788		43,508,888	1,877,100
Energy	5,629,560	\$ 9,779,134		4,149,574
Environmental	423,667		464,885	41,218
Total governmental activities	\$ 50,205,703	\$ 9,779,134	\$ 44,486,961	4,060,392
	General Revenues:			
	Other revenues			36,111
	Investment income			509,229
	Total General Revenues			545,340
	Change in net position			4,605,732
	Net Position at Beginning of Year, as restated			31,362,239
	Net Position at End of Year			<u>\$ 35,967,971</u>

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

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Balance Sheet – Governmental Funds
June 30, 2016**

	Major Funds		Non Major Fund WRCOG Foundation	Total Governmental Funds
	General	Special Revenue TUMF		
ASSETS				
Cash and investments	\$ 11,301,749	\$ 75,483,834	\$ 11,690	\$ 86,797,273
Receivables				
Grants	795,465			795,465
Interest	568	71,268		71,836
Mitigation fees receivable		6,676,368		6,676,368
Prepaid items	90,762			90,762
Advances to other funds		884,211		884,211
Total Assets	<u>\$ 12,188,544</u>	<u>\$ 83,115,681</u>	<u>\$ 11,690</u>	<u>\$ 95,315,915</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,177,473	\$ 14,453		\$ 1,191,926
Due to other governments		31,351,956		31,351,956
Accrued payroll	7,227			7,227
Unearned revenue	174,575			174,575
Advances from other funds	884,211			884,211
Total Liabilities	<u>2,243,486</u>	<u>31,366,409</u>	<u>-</u>	<u>33,609,895</u>
Deferred Inflows of Resources				
Unavailable revenues	<u>8,708</u>	<u>208,979</u>	<u>-</u>	<u>217,687</u>
Fund Balances				
Nonspendable				
Prepaid expenses	90,762			90,762
Restricted				
Transportation projects		51,540,293		51,540,293
Foundation			11,690	11,690
Assigned				
Beyond program	1,556,763			1,556,763
Fellowship program	400,000			400,000
Unassigned	<u>7,888,825</u>			<u>7,888,825</u>
Total Fund Balance	<u>9,936,350</u>	<u>51,540,293</u>	<u>11,690</u>	<u>61,488,333</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,188,544</u>	<u>\$ 83,115,681</u>	<u>\$ 11,690</u>	<u>\$ 95,315,915</u>

The accompanying notes are an integral part of these basic 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, 2016**

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

Total fund balances - governmental funds	\$ 61,488,333
The net OPEB asset is not an available current financial resource and therefore, is not reported in the governmental funds.	681,131
Capital assets, net of accumulated depreciation used in governmental activities, are not current financial resources and therefore, are not reported in the funds.	100,296
Non-current liabilities are not due and payable in the current period and therefore, are not reported in the funds.	
Long term reimbursement agreements	(13,388,000)
Refund liability	(11,670,561)
Compensated absences	(177,366)
Net pension liability	(1,808,565)
Deferred outflows of resources related to pensions	791,771
Deferred inflows of resources related to pensions	(266,755)
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities.	217,687
Net position of governmental activities	<u>\$ 35,967,971</u>

The accompanying notes are an integral part of these basic 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, 2016**

	Major Funds		Non Major Fund	Total
	General	Special Revenue TUMF	WRCOG Foundation	Governmental Funds
Revenues				
Intergovernmental	\$ 1,058,265			\$ 1,058,265
TUMF Mitigation Fees	1,704,607	\$ 40,910,551		42,615,158
HERO fees	9,562,139			9,562,139
Other revenues	848,957			848,957
Investment income	4,651	504,539	\$ 39	509,229
Total Revenues	<u>13,178,619</u>	<u>41,415,090</u>	<u>39</u>	<u>54,593,748</u>
Expenditures				
Current:				
General government	2,681,489			2,681,489
Transportation		44,125,019		44,125,019
Energy	5,647,563			5,647,563
Environmental	435,626		44	435,670
Total Expenditures	<u>8,764,678</u>	<u>44,125,019</u>	<u>44</u>	<u>52,889,741</u>
Net Change in Fund Balances	4,413,941	(2,709,929)	(5)	1,704,007
Fund Balance, Beginning of Year, as restated	5,522,409	54,250,222	11,695	59,784,326
Fund Balance, End of Year	<u>\$ 9,936,350</u>	<u>\$ 51,540,293</u>	<u>\$ 11,690</u>	<u>\$ 61,488,333</u>

The accompanying notes are an integral part of these basic 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, 2016**

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

Net change in fund balances - total governmental funds	\$ 1,704,007
Governmental funds report capital outlay 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 is the amount by which capital outlay exceeds depreciation expense in the current period.	46,258
Prepaid OPEB costs are expensed in the governmental funds when paid but are amortized in the statement of net position. This is the amount of the decrease in the Net OPEB Asset.	(121,134)
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.	2,466,500
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	60,533
Net change in refund liability	(3,275)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represents the net change in pension related amounts.	235,156
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities.	217,687
Change in net position of governmental activities	<u>\$ 4,605,732</u>

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

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016**

	Agency Fund
ASSETS	
Cash and investments	<u>\$ 860,763</u>
LIABILITIES	
Deposits Payable	<u>\$ 860,763</u>

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (A JOINT POWERS AUTHORITY)

Notes to the Financial Statements June 30, 2016

NOTE 1 – SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

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 24 Executive Committee Members consisting of 17 Members from the cities in Western Riverside County (excluding the City of Beaumont), four Riverside County Supervisors, one Member 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 American 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 (WRCOG). 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 special revenue fund.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., 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.

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*.

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

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Notes to the Financial Statements
June 30, 2016**

**NOTE 1 – SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED)**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

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.

WRCOG reports the following non-major special revenue fund:

WRCOG Supporting Foundation (the Foundation) –The WRCOG Supporting Foundation, which consists of the same members of the WRCOG Executive Committee, was created to allow for WRCOG to apply for funding that supports the efforts of WRCOG's various programs.

Additionally, WRCOG reports the following fiduciary fund:

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

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Notes to the Financial Statements
June 30, 2016**

**NOTE 1 – SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED)**

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.

As of July 1, 2015, WRCOG adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurements and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes, applying fair value to investments, and disclosures related to all fair value measurements. 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; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Interfund Balances and Transfers

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

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 \$1,000 and an estimated useful life of more than one year. 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 5 to 10 years.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Notes to the Financial Statements
June 30, 2016**

**NOTE 1 – SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED)**

Compensated Absences

A total of ten 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 in excess of 240 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 to 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.

Fund Balance – Government Funds

Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- 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.

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.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Notes to the Financial Statements
June 30, 2016**

**NOTE 1 – SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED)**

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.

Pensions

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

Deferred Outflows/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, represents 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. It is the deferred outflow related to pensions which is the result of the implementation of GASB 68.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represents 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, deferred amounts related to pensions. For the fund level statements, deferred inflows of resources represent unavailable resources.

New Accounting Pronouncements

Effective in this Fiscal Year

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. The primary objective of this statement is to define fair value and describe how fair value should be measured, define what assets and liabilities should be measured at fair value, and determine what information about fair value should be disclosed in the notes to the financial statements. WRCOG has implemented this pronouncement, effective July 1, 2015.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Notes to the Financial Statements
June 30, 2016**

**NOTE 1 – SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED)**

New Accounting Pronouncements, (Continued)

Effective in this Fiscal Year, (Continued)

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. WRCOG has determined that the requirements of this statement effective in the current year do not have a material impact on the financial statements. Management has not determined the effect for the provisions that are effective for periods beginning after June 15, 2016 or the 2016-2017 fiscal year.

GASB Statement No. 76 – In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify- in the context of the current governmental financial reporting environment- the hierarchy of generally accepted accounting principles (GAAP). This statement is effective for periods beginning after June 15, 2015. WRCOG has implemented this statement without material impact.

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Statement addresses accounting and financial reporting for certain external investment pools and pool participants. WRCOG has determined that requirements of this statement effective in the current year do not have a material impact on the financial statements.

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, *Pension Issues*. The Statement amends GASB Statement No. 67, No. 68, and No. 73. The objective of the Statement is to address certain issues that have been raised with respect to Statements No. 67, No. 68, and No. 73. The Statement is effective for the periods beginning after June 15, 2016, or the 2016-2017 fiscal year, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements of paragraph 7 are effective for that employer on or after June 15, 2017 or the 2017-2018 fiscal year. WRCOG has early implemented this pronouncement, effective July 1, 2015.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Notes to the Financial Statements
June 30, 2016**

**NOTE 1 – SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED)**

New Accounting Pronouncements, (Continued)

Effective in Future Fiscal Years

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68 for pension plans and pensions that are within their respective scopes. This statement is effective for periods beginning after June 15, 2016. Management has not determined the effect for those provisions that are effective for periods beginning after June 15, 2016 or the 2016-17 fiscal year.

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of the Statement is to address the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated. The Statement is effective for periods beginning after June 15, 2016, or the 2016-2017 fiscal year. WRCOG has not determined the effect of the statement.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The objective of the Statement is to replace the requirements of GASB Statement No. 45. In addition, the Statement requires governments to report a liability on the face of the financial statements for the OPEB provided and requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The Statement is effective for the periods beginning June 15, 2017, or the 2017-2018 fiscal year. WRCOG has not determined the effect of the statement.

GASB Statement No. 77 – In August 2015, GASB issued Statement No 77, *Tax Abatement Disclosures*. The Statement requires state and local governments to disclose information about tax abatement agreements. The Statement is effective for the periods beginning after December 15, 2015, or the 2016-2017 fiscal year. WRCOG has not determined the effect of that statement.

GASB Statement No. 78 – In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The Statement amends the scope and applicability of GASB Statement No. 68 to exclude certain types of cost-sharing multiple employer plans. The Statement is effective for the periods beginning after December 15, 2015, or the 2016-2017 fiscal year. WRCOG has not determined the effect of the statement.

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**Notes to the Financial Statements
June 30, 2016**

**NOTE 1 – SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED)**

New Accounting Pronouncements, (Continued)

Effective in Future Fiscal Years, (Continued)

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Statement establishes additional note disclosure requirements for qualifying external investment pools that require measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Both the qualifying external investment pools and their participants are required to disclose information about any limitations or restrictions on participant withdrawals. The Statement is effective for the periods beginning after June 15, 2015, or the 2015-2016 fiscal year, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. WRCOG has not determined the effect for those provisions that are effective for periods beginning after December 15, 2015 or the 2016-17 fiscal year.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Components*. This Statement amends GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Statement is effective for the periods beginning after June 15, 2016, or the 2016-2017 fiscal year. WRCOG has not determined the effect of the statement.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement is effective for the periods beginning after December 15, 2016, or the 2017-2018 fiscal year. WRCOG has not determined the effect of the statement.

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**Notes to the Financial Statements
June 30, 2016**

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 86,797,273
Fiduciary Funds	
Cash and investments	860,763
Total Cash and Investments	<u>\$ 87,658,036</u>

Cash and investments as of June 30, 2016 consist of the following:

Deposits and petty cash	\$ 57,214,623
Investments	<u>30,443,413</u>
	<u>\$ 87,658,036</u>

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
State of California Obligations	5 years	15%	None
Local Agency Obligations	5 years	15%	None
Repurchase Agreements	7 days	25%	20%
Commercial Paper	270 days	25%	10%
Bankers Acceptances	180 days	40%	30%
Medium Term Notes	5 years	30%	None
Time Certificates of Deposit	5 years	2%	None
Negotiable Certificates of Deposit	5 years	25%	None
Money Market Mutual Funds	N/A	20%	10%
Riverside County Treasurer's Pooled Investment	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	\$65 million **	None

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

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**Notes to the Financial Statements
June 30, 2016**

NOTE 2 – CASH AND CASH EQUIVALENTS, (CONTINUED)

Violations of Finance-Related Legal or contractual Provisions – Investment Policy Violation:

At June 30, 2016, WRCOG held an investment which was not permitted under the provisions of its adopted investment policy or Government Code Section 53601.

Description	Amount	% of Portfolio
<i>Medium Term Notes issued by Corporations organized and operating outside of the United States</i>		
Nippon Telegraph & Teleph DTD	\$ 100,237	0.33%

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 LAIF investment pool was approximately 270 days and the Riverside County Investment Pool had a weighted average maturity of 1.10 years. WRCOG's investment policy recognized the interest rate risk and therefore places maximum maturity limits (up to five years) on various types of allowable investments.

Investment Type	Totals	Remaining Maturity (In Months)		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
LAIF	\$ 760,604	\$ 760,604		
Riverside County Treasurer's Pooled Investment Fund	12,436,468		\$ 12,436,468	
Negotiable Certificates of Deposit	512,893	512,893		
U.S Agency Securities	11,888,518	401,628	2,231,621	\$ 9,255,269
Medium Term Notes	3,517,681	350,395	945,847	2,221,439
Money Market Account	1,327,249	1,327,249		
Total	<u>\$ 30,443,413</u>	<u>\$ 3,352,769</u>	<u>\$ 15,613,936</u>	<u>\$ 11,476,708</u>

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**Notes to the Financial Statements
June 30, 2016**

NOTE 2 – CASH AND CASH EQUIVALENTS, (CONTINUED)

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 categorized as Level 2 are valued using market approach using quoted market prices.

Investments' fair value measurements are as follows as of June 30, 2016:

	Fair Value	Level 1	Level 2	Level 3
U.S Agency Securities	\$ 11,888,518		\$ 11,888,518	
Medium Term Notes	3,517,681		3,517,681	
Negotiable Certificates of Deposit	512,893		512,893	
Total Leveled Investments	<u>15,919,092</u>		<u>\$ 15,919,092</u>	
LAIF	760,604			
Riverside County Treasurer's Pooled Investment Fund	12,436,468			
Money Market Account	1,327,249			
	<u>\$ 30,443,413</u>			

Deposits and withdrawals to/from LAIF and the Riverside County Treasurer's Pooled Investment Fund, 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.

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	Totals	Minimum Legal Rating	Rating as of Year End						Not Rated
			AAA	AA+	AA	AA-	A+	A	
LAIF	\$ 760,604	N/A							\$ 760,604
Riverside County Treasurer's Pooled Investment Fund	12,436,468	N/A							12,436,468
Negotiable Certificates of Deposit	512,893	N/A							512,893
U.S Agency Securities	11,888,518	N/A		\$ 2,340,928					9,547,590
Medium Term Notes	3,517,681	A	\$ 105,611		\$ 100,237	\$ 552,280	\$ 756,151	\$ 2,003,402	
Money Market Account	1,327,249	N/A							1,327,249
Total	<u>\$ 30,443,413</u>		<u>\$ 105,611</u>	<u>\$ 2,340,928</u>	<u>\$ 100,237</u>	<u>\$ 552,280</u>	<u>\$ 756,151</u>	<u>\$ 2,003,402</u>	<u>\$24,584,804</u>

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**Notes to the Financial Statements
June 30, 2016**

NOTE 2 – CASH AND CASH EQUIVALENTS, (CONTINUED)

Concentration of Credit Risk:

Investments in any one issuer that represent 5 percent or more of the total WRCOG investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Portfolio
Freddie Mac	U.S. Agency Securities	\$ 7,702,785	25%

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, \$37,134,790 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.

Investment in State Investment Pool – LAIF:

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.

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**Notes to the Financial Statements
June 30, 2016**

NOTE 2 – CASH AND CASH EQUIVALENTS, (CONTINUED)

Investment in Riverside County Pooled Investment Fund:

The Riverside County Treasurer's Pooled Investment Fund (RCTPIF) is a pooled investment fund program governed by the County of Riverside Board of Supervisors and Investment Oversight Committee, and administered by the County of Riverside Treasurer and Tax Collector. Investments in RCTPIF are highly liquid as deposits and withdrawals can be made at anytime without penalty. RCTPIF does not impose a maximum investment limit. RCTPIF is not registered with the Securities and Exchange Commission. 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 County Treasurer for the entire RCTPIF.

Information related to the RCTPIF may be obtained from the County of Riverside Administrative Office – 4080 Lemon Street, 4th Floor – Capital Markets – Riverside, California 92506 or the Treasurer and Tax Collector's office website at www.countytreasurer.org.

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 10 year period which began in fiscal year 2014-15 with equal annual payments.

The composition of interfund balance as of June 30, 2016, is as follows:

Receivable Fund	Payable Fund	Amount
TUMF	General	<u>\$ 884,211</u>

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**Notes to the Financial Statements
June 30, 2016**

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2016 is shown below:

	Balance as of June 30, 2015	Increases	Balance as of June 30, 2016
Governmental Activities:			
Furniture and computer equipment	\$ 334,074	\$ 50,339	\$ 384,413
Other Capital Assets		33,037	33,037
Total Cost of Depreciable Assets	<u>334,074</u>	<u>83,376</u>	<u>417,450</u>
Less Accumulated Depreciation:			
Furniture and computer equipment	(280,036)	(30,511)	(310,547)
Other Capital Assets		(6,607)	(6,607)
Total Accumulated Depreciation	<u>(280,036)</u>	<u>(37,118)</u>	<u>(317,154)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 54,038</u>	<u>\$ 46,258</u>	<u>\$ 100,296</u>

Depreciation expense of \$37,118 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, 2016 is shown below:

Governmental Activities	Balance as of 7/1/2015, as restated	Additions	Deletions	Balance as of June 30, 2016	Due Within One Year
Compensated absences	\$ 237,899	\$ 112,783	\$ (173,316)	\$ 177,366	\$ 17,737
Refund liability	11,667,286	2,113,008	(2,109,733)	11,670,561	
City of Moreno Valley Agreement	10,994,500	133,500	(1,000,000)	10,128,000	
City of Riverside Agreement	4,860,000		(1,600,000)	3,260,000	
Net Pension Liability	1,421,911	681,125	(294,471)	1,808,565	
Total Long-term Liabilities	<u>\$ 29,181,596</u>	<u>\$ 3,040,416</u>	<u>\$ (5,177,520)</u>	<u>\$ 27,044,492</u>	<u>\$ 17,737</u>

Compensated absences will be liquidated primarily from the General Fund.

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 Plan (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.

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**Notes to the Financial Statements
June 30, 2016**

NOTE 5 – LONG-TERM LIABILITIES, (CONTINUED)

City of Riverside Agreement:

In 2007 WRCOG entered into an agreement with the City of Riverside to fund the Magnolia Avenue/Union Pacific Grade Separation 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 \$15,660,000. As of June 30, 2016, the remaining amount to be reimbursed to the City is \$3,260,000. The liability will be liquidated from the TUMF Fund.

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, 2016, the remaining amount to be reimbursed to the City is \$10,128,000. 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.

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 2013, the total administration fee collected was 4%. Riverside Conservation Agency (RCA) also receives a percentage of the TUMF revenues collected of 1.58% which is included as an expense in the TUMF Fund.

The fees are allocated among the Zones, Riverside County Transportation Commission (RCTC) and Riverside Transit Authority (RTA), 46.39%, 46.39% and 1.64%, respectively. These allocations are remitted monthly to RCTC; however the Zones and RTA must submit project plans for approval by WRCOG before fees can be released. RCA must submit potential sites designated for conservation for approval before fees are released.

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**Notes to the Financial Statements
June 30, 2016**

NOTE 7 – EMPLOYEE BENEFITS

California Public Employees' Retirement System (CalPERS)

Plan Description

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

Benefits Provided

CalPERS provides 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. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	
	Classic	New Members
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Formula	2.7% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of annual salary	2.70%	2.00%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	19.510%	6.25%

Contributions

Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. WRCOG is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

Contributions to the pension plan from WRCOG were \$305,212 for the year ended June 30, 2016.

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**Notes to the Financial Statements
June 30, 2016**

NOTE 7 – EMPLOYEE BENEFITS, (CONTINUED)

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

As of June 30, 2016, WRCOG reported a liability of \$1,808,565 for its proportionate share of the collective net pension liability.

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard actuarial procedures. WRCOG's proportion of the net pension liability was based on a projection of WRCOG's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. WRCOG's proportion of the collective net pension liability as of June 30, 2014 and 2015 is as follows:

Proportion - June 30, 2014	0.0229%
Proportion - June 30, 2015	0.0263%
Change - Increase	<u>0.0034%</u>

For the year ended June 30, 2016, WRCOG recognized pension expense of \$70,056. At June 30, 2016, WRCOG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
WRCOG contributions subsequent to the measurement date	\$ 305,212	
Difference between expected and actual experience	18,781	
Changes in proportion and difference between WRCOG's contributions and proportional share of contributions	467,778	
Net difference between projected and actual earnings on pension plan investments		\$ 89,074
Changes in assumptions		177,681
	<u>\$ 791,771</u>	<u>\$ 266,755</u>

The amount of \$305,212 reported as deferred outflows of resources resulting from the WRCOG contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2017	\$ 92,075
2018	92,075
2019	57,922
2020	(22,268)
	<u>\$ 219,804</u>

NOTE 7 – EMPLOYEE BENEFITS, (CONTINUED)

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**Notes to the Financial Statements
June 30, 2016**

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.5% (1)
Mortality	Derived using CalPERS' Membership Data

(1) Net of pension plan investment and administrative expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period of 1997 to 2011. Further details of the experience study can be found on the CalPERS website.

Change of Assumptions

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that WRCOG's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**Notes to the Financial Statements
June 30, 2016**

NOTE 7 – EMPLOYEE BENEFITS, (CONTINUED)

Discount Rate, (Continued)

In determining the long-term expected 7.65% rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Based on the expected benefit payments of the Public Employees' Retirement Fund, CalPERS indicated that a 19 year horizon was ideal in determining the level equivalent discount rate assumption. 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 (11-60 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 for return was set by calculating the single equivalent expected return of 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for the Plan.

These geometric rates of return are net of administrative expenses and are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return Years 1-10	Long-Term Expected Real Rate of Return Years 11+
Global Equity	51%	5.25%	5.71%
Global Fixed Income	19%	0.99	2.43
Inflation Sensitive	6%	0.45	3.36
Private Equity	10%	6.83	6.95
Real Estate	10%	4.50	5.13
Infrastructure and Forestland	2%	4.50	5.09
Liquidity	2%	(0.55)	(1.05)
Total	100%		

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**Notes to the Financial Statements
June 30, 2016**

NOTE 7 – EMPLOYEE BENEFITS, (CONTINUED)

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

The following presents WRCOG's proportionate share of the collective net pension liability calculated using the discount rate of 7.65%, as well as what WRCOG's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.65%
Net Pension Liability	\$ 4,405,457
Current Discount Rate	7.65%
Net Pension Liability	\$ 1,808,565
1% Increase	8.65%
Net Pension Liability	\$ 867,354

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description. WRCOG 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 avg. 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.

Funding Policy. Benefit provisions are established and may be amended by the Executive Committee. WRCOG contributes 100% of the cost of health insurance premiums for retirees. WRCOG intends to fund 100% of the future ARC. The ARC represents a level of funds that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize on an open basis any unfunded actuarial liabilities (or funding excess) over the remaining period of 20 years.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Notes to the Financial Statements
June 30, 2016**

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

Annual OPEB Cost and Net OPEB (Asset) Obligation. The following table shows the components of WRCOG's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the WRCOG's net OPEB obligation to the Plan:

Annual required contribution (ARC)	\$ 164,105
Interest on net OPEB obligation	(50,137)
Adjustment to the ARC	67,166
Annual OPEB cost	181,134
Contributions made	(60,000)
Decrease in net OPEB asset	121,134
Net OPEB (asset)/obligation, beginning of year	(802,265)
Net OPEB (asset)/obligation, end of year	<u>\$ (681,131)</u>

WRCOG's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2016 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
6/30/2014	\$ 137,697	36%	\$ (890,773)
6/30/2015	148,508	40%	(802,265)
6/30/2016	181,134	33%	(681,131)

Funded Status and Funding Progress. As of June 30, 2016, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 2,443,082
Actuarial value of plans assets	1,783,503
Unfunded actuarial accrued liability (UAAL)	\$ 659,579
Funded ratio (actuarial value of plan assets/AAL)	73.0%
Covered payroll (annual payroll of active employees covered by plan)	\$ 1,708,005
UAAL as a percentage of covered payroll	38.6%

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information indicating whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Notes to the Financial Statements
June 30, 2016**

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

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2016 actuarial valuation, the following actuarial assumptions were made:

Actuarial cost method:	Entry age	
Amortization method:	Level percentage of pay, open	
	Remaining amortization period:	20 Years
Actuarial assumptions:		
Inflation rate	2.75%	
Interest discount	6.25%	
Projected salary increase	3.0%	
Healthcare cost trend	4.0% initially, increased 7.5% the first year and reduced 1.5% over the next three years.	

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 treasury services, rent, communication and accounting functions, which amounted to \$166,125 and are included as expenditures in the General Fund.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Notes to the Financial Statements
June 30, 2016**

NOTE 11 – HOME ENERGY RENOVATION OPPORTUNITY PROGRAM

In 2011, WRCOG launched the HERO 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 HERO Program has expanded statewide; nearly 150 municipalities throughout California have joined the Program. What makes the HERO Program particularly unique is that the financing is provided entirely by private investment funds to implement the Program.

Under the HERO 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 HERO program, WRCOG receives a percentage of the amount financed for its participation in the program. During the fiscal year 2015/2016, WRCOG received 1.463% of the amount financed in the residential program. The program management fee of \$78 per assessment is funded through WRCOG's fees. For the commercial program, WRCOG is currently receiving 1.15% of the amount financed which is reduced by the program management fees ranging from 0.43% to 0.85% depending on the assessment.

During the year, HERO fees of \$7,502,404 were recorded in the General Fund. Additionally, revenues for HERO related activities such as recording fees in the amount of \$2,059,735 are included in HERO fees in the General Fund.

NOTE 12 – BEYOND PROGRAM

In June 2015, WRCOG launched the BEYOND Program, 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 HERO program revenues. In the fiscal year ending June 30, 2016, \$1.8 million was allocated to the BEYOND Program. The \$1.8 million is allocated to Member Agencies based on the City's population or a flat amount in the case of special districts. 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 \$243,237. The remaining \$1,556,763 is assigned within the General Fund for the Beyond Program.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Notes to the Financial Statements
June 30, 2016**

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 HERO program revenues. In the fiscal year ending June 30, 2016 a total of \$400 thousand was allocated to the Fellowship Program. Student interns will commence work at member agencies on July 1, 2016. The \$400 thousand is assigned within the General Fund for the Fellowship Program as of June 30, 2016.

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, 2016, 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.
- 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.

In each of the past three fiscal years, WRCOG had no settlements that exceeded insurance coverage.

NOTE 15 – RESTATEMENT OF BEGINNING FUND BALANCE/NET POSITION

During the year ended June 30, 2016, WRCOG reconciled certain liability accounts. As a result of the reconciliation, it was determined that the amount of \$1,173,875, previously recorded as due to the City of Murrietta was not an amount owed. Additionally, an amount of \$2,175,345 owed as refunds was not previously recorded.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Notes to the Financial Statements
June 30, 2016**

NOTE 15 – RESTATEMENT OF BEGINNING FUND BALANCE/NET POSITION, (Continued)

As a result, WRCOG records the following restatement to adjust the beginning fund balance/net position for the related recorded liability.

	Governmental Activities	General Fund	TUMF
Beginning of the year, as previously reported Net Postion/Fund Balance	\$ 32,363,709	\$ 5,498,934	\$ 53,099,822
Effect of adjusting for the previously reported City of Murrieta Liability	1,173,875	23,475	1,150,400
Effect of adjusting for the previously understated Refund Liability	(2,175,345)	-	-
Beginning of the year, as restated Net Postion/Fund Balance	<u>\$ 31,362,239</u>	<u>\$ 5,522,409</u>	<u>\$ 54,250,222</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, 2016**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 1,751,841	\$ 1,831,798	\$ 1,058,265	\$ (773,533)
TUMF Mitigation fees	1,022,358	1,405,005	1,704,607	299,602
HERO fees	8,108,690	9,472,805	9,562,139	89,334
Other revenues	609,410	598,910	848,957	250,047
Investment income			4,651	4,651
Total Revenues	<u>11,492,299</u>	<u>13,308,518</u>	<u>13,178,619</u>	<u>(129,899)</u>
Expenditures				
Current:				
General government	2,014,980	2,358,596	2,681,489	(322,893)
Energy	1,978,856	2,027,724	5,647,563	(3,619,839)
Environmental	5,623,076	5,724,956	435,626	5,289,330
Total Expenditures	<u>9,616,912</u>	<u>10,111,276</u>	<u>8,764,678</u>	<u>1,346,598</u>
Net change in fund balance	<u>\$ 1,875,387</u>	<u>\$ 3,197,242</u>	4,413,941	<u>\$ 1,216,699</u>
Fund balance				
Balance, beginning of year, as restated			<u>5,522,409</u>	
Balance, end of year			<u>\$ 9,936,350</u>	

See notes to required supplementary information.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Schedule of Funding Progress for
Other Postemployment Benefits
June 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
6/30/2010	\$ -	\$ 1,537,589	\$ (1,537,589)	0%	\$ 1,091,542	-140.9%
6/30/2013	1,561,336	2,004,792	443,456	77.9%	1,188,408	37.3%
6/30/2016	1,783,503	2,443,082	659,579	73.0%	1,708,005	38.6%

See notes to required supplementary information.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Schedule of the WRCOG's Proportionate Share
Of the Net Pension Liability
Last Ten Years*
As of the Year Ended June 30, 2016**

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.0263%	0.0229%
Proportionate share of the net pension liability	\$ 1,808,565	\$ 1,421,911
Covered payroll	\$ 1,616,828	\$ 1,422,424
Proportionate share of the net pension liability as a percentage of covered payroll	111.86%	99.96%
Plan fiduciary net position as a percentage of the total pension liability	78.40%	79.82%

* Historical information is required only for measurement for which GASB 68 is applicable.
Fiscal year 2015 was the first year of implementation, therefore, only two years are shown.

Changes of Assumption

The discount rate changed from 7.5 percent used for the June 30, 2014 measurement date to 7.65 percent used for the June 30, 2015 measurement date.

Covered Payroll

In accordance with GASB Statement No. 82, *Pension Issues- An amendment of GASB No. 67, No. 68, and No. 73*, covered payroll has been restated to reflect pensionable earnings.

See notes to required supplementary information.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Schedule of Contributions
Last Ten Years*
As of the Year Ended June 30, 2016**

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 305,212	\$ 294,471
Contributions in relation to the actuarially determined contribution	<u>305,212</u>	<u>294,471</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 1,760,643	 \$ 1,616,828
 Contributions as a percentage of covered payroll	 17.34%	 18.21%

* Historical information is required only for measurement for which GASB 68 is applicable.
Fiscal year 2015 was the first year of implementation, therefore, only two years are shown.

Covered Payroll

In accordance with GASB Statement No. 82, *Pension Issues- An amendment of GASB No. 67, No. 68, and No. 73*, covered payroll has been restated to reflect pensionable earnings.

See notes to required supplementary information.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2016**

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. These amounts are included in the adopted budget as administration.

All remaining fees are allocated among the Zones, Riverside County Transportation Commission (RCTC), Riverside Transit Authority (RTA) and Western Riverside Regional Conservation Authority (RCA), 46.39%, 46.39% and 1.64%, 1.58%, respectively. These allocations are remitted monthly to RCTC; however the Zones and RTA must submit project plans for approval by WRCOG before fees can be released. These amounts are not included in the adopted budget.

NOTE 2 – FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS

The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.



Statistical Section

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Statistical Section
For the Fiscal Year Ended June 30, 2016**

Statistical Section

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

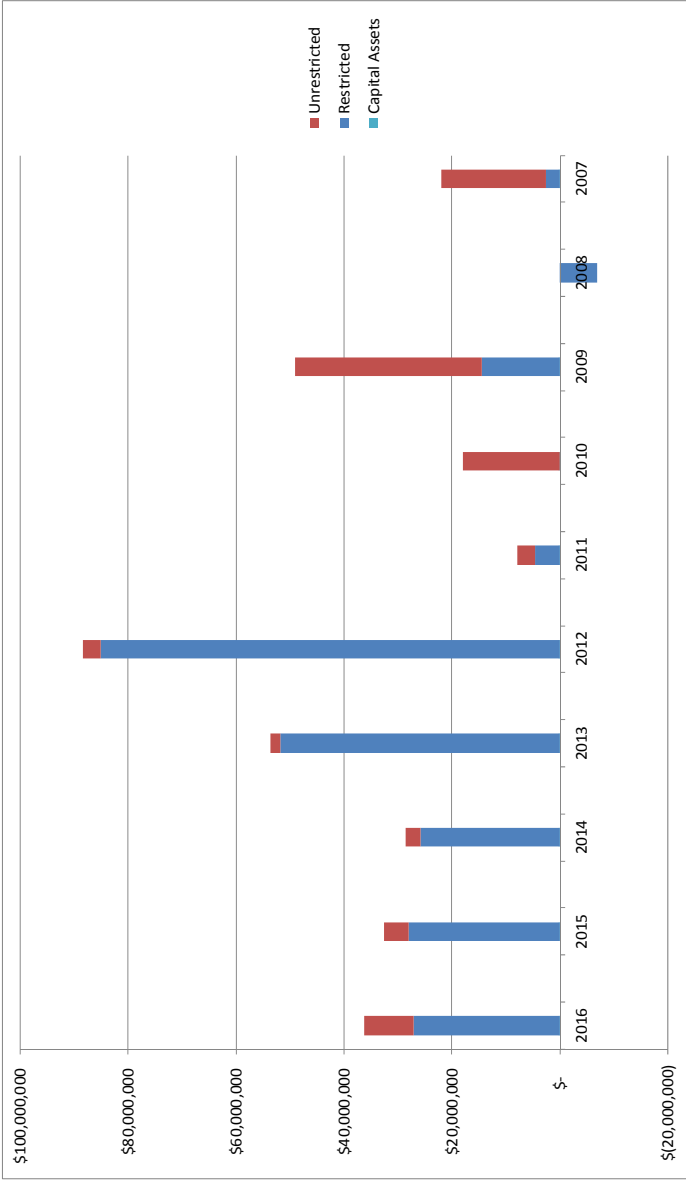
Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. These schedules include:

Full-time Equivalent Employees by Function/Program

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)

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

Governmental activities:	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net investment in										
Capital Assets										
Restricted	\$ 100,296	\$ 54,038	\$ 30,021	\$ 20,735	\$ 32,918	\$ 47,304	\$ 60,690	\$ 62,883	\$ 81,512	\$ 83,872
Unrestricted	26,481,732	28,033,173	25,869,263	51,733,864	85,054,212	4,632,048	-	14,389,308	(35,956,422)	2,513,953
Total governmental activities net position	<u>\$ 35,967,971</u>	<u>\$ 32,643,501</u>	<u>\$ 28,532,097</u>	<u>\$ 53,635,000</u>	<u>\$ 88,448,991</u>	<u>\$ 7,959,320</u>	<u>\$ 18,013,824</u>	<u>\$ 49,163,199</u>	<u>\$ (6,970,301)</u>	<u>\$ 22,022,889</u>



WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (A JOINT POWERS AUTHORITY)

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

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
General government	\$ 2,520,688	\$ 2,031,313	\$ 2,245,634	\$ 2,401,116	\$ 3,392,955	\$ 1,974,339	\$ 1,987,220	\$ 2,021,169	\$ 1,824,554	\$ 1,660,472
Transportation	41,631,788	26,481,732	54,779,449	50,187,717	21,194,918	18,983,962	43,206,326	35,250,572	53,691,970	77,679,450
Energy	5,629,560	4,926,278	2,445,533	1,608,694	476,844	20,033	22,812	25,522	26,968	27,835
Environmental	423,667	531,945	647,781	576,600	520,748	-	-	-	-	-
Total primary government expenses	\$ 50,205,703	\$ 33,971,268	\$ 60,118,397	\$ 54,774,127	\$ 25,585,465	\$ 20,978,334	\$ 45,216,358	\$ 37,297,263	\$ 55,543,492	\$ 79,367,757
Program Revenues										
Governmental activities:										
General government	\$ 513,188	\$ 349,268	\$ 420,810	\$ 528,756	\$ 63,102	\$ 1,515,581	\$ 1,495,290	\$ 1,256,051	\$ 1,306,450	\$ 1,624,843
Transportation	43,508,888	37,430,113	24,905,073	25,966,400	14,122,996	8,121,757	10,832,988	13,145,887	15,395,387	29,752,607
Energy	9,779,134	7,473,816	3,198,814	1,482,940	190,142	-	-	-	-	-
Environmental	464,885	620,836	618,415	619,388	712,040	-	-	-	-	-
Total primary government program revenues	\$ 54,266,095	\$ 45,874,033	\$ 29,143,112	\$ 28,597,484	\$ 15,088,280	\$ 9,637,338	\$ 12,328,278	\$ 14,401,938	\$ 16,701,837	\$ 31,377,450
Net (Expense)/Revenue										
Total primary government net expense	\$ 4,060,392	\$ 11,902,765	\$ (30,975,285)	\$ (26,176,643)	\$ (10,497,185)	\$ (11,340,996)	\$ (32,888,080)	\$ (22,895,325)	\$ (38,841,655)	\$ (47,990,307)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Other revenues	\$ 36,112	\$ 241,763	\$ 259,349	\$ 308,294	\$ 852,752	\$ 647,701	\$ 428,092	\$ 516,688	\$ 466,401	\$ 402,618
Investment income	509,228	552,021	706,876	(285,642)	806,546	638,791	1,310,611	4,798,161	9,382,064	10,318,323
Loss on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Special item	-	-	-	-	-	-	-	73,713,976	-	-
Total primary government	\$ 545,340	\$ 793,784	\$ 966,225	\$ 22,652	\$ 1,659,298	\$ 1,286,492	\$ 1,738,703	\$ 79,028,825	\$ 9,848,465	\$ 10,720,941
Changes in Net Position										
Total primary government	\$ 4,605,732	\$ 12,696,549	\$ (30,009,060)	\$ (26,153,991)	\$ (8,837,887)	\$ (10,054,504)	\$ (31,149,377)	\$ 56,133,500	\$ (28,993,190)	\$ (37,269,366)

Source: Finance Department

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

In FY 2011 WRCOG implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Prior year amounts in this presentation have not been revised to reflect this change.

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Intergovernmental, net	\$ 1,058,265	\$ 1,461,999	\$ 1,350,596	\$ 1,830,454	\$ 1,216,550	\$ 1,515,581	\$ 1,495,290	\$ 1,256,051	\$ 1,306,450	\$ 1,624,843
TUMIF Mitigation fees	42,615,158	36,507,739	24,306,973	25,361,053	13,871,730	8,165,385	10,708,454	12,787,664	15,395,387	29,752,607
HERO fees	9,562,139	26,481,732	2,197,585	-	-	-	-	-	-	-
Other revenues	848,957	986,914	1,547,307	1,714,271	852,752	647,701	428,092	516,688	466,401	402,618
Investment income (loss)	509,229	552,021	420,526	(285,642)	806,546	638,791	1,310,611	4,798,161	9,382,064	10,318,323
Total revenues	\$ 54,593,748	\$ 65,990,405	\$ 29,822,987	\$ 28,620,136	\$ 16,747,578	\$ 10,967,458	\$ 13,942,447	\$ 19,358,564	\$ 26,550,302	\$ 42,098,391
Expenditures										
Current:										
General Government	\$ 2,681,489	\$ 2,070,885	\$ 2,191,112	\$ 2,321,713	\$ 3,969,631	\$ 3,650,185	\$ 3,832,989	\$ 3,638,627	\$ 3,441,956	\$ 3,372,196
Programs:										
Transportation	44,125,019	30,998,608	44,901,088	52,612,593	23,624,407	28,039,139	43,421,151	33,605,661	52,143,407	23,617,761
Energy	5,647,563	4,929,398	2,431,687	1,589,887	675,950	-	-	-	-	-
Environmental	435,670	534,027	638,549	564,061	653,485	-	-	-	-	-
Debt service	-	-	-	1,500,000	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	6,647	20,617	6,893	24,608	27,766
Total expenditures	\$ 52,889,741	\$ 38,532,918	\$ 50,162,436	\$ 58,588,254	\$ 28,923,473	\$ 31,695,971	\$ 47,274,757	\$ 37,251,181	\$ 55,609,971	\$ 27,017,723
Excess (deficiency) of revenues over (under) expenditures	\$ 1,704,007	\$ 27,457,487	\$ (20,339,449)	\$ (29,968,118)	\$ (12,175,895)	\$ (20,728,513)	\$ (33,332,310)	\$ (17,892,617)	\$ (29,059,669)	\$ 15,080,668
Other financing sources (uses):										
Loan proceeds	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ 1,704,007	\$ 27,457,487	\$ (20,339,449)	\$ (29,968,118)	\$ (10,675,895)	\$ (20,728,513)	\$ (33,332,310)	\$ (17,892,617)	\$ (29,059,669)	\$ 15,080,668
Debt service as a percentage of noncapital expenditures	0.0%									

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
GENERAL FUND:										
Member dues:										
Banning	\$ 3,941	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957	\$ 5,361	\$ 5,361	\$ 5,180
Beaumont	-	26,481,732	5,255	5,255	5,255	5,255	5,255	2,486	2,486	2,402
Calimesa	1,049	1,102	1,102	1,102	1,102	1,102	1,102	1,739	1,739	1,680
Canyon Lake	1,406	2,256	2,256	2,256	2,256	2,256	2,256	3,410	3,410	3,295
Corona	20,290	25,886	25,886	25,886	25,886	25,886	25,886	35,226	35,226	34,035
Eastvale	7,171	-	-	-	-	-	-	-	-	-
Hemet	9,797	10,386	10,386	10,386	10,386	10,386	10,386	13,158	13,158	12,713
Jurupa Valley	12,710	-	-	-	-	-	-	-	-	-
Lake Elsinore	6,933	7,904	7,904	7,904	7,904	7,904	7,904	7,160	7,160	6,918
Menifee	10,491	10,147	10,147	10,147	10,147	10,147	10,147	-	-	-
Moreno Valley	25,780	25,413	25,413	25,413	25,413	25,413	25,413	30,749	30,749	29,709
Murrieta	13,794	17,954	17,954	17,954	17,954	17,954	17,954	12,880	12,880	12,444
Norco	3,573	4,482	4,482	4,482	4,482	4,482	4,482	6,058	6,058	5,853
Perris	9,215	8,173	8,173	8,173	8,173	8,173	8,173	7,624	7,624	7,366
Riverside	40,512	42,894	42,894	42,894	42,894	42,894	42,894	62,876	62,876	60,750
San Jacinto	5,889	5,504	5,504	5,504	5,504	5,504	5,504	5,111	5,111	4,938
Temecula	13,424	18,714	18,714	18,714	18,714	18,714	18,714	17,854	17,854	17,250
Wildomar	4,298	4,863	4,863	4,863	4,863	4,863	4,863	-	-	-
County of Riverside	48,136	43,520	43,520	43,520	43,520	43,520	43,520	68,788	68,788	66,464
County of Riverside - Office of Superintendent	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	20,000	20,000	-
Western Municipal Water District	17,000	17,000	17,000	17,000	17,000	17,000	17,000	20,000	20,000	-
Morongo Band of Mission Indians	9,500	10,000	10,000	-	-	-	-	-	-	-
Total Member dues	\$ 298,910	\$ 26,775,887	\$ 299,410	\$ 289,410	\$ 289,410	\$ 272,410	\$ 272,410	\$ 320,480	\$ 320,480	\$ 270,997
ALL OTHER GOVERNMENTAL FUNDS										
Transportation Uniform Mitigation Fee (TUMF):										
Banning	\$ 6,325	\$ 54,738	\$ 4,116	\$ -	\$ 89,603	\$ 2,057	\$ 36,319	\$ 12,606	\$ 214,394	\$ 346,540
Beaumont	-	-	-	-	-	-	-	-	69,222	663,271
Calimesa	10,359	133,217	65,387	1,310	1,144	22,963	154,051	-	31,478	90,555
Canyon Lake	20,583	27,055	22,642	4,117	1,028	6,169	2,259	2,313	44,576	80,473
Corona	2,743,488	1,989,728	114,644	104,773	1,272,328	215,876	109,292	422,457	1,420,435	1,725,396
Eastvale	1,705,338	1,241,685	1,438,152	1,478,348	665,522	434,531	-	-	-	-
Hemet	351,010	545,597	736,612	531,470	194,078	145,284	1,026,097	536,448	930,216	1,761,681
Jurupa Valley	2,302,649	1,738,387	242,216	112,044	32,901	-	-	-	-	-
Lake Elsinore	969,533	898,098	868,004	646,241	259,098	263,885	115,607	392,960	650,923	1,774,821
March JPA	222,482	239,874	-	227,695	-	-	156	-	471,254	682,919
Menifee	1,203,549	909,230	1,665,304	821,673	628,138	1,108,611	1,136,869	4,430,855	-	-
Moreno Valley	1,356,327	2,343,895	1,138,394	693,588	29,612	425,411	413,086	641,423	1,352,032	6,851,872
Murrieta	1,452,155	1,496,315	70,944	81,192	64,386	702,612	360,959	152,991	702,877	3,945,653
Norco	100,355	101,444	11,288	8,232	-	65,000	5,764	83,055	61,804	881,115
Perris	1,167,113	1,069,887	1,498,823	320,608	124,896	187,814	107,272	412,229	730,803	3,523,337
Riverside	1,852,839	1,461,429	594,363	1,365,025	955,549	837,989	299,033	1,000,099	3,512,286	516,047
San Jacinto	698,893	259,021	200,630	70,674	90,480	123,462	235,158	355,874	804,624	3,513,351
Temecula	809,664	679,386	227,028	1,772,534	944,090	1,288,039	940,530	1,746,599	924,949	2,593,049
Wildomar	384,865	83,178	219,722	1,032,017	16,451	30,063	310,670	4,625	-	-
County - Northwest	414,258	216,343	183,616	189,161	248,635	685,058	1,545,271	2,352,587	2,520,760	15,088,952
County - Southwest	636,493	1,529,926	1,288,379	1,622,276	598,885	367,429	639,407	2,575,582	1,800,925	12,604,813
County - Central	1,040,489	593,671	46,173	434,159	37,570	127,594	144,747	833,937	831,614	3,949,980
County - Pass	20,581	16,502	4,116	431,198	2,181	3,347	23,962	31,344	96,823	456,755
County - Hemet/San Jacinto	299,821	91,090	82,324	30,103	15,701	6,316	33,120	169,059	195,741	1,584,341
Regional Transit Authority	698,889	314,621	367,630	423,339	194,423	185,257	341,681	563,184	822,310	3,981,596
Riverside County Transportation Commission	19,769,172	17,480,991	10,899,357	11,978,440	5,494,327	5,438,916	6,603,169	10,548,866	15,402,495	57,060,015
WRCOG	1,704,607	2,076,008	974,049	1,027,871	505,866	544,408	663,267	2,453,241	1,549,402	2,139,000
MSHCP	673,319	602,662	369,011	407,929	191,743	194,668	223,217	358,564	491,465	602,467
Total TUMF	\$ 42,615,158	\$ 38,193,977	\$ 23,332,924	\$ 25,816,019	\$ 12,658,634	\$ 13,412,759	\$ 15,470,963	\$ 30,080,898	\$ 35,633,407	\$ 126,417,999

Source: Fiscal 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>
2015	2,317,924	89,500,000	31,762	6.90%
2014	2,329,271	83,500,000	31,344	8.40%
2013	2,292,507	76,289,477	30,815	9.80%
2012	2,227,577	70,376,019	29,986	11.50%
2011	2,239,620	67,024,780	29,927	13.20%
2010	2,189,641	63,900,000	29,035	14.70%
2009	2,125,440	26,481,732	29,748	13.40%
2008	2,077,183	64,503,728	31,053	8.50%
2007	2,031,625	61,023,518	30,037	6.00%
2006	1,953,330	57,666,983	29,522	5.10%

Sources: California State Department of Finance as of January 1
U.S. Department of Commerce Bureau of Economic Analysis
Riverside County Economic Development Agency

Represents most recent data available
Data not available solely for Western Riverside County

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Employment Statistics by Industry for Riverside County
Calendar Years 2015 and Nine Calendar Years**

**Employment Statistics by Industry for Riverside County
Calendar Years 2015 and Nine Calendar Years**

Industry Type	2015	% of Total Employment	2006	% of Total Employment
Agricultural service, forestry, fishing and other	126,600	18.7%	120,400	18.9%
Mining	300	0.0%	700	0.1%
Construction	54,100	8.0%	72,000	11.3%
Manufacturing	41,600	6.1%	56,200	8.8%
Transportation, warehousing, and public utilities	37,500	5.5%	17,700	2.8%
Wholesale trade	24,300	3.6%	21,000	3.3%
Retail trade	94,000	13.9%	91,700	14.4%
Professional & business services	62,700	9.3%	63,900	10.0%
Education & health services	97,600	14.4%	64,300	10.1%
Other services	21,900	3.2%	21,000	3.3%
Federal government, civilian	7,000	1.0%	6,600	1.0%
State government	16,800	2.5%	14,900	2.3%
Local government	92,300	13.6%	86,200	13.5%
Total	676,700	100.0%	636,600	100.0%

Source: State of California Economic Development Department

Represents most recent data available

Data not available solely for Western Riverside County

<http://www.labormarketinfo.edd.ca.gov/county/river.html>

**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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Management services and administration	7.8	7.2	5.5	5.9	6.0	6.5	7.3	5.1	5.4	6.8
Transportation	5.5	4.9	4.9	5.8	5.0	6.3	6.5	7.7	7.4	7.0
Energy	8.3	7.2	4.6	3.1	2.2	3.2	3.2	3.2	3.2	3.2
Environmental	1.3	3.4	3.0	3.0	2.0	3.0	3.0	3.0	3.0	3.0
Total full time equivalents	22.8	22.7	18.0	17.8	15.2	19.0	20.0	19.0	19.0	20.0

Source: Fiscal Department

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Item 4.C

Fiscal Year 2015/2016 Financial
Audit

Attachment 2

2015/2016 SAS 114 Report

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Executive Committee
Western Riverside Council of Governments
Riverside, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Western Riverside Council of Governments (WRCOG) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 22, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by WRCOG are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 82, *Pension Issues- An Amendment of GASB Statement No. 67, No. 68, and No. 73*, as of July 1, 2015. Also, as discussed in Note 15 to the financial statements, fund balances were restated as of July 1, 2015 to properly record the Transportation Uniform Mitigation Fees liability and the refund Liability.

We noted no transactions entered into by WRCOG during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimates affecting WRCOG's financial statements were:

Management's estimate of the:

- Fair value measurements for investments based on observable market inputs and information from WRCOG's safekeeping custodian banks,
- Amounts related to the net pension liability, deferred outflows/inflows of resources, and disclosures are based on actuarial valuations and a proportionate share of the CalPERS collective net pension liability,
- Amounts related to WRCOG's other postemployment benefit (OPEB) plan are based on actuarial valuations,
- Amounts related to the accrual of the TUMF liability

We evaluated the key factors and assumptions used to develop the estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure in Note 7 to the financial statements includes disclosures related to WRCOG's cost-sharing defined benefit pension plan, net pension liability, and related deferred outflows/inflows of resources. The valuations of the net pension liability and related deferred outflows/inflows of resources are sensitive to the underlying actuarial assumptions used including but not limited to the investment rate of return and discount rate, and WRCOG's proportionate share of the Plan's collective net pension liability. As disclosed in Note 7, a 1% increase or decrease in the discount rate has a significant effect on the City's net pension liability.
- The disclosure in Note 2 to the financial statement includes disclosures related to violations of finance related legal or contractual provision- investment policy violations.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following misstatements detected as part of audit procedures performed were corrected by management:

- The Due To Other Governments liability related to TUMF accruals was misstated by \$19,898,902.
- Interest Receivable/Interest Income in the TUMF Fund was understated by the 4th Quarter interest allocation of \$71,268.
- The accrued compensation payable balances in the General Fund were misstated by \$29,742.
- The refund liability was misstated by \$2,175,345. An adjustment was made to restate the beginning refund liability balance and the beginning net position.
- The Due To/Due From other funds and Accounts Receivable balance in the General Fund and TUMF Fund were misstated requiring adjustments totaling \$691,733.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 31, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to WRCOG’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as WRCOG’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

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 OPEB funding progress, 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.

Restriction on Use

This information 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.



Riverside, California
January 31, 2017

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Item 4.C

Fiscal Year 2015/2016 Financial
Audit

Attachment 3

2015/2016 GAGAS Report

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Executive Committee
Western Riverside Council of Governments
City of Riverside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 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, 2016, and the related notes to the financial statements, which collectively comprise WRCOG's basic financial statements and have issued our report thereon dated January 31, 2017. Our report included an emphasis of matter related to WRCOG's adoption of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* and GASB Statement No. 82, *Pension Issues- an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective July 1, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered WRCOG'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 WRCOG's internal control. Accordingly, we do not express an opinion on the effectiveness of WRCOG's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2016-01 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as items 2016-02 to be a significant deficiency.

Compliance and Other Matters

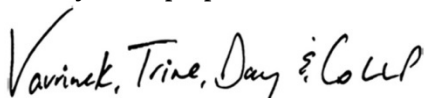
As part of obtaining reasonable assurance about whether WRCOG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2016-02.

WRCOG's Response to Findings

WRCOG's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. WRCOG's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Riverside, California
January 31, 2017

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2016**

Finding 2016-01

ACCOUNTING FOR TUMF LIABILITIES

Criteria:

Per Governmental Accounting Standards Board Concept Statement 4 (GASBCS 4) - Elements of Financial Statements, for an obligation to be a liability, it should be a present obligation and the event that created the liability has taken place. This distinguishes the item from a commitment that may become a liability in the future when the event giving rise to the liability occurs. The government may be able to withdraw from or avoid the commitment until a future event giving rise to the liability occurs.

Condition:

WRCOG recorded the liability related to the reimbursement of TUMF amounts to jurisdictions based on the estimated future costs of projects awarded for fiscal year 2015-16 on the Transportation Improvement Plan (TIP) rather than on invoices submitted, or estimates provided by participating jurisdictions for TUMF project costs.

Context:

The condition noted above was identified during our testing of the Due to Other Governments liability. Jurisdictions submit projects for inclusion on the TIP on an annual basis. The projects included on the TIP can be modified, reprogrammed or removed from the TIP without costs being incurred. The accumulated TUMF funds are considered restricted for the program until the participating jurisdictions incur the expenditure on an awarded project that will be reimbursed. At that time, the liability becomes WRCOG's. In order to determine that amount, WRCOG obtains estimates and/or invoices from each jurisdiction as part of its closing process.

Effect:

An adjustment was proposed to fairly present the Due To Other Governments liability.

Cause:

The basis for the liability recorded was originally the estimated fiscal year 2015-16 projects in the TIP rather than actual costs incurred on awarded projects.

Recommendation:

We recommend utilizing the invoices and estimates gathered from the jurisdictions as the basis for accruing the liability rather than the estimated amounts in the Transportation Improvement Plan.

View of Responsible Official and Planned Corrective Actions:

WRCOG will make the necessary adjustments to its year-end process for TUMF liability to only include totals derived from the jurisdictional Fiscal Officers, by way of discussion, and not include the entire unexpended total from the Transportation Improvement Program (TIP).

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2016**

Finding 2016-02

INVESTMENTS

Criteria:

WRCOG's investment portfolio is required to comply with Government Code and WRCOG's investment policy. The investment policy requires that an investment in medium term notes shall be issued by corporations organized and operating within the United States.

Condition:

An investment that did not comply with the WRCOG investment policy or the Government Code was purchased during the year. The investment was issued by a Corporation organized and operating outside of the United States.

Context:

The condition noted above was identified during our testing over cash and investment balances. The investment was later removed from the portfolio through a sale once it was identified as an investment that did not meet the compliance provisions.

Effect:

The condition and context above resulted in noncompliance with the Government Code and the WRCOG investment policy.

Cause:

An investment was purchased that was not in compliance with California Government Code and the WRCOG investment policy.

Recommendation:

We recommend enhancing procedures to analyze investment purchases for compliance California Government Code and WRCOG's investment policy.

View of Responsible Official and Planned Corrective Actions:

WRCOG has already taken action to employ the PFM Group to oversee all investments and analyze investment purchases for compliance with California Government Code and WRCOG's Investment Policy.



Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: PACE Programs Activities Update

Contact: Barbara Spoonhour, Director of Energy and Environmental Programs,
spoonhour@wrcog.cog.ca.us, (951) 955-8313

Date: April 12, 2017

The purpose of this item is to provide the Committee with an update on the PACE Programs that WRCOG oversees. This includes the HERO Program, SAMAS PACE, CaliforniaFIRST, and Spruce Finance.

Requested Actions:

1. Consider the recommendation from the PACE Ad Hoc Committee to amend the Program Report to include seismic retrofit products for residential and commercial properties.
2. Consider the recommendation from the PACE Ad Hoc Committee to not proceed with establishing a SB 555 Program.
3. Consider the recommendation from the PACE Ad Hoc Committee to not include proposed eligible products in the PACE Program Report.

WRCOG's PACE Programs provide financing to property owners to implement a range of energy saving, renewable energy, and water conserving improvements to their homes and businesses. Improvements must be permanently fixed to the property and must meet certain criteria to be eligible for financing. Financing is paid back through a lien placed on the property tax bill. The HERO Program was initiated in December 2011 and has been expanded (an effort called "California HERO") to allow for jurisdictions throughout the state to join WRCOG's Program and allow property owners in these jurisdictions to participate. The CaliforniaFirst and Spruce Programs are anticipated to launch in the 1st Quarter 2017.

Seismic Retrofits

On March 22, 2017, the WRCOG PACE Ad Hoc Committee received a report regarding adding seismic retrofits as an eligible product for the Agency's residential and commercial PACE Programs. Currently, WRCOG's PACE Programs only finance eligible renewable energy, energy efficient, or water saving products.

In 2015, SB 602 was enacted to allow the financing of seismic retrofits to be incorporated as an eligible product for PACE financing. Upon discussion of the item, the Ad Hoc Committee is recommending the Administration & Finance Committee support its recommendation to the Executive Committee to allow staff to begin the process of including seismic retrofit products for both residential and commercial property owners as an eligible improvement.

To date, several other PACE Programs offer seismic retrofits as an eligible improvement and several larger jurisdictions (Los Angeles and Berkeley) have requested that PACE include seismic retrofits to fit their local ordinances to safely retrofit commercial buildings.

How and when will this be implemented in the subregion?

It is anticipated that staff will be able to bring to the necessary document to the June 2017 Executive Committee meeting for consideration. The Executive Committee would adopt a resolution of intention to modify both the WRCOG Program Report and the California HERO Program Report to authorize the financing of seismic retrofit improvements. At a subsequent meeting, the Executive Committee would hold a public hearing to consider authorizing the financing of seismic retrofit improvements.

Before launching the financing of seismic retrofit improvements, staff will gather information on what types of products should be considered part of seismic retrofitting. Staff is working with BB&K and looking at other states that have allowed similar improvements as a guide. In addition, there are jurisdictions in California that have adopted local ordinances for retrofitting buildings; staff will be reviewing these to ensure that the Program takes into account all possible improvements.

Also, since WRCOG's member jurisdictions have adopted resolutions and entered into implementation agreements that only address energy efficiency, renewable energy, and water conservation, member jurisdictions will need to adopt an amended Resolution of Participation and amended Implementation Agreement. Staff is having BB&K develop drafts of these documents and will have them available for distribution with the June Executive Committee agenda, if approved by the Administration & Finance Committee.

How and when will the change be implemented with Associate Members (outside of the WRCOG subregion)?

In discussions with BB&K, WRCOG will not need to obtain the consent of each Associate Member to offer the financing of seismic retrofit improvements. Rather, WRCOG will provide each Associate Member with an opportunity to elect not to authorize the financing of seismic retrofit improvements in their jurisdictions. WRCOG will have BB&K develop an "Opt-out Notice" that will be transmitted to each Associate Member with a timeline of when that Associate Member would need to take action if it does not want to offer seismic retrofitting to its property owners. To provide ample time for Associate Members, it is anticipated that if the WRCOG Executive Committee approves the inclusion of seismic retrofits as an eligible improvement at its June meeting, WRCOG could begin offering it to the property owners by July 2017.

CaliforniaFIRST Eligible Products

Under AB 811, PACE may be used to fund energy efficient products that are permanently fixed to the property. CaliforniaFIRST has recently amended its Program Report with CSCDA (its bond issuer and oversight authority for its statewide program) to offer additional products, and had requested that WRCOG also include these as eligible products for its Program under the WRCOG PACE umbrella.

These products were presented to the PACE Ad Hoc Committee on March 22, 2017, and were denied as additional eligible improvements to be allowed under WRCOG's PACE umbrella.

Staff wanted to make the Committee aware that the CaliforniaFIRST statewide Program does include the following products and financing terms:

Product	Max Financing Term
Interior Window Treatment	10
Dishwasher	10
Refrigerator	15
Clothes Washer	10
Clothes Dryer	10
Freezer	15
Water Softener	20
Pool Filter	5

Before the existence of WRCOG's PACE umbrella, four jurisdictions in the WRCOG subregion had already adopted the CaliforniaFIRST Program with CSCDA as the bond issuer (Moreno Valley, Riverside, San Jacinto, and Riverside County Unincorporated areas). These four jurisdictions will have these additional eligible products available for financing within their boundaries.

SB 555 Programs

On March 22, 2017, the PACE Ad Hoc Committee discussed whether or not to pursue an SB 555 Program, which was requested by Ygrene, a PACE provider operating in jurisdictions throughout California. Upon weighing the pros and cons, the Ad Hoc Committee is recommending that the Executive Committee not pursue the development of a SB 555 Program. The main reasoning for this is that Ygrene, which is the only PACE provider that offers a SB 555 Program, also has the ability to operate an AB 811 Program, which it has not done to date. Consensus from the Ad Hoc Committee members was that Ygrene would be able to go through our vetting process as an AB 811 Program and not develop additional costs to WRCOG for implementing a new Program.

Prior Actions:

April 3, 2017:

The Executive Committee 1) received WRCOG HERO Summary; 2) conducted a Public hearing Regarding the Inclusion of the Cities of Cupertino and Susanville for purposes of considering the modification of the Program Report for the California HERO Program to increase the Program Area to include such additional jurisdictions and to hear all interested persons that may appear to support or object to, or inquire about the Program; 3) adopted WRCOG Resolution Number 08-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments Confirming Modification of the California HERO Program Report So As to Expand the Program Area Within Which Contractual Assessments May Be Offered; 4) accepted the Cities of Marysville and Shasta Lake as Associate Members of the Western Riverside Council of Governments; 5) adopted WRCOG Resolution Number 09-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments Declaring its Intention to Modify the California HERO Program Report so as to Increase the Program Area Within Which Contractual Assessments May Be Offered And Setting A Public Hearing Theron; and 6) adopted WRCOG Resolution 10-17; A Resolution of the Western Riverside Council of Governments Authorizing the Issuance of Spruce PACE Bonds, Amending the Program Report and Approving the Forms of a Professional Administration Agreement with Spruce PACE, a Master Indenture and Supplemental Indenture, Bond Purchase Agreement, Professional Services Agreement for Assessment Administration for the Issuance of bonds for the WRCOG Spruce PACE Program and Appointing a Trustee.

March 22, 2017:

The PACE Ad Hoc Committee 1) provided direction to not consider operating an SB 555 program; 2) recommended that the Administration & Finance Committee recommend to amend the Program Report to include seismic retrofit products for Commercial properties only; 3) did not recommend that the requested additional eligible products be presented to the Administration & Finance Committee.

March 16, 2017:

The Technical Advisory Committee received report.

Fiscal Impact:

HERO revenues and expenditures for the WRCOG and California HERO Programs are allocated in the Fiscal Year 2016/2017 Budget under the Energy Department. Additional staff and legal costs incurred to include seismic retrofits as an eligible installation will be recovered in the project administration costs.

Attachment:

None.

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Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Community Choice Aggregation Program Activities Update

Contact: Barbara Spoonhour, Director of Energy and Environmental Programs,
spoonhour@wrcog.cog.ca.us, (951) 955-8313

Date: April 12, 2017

The purpose of this item is to provide the Committee with an update on efforts to examine the feasibility of a Community Choice Aggregation Program for either the Western Riverside subregion, Riverside County, or two Counties (Riverside and San Bernardino).

Requested Action:

1. Receive and file.

Community Choice Aggregation (CCA) allows cities and counties to aggregate their buying power to secure electrical energy supply contracts on a region-wide basis. In California, CCA (Assembly Bill 117) was chaptered in September 2002 and allows for local jurisdictions to form a CCA for this purpose. Several local jurisdictions throughout California are pursuing formation of CCAs as a way to lower energy costs and/or provide "greener" energy supply. WRCOG's Executive Committee has directed staff to pursue the feasibility of Community Choice Aggregation for Western Riverside County. WRCOG, the San Bernardino Council of Governments (SBCOG), formerly known as San Bernardino Associated Governments (SANBAG), and the Coachella Valley Association of Governments (CVAG) have funded a joint, two-county feasibility study in response to the Executive Committee's direction; the study has recently been completed.

CCA Activities Update

On April 12, 2017, the CCA Ad Hoc Committee will meet to discuss potential governance and staffing. WRCOG staff will provide a verbal update to the Administration & Finance Committee on any developments that come out of that meeting (which will take place immediately prior to the Administration & Finance Committee meeting)

Prior Actions:

April 3, 2017: The Executive Committee received report.
March 16, 2017: The Technical Advisory Committee received report.

Fiscal Impact:

WRCOG's portion for Phase 1 is estimated to be \$130,000 to cover the costs of the CCA Feasibility Study, SCE data request, and WRCOG staffing.

Attachment:

None.

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Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Draft Fiscal Year 2017/2018 Agency Budget

Contact: Ernie Reyna, Chief Financial Officer, reyna@wrcog.coq.ca.us, (951) 955-8432

Date: April 12, 2017

Requested Action:

1. Discuss and provide input.
-

WRCOG's annual Budget is adopted every June by the General Assembly. Before the Budget is approved by the General Assembly, it is vetted through WRCOG's Committees for comment and direction. The Budget is assembled by the Agency Departments: General Fund, Energy, Environment, and Transportation. Each Department contains its own programs and has its own source of funds within the accounting system. Once the Budget has been vetted through the Committees, it is presented to the General Assembly as an "Agency-wide" Budget.

The draft Budget for Fiscal Year 2017/2018 will be presented according to the following schedule:

- March 23, 2017 – WRCOG Finance Directors' Committee
- April 12, 2017 – WRCOG Administration & Finance Committee
- April 20, 2017 – WRCOG Technical Advisory Committee
- May 1, 2017 – WRCOG Executive Committee
- May 10, 2017 – WRCOG Administration & Finance Committee
- May 18, 2017 – WRCOG Technical Advisory Committee
- June 5, 2017 – WRCOG Executive Committee
- June 22, 2017 – WRCOG General Assembly

The draft Fiscal Year 2017/2018 Budget (attached) is presented by Departments (General Fund, Energy, Environment, and Transportation) with each department displaying their own programs.

The tab labeled "Total General Fund" includes the default Administration Program as well as the Governmental Relations Program. The Administration Program receives its revenues mostly from member dues. Budgeted expenditures include salaries and benefits of those employees charged to Administration, including the Executive Director and the Executive Assistant; the lease WRCOG pays to the County for rent; and audit, bank, legal, and consulting fees to name a few. Expenditures have historically exceeded revenues in this Program so the Agency must charge overhead to the remaining Departments to balance its 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 that particular budget.

The Administration Program will have two major changes for FY 2017/2018. On February 6, 2017, the Executive Committee approved for WRCOG to relocate its offices across the street to the Pacific Premiere

Bank building. The new office space will be a total of 10,633 square feet and the cost will be \$2.60 per square foot, or \$27,723.80 a month. WRCOG currently occupies 5,532 square feet at the County Administrative Center (CAC) and pays approximately \$2.02 per square foot for a total monthly lease of \$11,174.64. It is anticipated that the offices will be ready for move-in by later in the calendar year or early 2018. WRCOG has recently decided to outsource its IT services to an organization called Exigent. Outsourcing IT will provide cost savings to the Agency and will also be able to support the increased needs of the Agency as it grows.

The Governmental Relations Program will continue to fund the BEYOND Program with \$2M in Agency carryover funds, an increase of \$200K from the previous fiscal year. The WRCOG Fellowship Program will also continue into FY 2017/2018 with excess carryover funds from Round I of the Fellowship Program.

The Energy Department includes the following Programs: PACE local (WRCOG), statewide (CA), Spruce, and CaliforniaFirst; the Western Riverside Energy Partnership (WREP); the Regional Streetlight Program; and Community Choice Aggregation. The HERO Program has generated revenues for the Agency during the past couple of years, and it is anticipated that trend will continue into the FY 2017/2018 budget year.

The Environment Department includes the Solid Waste and Used Oil Programs, which receive state funding to provide services to WRCOG's member agencies. FY 2017/2018 will also be the pilot year for WRCOG's new Litter Program.

The Transportation Department includes the following Programs: Transportation Uniform Mitigation Fee (TUMF); the Active Transportation Plan (ATP); and the Clean Cities Program. The majority of revenues received in the Transportation Department come from the TUMF Program.

The Agency's FY 2017/2018 total budget will present a higher total amount of revenues and expenditures than in previous years because staff will continue to include total TUMF revenue and total project expenditures in the budget. In past years, the only portion included for TUMF was the 4% Administration amount WRCOG received from the Program. The revenue and expenditures will continue to include 100% of the TUMF Program's total revenue and expenditures. Because of this additional amount for TUMF, total Agency revenue for FY 2017/2018, plus transfers from other departments for overhead, is projected to be \$64,866,833 against total Agency expenditures of \$64,650,915. The amount of revenue for FY 2017/2018 represents an increase of \$4,008,157, or 7%, against the prior Fiscal year. Expenditures for FY 2017/2018 represents an increase of \$4,615,780, or 8%, against the prior Fiscal year.

Prior Action:

None.

Fiscal Impact:

All known and expected revenues and expenditures impacting the Agency have been budgeted for Fiscal Year 2017/2018, but will be continually updated throughout the budget process.

Attachment:

1. Draft Summary Agency Budget for Fiscal Year 2017/2018.

Item 4.F

Draft Fiscal Year 2017/2018
Agency Budget

Attachment 1

Draft Summary Agency Budget for
Fiscal Year 2017/2018

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Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2018

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Total Agency Budget

		6/30/2017 Budget	Thru 2/28/2017 Actual	Proposed 6/30/2018 Budget
Revenues				
40001	Member Dues	309,410	306,410	311,410
42004	General Assembly	300,000	500	300,000
40008	BEYOND	1,800,000	1,800,000	2,052,917
40601	WRCOG HERO Residential Revenue	1,963,735	903,078	816,771
40603	CA HERO Residential Revenue	7,615,461	4,573,813	7,639,575
40605	The Gas Company Partnership	62,000	41,031	50,000
40607	SAMAS Commercial Revenue (WRCOG)	25,000	5,649	10,000
40608	Renovate Commercial Revenue (WRCOG)	-	-	5,000
40607	SAMAS Commercial Revenue (Statewide)	2,500	7,755	8,000
40606	SCE WREP Revenue	4,692	77,698	75,000
40610	Renovate Commercial Recording Revenue (WRCOG)	-	-	350
40610	Renovate Commercial Recording Revenue (Statewide)	-	-	350
40611	WRCOG HERO Residential Recording Revenue	335,555	200,625	182,775
40612	CA HERO Residential Recording Revenue	1,301,300	919,305	1,508,036
40613	SAMAS Commercial Recording Revenue (WRCOG)	1,200	285	350
40613	SAMAS Commercial Recording Revenue (Statewide)	-	-	350
40618	CA First Residential Revenue	-	-	167,000
40620	Spruce Residential Revenue	-	-	167,000
40621	CA First Residential Recording Revenue	-	-	86,000
40623	Spruce Residential Recording Revenue	-	-	86,000
40613	Regional Streetlights	276,561	-	228,960
41201	Solid Waste	107,915	98,415	117,100
41401	Used Oil Revenue	265,227	240,227	255,000
40614	Active Transportation Revenue	200,000	50,254	150,000
41402	Air Quality-Clean Cities	139,500	139,250	137,500
41701	LTF	701,300	701,250	825,000
43001	Commercial/Service - Admin Portion	37,074	45,953	101,097
43002	Retail - Admin Portion	142,224	54,031	118,867
43003	Industrial - Admin Portion	128,446	113,242	249,133
43004	Residential/Multi/Single - Admin Portion	1,067,271	475,354	1,045,779
43005	Multi-Family - Admin Portion	224,983	58,994	129,787
43001	Commercial/Service - Non-Admin Portion	889,786	1,103,157	2,426,945
43002	Retail - Non-Admin Portion	3,413,375	1,296,736	2,852,820
43003	Industrial - Non-Admin Portion	3,082,710	2,717,816	5,979,195
43004	Residential/Multi/Single - Non-Admin Portion	25,614,514	11,408,214	25,098,070
43005	Multi-Family - Non-Admin Portion	5,399,595	1,415,859	3,114,890
49002	Fund Balance/Carryover	4,009,000	-	6,299,409
Total Revenues		60,156,962	29,282,933	62,996,435
Overhead Transfer In				
Transfer In from Other Departments				1,330,398
Transfer In from CA HERO to Energy Programs				545,000
Total Revenue and Transfer In				64,871,833



Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2018

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Total Agency Budget

		6/30/2017 Budget	Thru 2/28/2017 Actual	Proposed 6/30/2018 Budget
Expenditures				
Wages and Benefits				
60001	Wages & Salaries	1,971,226	1,264,572	2,436,289
61000	Fringe Benefits	576,636	381,845	710,012
61012	OPEB Expense	60,000	-	60,000
	Total Wages and Benefits	2,607,862	1,646,417	3,206,301
General Operations				
65101	General Legal Services	450,949	481,939	530,233
65401	Audit Fees	25,000	15,300	27,500
65505	Bank Fees	25,500	19,265	29,000
65507	Commissioners Per Diem	46,950	35,250	62,500
73001	Office Lease	145,000	90,826	360,409
73003	WRCOG Auto Fuel	678	353	750
73004	WRCOG Auto Maintenance	33	33	100
73101	Special Mail Svcs	1,500	1,028	1,800
73104	Staff Recognition	1,200	632	1,210
73106	Coffee and Supplies	-	-	200
73107	Event Support	179,765	74,958	155,421
73108	General Supplies	21,021	10,558	26,015
73109	Computer Supplies	8,937	4,553	10,000
73110	Computer Software	13,705	24,185	18,000
73111	Rent/Lease Equipment	25,000	21,695	35,100
73113	Membership Dues	21,364	17,176	32,850
73114	Subscriptions/Publications	8,539	16,356	5,500
73115	Meeting Support/Services	14,809	6,315	16,700
73116	Postage	5,708	2,031	4,185
73117	Other Household Expenditures	2,523	4,764	4,250
73118	COG Partnership Agreement	40,000	17,772	25,000
73119	Storage	21,000	-	11,000
73120	Printing Services	26,947	-	16,900
73122	Computer Hardware	4,000	337	1,000
73201	Communications-Regular	2,000	559	1,000
73203	Communications-Long Distance	1,200	151	500
73204	Communications-Cellular	11,040	8,009	12,677
73206	Communications-Comp Sv	18,271	42,558	75,000
73209	Communications-Web Site	15,600	1,314	6,600
73301	Equipment Maintenance - General	7,070	10,565	10,000
73405	Insurance - General/Business Liason	73,220	73,020	73,150
73407	WRCOG Auto Insurance	1,570	1,570	1,570
73502	County RIFMIS Charges	2,500	545	1,000
73506	PACE Recording Fees	1,636,855	895,960	1,862,811
73601	Seminars/Conferences	23,035	10,175	28,750
73605	General Assembly Expenditures	300,000	2,125	300,000
73611	Travel - Mileage Reimbursement	21,835	11,282	21,950
73612	Travel - Ground Transportation	8,779	2,615	8,250
73613	Travel - Airfare	22,837	9,511	31,054
73620	Lodging	19,016	5,914	17,319
73630	Meals	10,633	5,111	10,600
73640	Other Incidentals	14,888	7,294	11,908
73703	Supplies/Materials	43,200	300	65,687
73704	Newspaper Ads	21,863	-	19,000
73705	Billboard Ads	2,882	-	10,500



**Western Riverside Council of Governments
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For the Year Ending June 30, 2018**

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Total Agency Budget

		6/30/2017 Budget	Thru 2/28/2017 Actual	Proposed 6/30/2018 Budget
73706	Radio & TV Ads	42,353	41,133	51,571
73801	Education Reimbursement	25,000	-	25,000
7XXXX	OPEB Repayment	71,053	-	71,053
85101	Consulting Labor	3,496,284	1,658,778	3,670,293
85102	Consulting Expenses	246,500	3,613	62,500
85160	TUMF Project Reimbursement	38,399,980	38,858,094	39,000,000
85190	Water Task Force Expenditures	744	744	10,000
90101	Computer Equipment Purchases	31,500	24,115	43,704
90301	Office Furniture Purchases	-	-	312,500
90501	Office Improvements	-	3,276	4,000
97011	Anticipated Carryover Projects (FY 17/18)	5,301,461	-	4,552,556
97012	BEYOND/GF Projects	1,286,189	-	4,400,000
	Total General Operations	54,446,197	42,825,487	58,645,184
	Overhead Transfer Out			
	Transfer Out from Other Departments to General Fund	1,515,636	1,010,424	2,024,902
	Transfer Out from CA HERO to Energy Programs	-	-	545,000
	Total Expenditures and Transfer Out	58,569,695	45,482,327	64,421,387

Employee Name	Time Spent
Rick	Executive Director 100%
Chris	Director of Transportation 100%
Ernie	Chief Financial Officer 100%
Barbara	Director of Energy & Environment 100%
Jennifer	Director of Governmental Affairs 100%
Chris	Program Manager- Transportation 100%
Mike	Program Manager - Energy 100%
Vacant	Program Manager - Office* 100%
Andrew	Program Manager - Fiscal 100%
Tyler	Program Manager - Energy 100%
Crystal	Program Manager - Energy 100%
Janis	Executive Assistant 100%
Lupe	Executive Assistant 100%
Sam	Staff Analyst II - Fiscal 100%
Dolores	Staff Analyst I - Environment 100%
Daniel	Staff Analyst II -TUMF 100%
Vacant	Staff Analyst II - Energy 100%
Jesus	Staff Analyst I - Energy 100%
Andrea	Staff Analyst I - Gov't Affairs 100%
Cynthia	Staff Analyst I - Gov't Affairs 100%
Vacant	Staff Analyst I - Streetlights* 100%
Vacant	Staff Analyst I - Environment* 100%
Anthony	Staff Analyst I - Energy 100%
Cherish	Staff Analyst I - Energy 100%
Vacant	Staff Analyst I - Office* 100%
Ichelle	Staff Technician - Energy 100%
Vacant	Staff Technician - Energy 100%
Jonathan	Staff Technician - Call Center 100%
Iliana	Staff Technician - Call Center 100%
LaNeice	Staff Technician - Call Center 100%
Vacant	Staff Technician - Call Center* 100%
Vacant	Staff Technician - Fiscal* 100%

* To be determined if position will be filled.



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Total General Fund Budget

		6/30/2017 Budget	Thru 2/28/2017 Actual	Proposed 6/30/2018 Budget
Revenues				
40001	Member Dues	309,410	306,410	311,410
40008	BEYOND	1,800,000	1,800,000	2,052,917
40009	Fellowship	400,000	400,000	400,000
42004	General Assembly	300,000	500	300,000
49002	Fund Balance/Carryover	-	-	1,200,000
	Total Revenues	2,809,410	2,508,925	4,264,327
Overhead Transfer In				
	Transfer In from Other Departments			2,024,902
	Total Revenue and Transfer In			6,289,229
		6/30/2017 Budget	Thru 2/28/2017 Actual	Proposed 6/30/2018 Budget
Expenditures				
Wages and Benefits				
60001	Wages & Salaries	818,380	629,728	962,688
61000	Fringe Benefits	273,111	183,494	313,412
65330	OPEB Expense	60,000	-	60,000
	Total Wages and Benefits	1,151,491	813,222	1,336,100
General Operations				
65101	General Legal Services	60,088	65,911	77,500
65401	Audit Fees	25,000	15,300	27,500
65505	Bank Fees	3,000	955	2,000
65507	Commissioners Per Diem	45,000	33,300	60,000
73001	Office Lease	145,000	90,826	360,409
73003	WRCOG Auto Fuel	678	353	750
73004	WRCOG Auto Maintenance	33	33	100
73101	Special Mail Svcs	1,500	1,028	1,800
73102	Parking Validations	855	925	1,475
73104	Staff Recognition	1,000	537	800
73107	Event Support	61,561	33,394	77,000
73108	General Supplies	10,188	5,352	10,200
73109	Computer Supplies	4,437	1,824	2,500
73110	Computer Software	10,705	23,959	15,000
73111	Rent/Lease Equipment	25,000	21,452	35,000
73113	Membership Dues	14,829	15,496	25,750
73114	Subscriptions/Publications	4,864	15,931	5,000
73115	Meeting Support/Services	2,508	2,582	4,400
73116	Postage	2,053	441	1,050
73117	Other Household Expenditures	2,000	2,659	2,000
73119	Storage	5,000	-	1,000
73122	Computer Hardware	2,000	337	1,000
73201	Communications-Regular	2,000	559	1,000
73203	Communications-Long Distance	1,200	151	500
73204	Communications-Cellular	4,177	3,121	5,677
73206	Communications-Comp Sv	18,271	42,558	75,000
73209	Communications-Web Site	10,000	1,314	5,000
73301	Equipment Maintenance - General	5,570	7,445	10,000
73302	Equipment Maintenance - Computers	8,151	14,264	25,000
73405	Insurance - General/Business Liason	72,250	72,250	72,250
73407	WRCOG Auto Insurance	1,570	1,570	1,570
73502	County RCIT	2,500	545	1,000
73601	Seminars/Conferences	12,500	6,558	11,500
73605	General Assembly	300,000	2,125	300,000



**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2018**

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Total General Fund Budget

		6/30/2017 Budget	Thru 2/28/2017 Actual	Proposed 6/30/2018 Budget
73611	Travel - Mileage Reimbursement	4,859	1,956	4,500
73612	Travel - Ground Transportation	2,094	525	2,000
73613	Travel - Airfare	5,300	1,199	5,300
73620	Lodging	6,600	2,992	6,600
73630	Meals	2,900	1,018	2,500
73640	Other Incidentals	1,100	480	1,100
73650	Training	5,600	-	5,600
73801	Education Reimbursement	25,000	-	25,000
7XXXX	OPEB Repayment	71,053	-	71,053
85101	Consulting Labor	26,266	39,532	100,000
85180	BEYOND Expenditures	2,023,000	234,186	2,052,917
85185	Fellowship Expenditures	-	-	400,000
85190	Water Task Force Expenditures	744	744	10,000
90101	Computer Equipment/Software	20,000	22,630	31,175
90301	Office Furniture Purchases	-	-	312,500
	Total General Operations	3,160,004	790,316	4,250,976
Total Expenditures		4,311,495	1,603,539	5,587,076

Employee Name	Time Spent
Rick	Executive Director 100%
Ernie	Chief Financial Officer 40%
Jennifer	Director of Governmental Affairs 100%
Vacant	Program Manager - Office* 100%
Andrew	Program Manager - Fiscal 80%
Janis	Executive Assistant 100%
Lupe	Executive Assistant 40%
Sam	Staff Analyst II - Fiscal 100%
Andrea	Staff Analyst I - Gov't Affairs 100%
Cynthia	Staff Analyst I - Gov't Affairs 100%
Vacant	Staff Analyst I - Office* 100%
Vacant	Staff Technician - Fiscal* 50%

* To be determined if position will be filled.



**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2018**

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Total Energy Budget

		6/30/2017 Budget	Thru 2/28/2017 Actual	Proposed 6/30/2018 Budget
Revenues				
40601	WRCOG HERO Residential Revenue	1,963,735	903,078	816,771
40603	CA HERO Residential Revenue	7,615,461	4,573,813	7,639,575
40605	The Gas Company Partnership	62,000	41,031	50,000
40607	SAMAS Commercial Revenue (WRCOG)	25,000	5,649	10,000
40608	Renovate Commercial Revenue (WRCOG)	-	-	5,000
40607	SAMAS Commercial Revenue (Statewide)	2,500	7,755	8,000
40606	SCE WREP Revenue	4,692	77,698	75,000
40610	Renovate Commercial Recording Revenue (WRCOG)	-	-	350
40610	Renovate Commercial Recording Revenue (Statewide)	-	-	350
40611	WRCOG HERO Residential Recording Revenue	335,555	200,625	182,775
40612	CA HERO Residential Recording Revenue	1,301,300	919,305	1,508,036
40613	SAMAS Commercial Recording Revenue (WRCOG)	1,200	285	350
40613	SAMAS Commercial Recording Revenue (Statewide)	-	-	350
40618	CA First Residential Revenue	-	-	167,000
40620	Spruce Residential Revenue	-	-	167,000
40621	CA First Residential Recording Revenue	-	-	86,000
40623	Spruce Residential Recording Revenue	-	-	86,000
40613	Regional Streetlights	276,561	-	228,960
49002	Fund Balance Carryover	4,009,000	-	4,699,409
	Total Revenues	15,933,632	6,857,271	15,730,926
Overhead Transfer In				
	Transfer In from CA HERO to Energy Programs			569,000
		6/30/2017 Budget	Thru 2/28/2017 Actual	Proposed 6/30/2018 Budget
Expenditures				
Wages and Benefits				
60001	Wages & Salaries	550,432	314,004	913,543
61000	Fringe Benefits	150,536	102,777	265,382
	Total Wages and Benefits	700,968	416,782	1,178,925
General Operations				
65101	General Legal Services	165,937	151,884	274,733
65505	Bank Fees	22,500	18,310	27,000
65507	Commissioners Per Diem	1,950	1,950	2,500
73102	Parking Validations	1,400	1,315	1,800
73107	Event Support	37,772	16,825	31,900
73108	General Supplies	7,583	4,510	11,965
73109	Computer Supplies	3,500	1,814	6,500
73110	Computer Software	2,000	88	2,000
73113	Membership Dues	4,265	1,011	5,250
73114	Subscriptions/Publications	175	425	500
73115	Meeting Support/Services	7,063	2,538	6,600
73116	Postage	3,205	1,472	2,055
73117	Other Household Expenditures	310	1,858	2,000
73118	COG Partnership Agreement	40,000	17,772	25,000
73204	Communications-Cellular	4,363	2,234	3,000
73405	Insurance - General/Business Liason	595	595	700



**Western Riverside Council of Governments
Annual Budget
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Total Energy Budget

		6/30/2017 Budget	Thru 2/28/2017 Actual	Proposed 6/30/2018 Budget
73506	PACE Recording Fees	1,636,855	895,960	1,862,811
73601	Seminars/Conferences	7,062	2,424	13,050
73611	Travel - Mileage Reimbursement	11,143	6,025	11,200
73612	Travel - Ground Transportation	5,410	1,815	4,850
73613	Travel - Airfare	13,437	8,124	22,004
73620	Lodging	8,600	1,637	7,500
73630	Meals	4,326	818	4,700
73640	Other Incidentals	12,474	5,392	8,858
73650	Training	6,000	40	6,771
73703	Supplies/Materials	11,250	300	33,317
73704	Newspaper Ads	6,863	-	15,000
73705	Billboard Ads	-	-	5,000
85101	Consulting Labor	2,682,916	1,362,383	2,159,928
85102	Consulting Expenses	220,000	-	2,500
90101	Computer Equipment Purchases	6,500	-	5,029
90501	Office Improvements	-	3,276	4,000
97011	Anticipated Carryover Projects (FY 17/18)	5,301,461	-	4,252,556
97012	BEYOND/GF Projects	1,286,189	-	4,400,000
		11,583,656	2,562,398	13,222,577
Overhead Transfer Out				
	Transfer Out from Energy to General Fund	669,136	446,091	1,232,322
	Transfer Out from CA HERO to Energy Programs	-	-	545,000
	Total Expenditures and Transfer Out	12,953,760	3,425,270	16,178,823

Employee Name	Time Spent
Ernie	Chief Financial Officer 40%
Barbara	Director of Energy & Environment 100%
Mike	Program Manager - Energy 100%
Andrew	Program Manager - Fiscal 10%
Tyler	Program Manager - Energy 100%
Crystal	Program Manager - Energy 100%
Vacant	Staff Analyst II - Energy 100%
Jesus	Staff Analyst I - Energy 100%
Vacant	Staff Analyst I - Streetlights* 100%
Anthony	Staff Analyst I - Energy 100%
Cherish	Staff Analyst I - Energy 100%
Ichelle	Staff Technician - Energy 100%
Vacant	Staff Technician - Energy 100%
Jonathan	Staff Technician - Call Center 100%
Ilina	Staff Technician - Call Center 100%
LaNeice	Staff Technician - Call Center 100%
Vacant	Staff Technician - Call Center* 100%

* To be determined if position will be filled.



Western Riverside Council of Governments
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Total Environmental Budget

		6/30/2017 Budget	Thru 2/28/2017 Actual	Proposed 6/30/2018 Budget
Revenues				
41201	Solid Waste	107,915	98,415	117,100
41401	Used Oil Revenue	265,227	240,227	255,000
	Total Revenues	373,142	338,642	372,100
		6/30/2017 Budget	Thru 2/28/2017 Actual	Proposed 6/30/2018 Budget
Expenditures				
Wages and Benefits				
60001	Wages & Salaries	54,584	61,930	114,234
61000	Fringe Benefits	13,182	2,369	27,555
	Total Wages and Benefits	67,766	64,299	141,788
General Operations				
65101	General Legal Services	-	1,817	500
73102	Parking Validations	-	80	195
73104	Staff Recognition	-	-	160
73106	Coffee and Supplies	-	-	200
73107	Event Support	33,632	24,341	43,021
73108	General Supplies	1,900	303	2,500
73111	Rent/Lease Equipment	-	243	100
73113	Membership Dues	1,500	-	1,000
73115	Meeting Support/Services	4,538	665	4,600
73116	Postage	-	-	630
73119	Storage	16,000	-	10,000
73120	Printing Services	13,000	-	11,900

73209	Communications-Web Site	-	-	1,000
73405	Insurance - General/Business Liason	175	175	200
73601	Seminars/Conferences	1,800	-	2,000
73611	Travel - Mileage Reimbursement	2,773	1,814	3,000
73612	Travel - Ground Transportation	255	99	400
73613	Travel - Airfare	950	189	1,000
73620	Lodging	1,200	219	1,269
73630	Meals	200	6	200
73650	Training	600	-	1,800
73703	Supplies/Materials	18,200	-	30,620
73704	Newspaper Ads	15,000	-	4,000
73705	Billboard Ads	-	-	3,000
73706	Radio & TV Ads	42,353	41,133	51,571
85101	Consulting Labor	6,000	-	10,365
90101	Computer Equipment Purchases	-	-	2,500
	Total General Operations	160,176	71,171	187,731
	Overhead Transfer Out			
	Transfer Out from Environmental to General Fund	46,500	31,000	42,580
	Total Expenditures and Transfer Out	274,442	166,469	372,099

Employee Name		Time Spent
Dolores	Staff Analyst I - Environment	100%
Vacant	Staff Analyst I - Environment*	100%

* To be determined if position will be filled.



**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2018**

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Total Transportation Budget

		6/30/2017 Budget	Thru 2/28/2017 Actual	Proposed 6/30/2018 Budget
Revenues				
40614	Active Transportation Revenue	200,000	50,254	150,000
41402	Air Quality-Clean Cities	139,500	139,250	137,500
41701	LTF	701,300	701,250	825,000
43001	Commercial/Service - Admin Portion	37,074	45,953	101,097
43002	Retail - Admin Portion	142,224	54,031	118,867
43003	Industrial - Admin Portion	128,446	113,242	249,133
43004	Residential/Multi/Single - Admin Portion	1,067,271	475,354	1,045,779
43005	Multi-Family - Admin Portion	224,983	58,994	129,787
43001	Commercial/Service - Non-Admin Portion	889,786	1,103,157	2,426,945
43002	Retail - Non-Admin Portion	3,413,375	1,296,736	2,852,820
43003	Industrial - Non-Admin Portion	3,082,710	2,717,816	5,979,195
43004	Residential/Multi/Single - Non-Admin Portion	25,614,514	11,408,214	25,098,070
43005	Multi-Family - Non-Admin Portion	5,399,595	1,415,859	3,114,890
49002	Fund Balance/Carryover	-	-	400,000
	Total Revenues	41,053,778	19,580,109	42,629,082
		6/30/2017 Budget	Thru 2/28/2017 Actual	Proposed 6/30/2018 Budget
Expenditures				
Wages and Benefits				
60001	Wages & Salaries	547,830	258,909	445,824
61000	Fringe Benefits	139,807	93,205	103,664
	Total Wages and Benefits	687,637	352,114	549,488
General Operations				
65101	General Legal Services	224,924	262,327	177,500
73102	Parking Validations	1,500	1,415	1,500
73104	Staff Recognition	200	94	250
73107	Event Support	46,800	398	3,500
73108	General Supplies	1,350	394	1,350
73109	Computer Supplies	1,000	827	1,000
73110	Computer Software	1,000	139	1,000
73113	Membership Dues	770	670	850
73115	Meeting Support/Services	700	530	1,100
73116	Postage	450	119	450
73117	Other Household Expenditures	213	247	250



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Total Transportation Budget

		6/30/2017 Budget	Thru 2/28/2017 Actual	Proposed 6/30/2018 Budget
73120	Printing Services	9,000	-	5,000
73204	Communications-Cellular	2,500	2,654	4,000
73209	Communications-Web Site	3,100	-	600
73601	Seminars/Conferences	1,673	1,193	2,200
73611	Travel - Mileage Reimbursement	3,060	1,487	3,250
73612	Travel - Ground Transportation	1,020	177	1,000
73613	Travel - Airfare	3,150	-	2,750
73620	Lodging	2,616	1,066	1,950
73630	Meals	3,207	3,269	3,200
73640	Other Incidentals	1,214	1,421	1,950
73703	Supplies/Materials	13,750	-	1,750
73705	Billboard Ads	2,882	-	2,500
85101	Consulting Labor	781,102	256,864	1,400,000
85102	Consulting Expenses	26,500	3,613	60,000
85160	TUMF Project Reimbursement	38,399,980	38,858,094	39,000,000
90101	Computer Equipment Purchases	5,000	1,485	5,000
97011	Estimated FY 17/18 Carryover	-	-	300,000
	Total General Operations	39,542,361	39,401,602	40,983,900
Overhead Transfer Out				
	Transfer Out from Transportation to General Fund	800,000	533,333	750,000
	Total Expenditures and Transfer Out	41,029,998	40,287,050	42,283,388

Employee Name	Time Spent
Chris Director of Transportation	100%
Ernie Chief Financial Officer	20%
Chris Program Manager- Transportation	100%
Andrew Program Manager - Fiscal	10%
Lupe Executive Assistant	60%
Daniel Staff Analyst II -TUMF	100%
Vacant Staff Technician - Fiscal*	50%

* To be determined if position will be filled.

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Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Nominations for WRCOG Chair, Vice-Chair, and 2nd Vice-Chair positions for Fiscal Year 2017/2018

Contact: Rick Bishop, Executive Director, bishop@wrcog.cog.ca.us, (951) 955-8303

Date: April 12, 2017

Requested Action:

1. Provide recommendations for leadership positions of Chair, Vice-Chair, and 2nd Vice-Chair for Fiscal Year 2017/2018, to be considered by the Executive Committee on May 1, 2017, and the General Assembly on June 22, 2017.

The Administration & Finance Committee acts as the nominating Committee for WRCOG's leadership positions on the Executive Committee. The recommendations from this Committee for the positions of Executive Committee Chair, Vice-Chair, and 2nd Vice-Chair for Fiscal Year 2017/2018 will be forwarded to the Executive Committee for consideration on May 1, 2017, and then to the General Assembly for consideration on June 22, 2017.

Elected officials from WRCOG's member agencies were notified of the opportunity to nominate individuals for the WRCOG leadership positions on April 3, 2017; the deadline to nominate individuals is April 11, 2017. Staff will present the nominations received during that time period to the Administration & Finance Committee for consideration and to make recommendations to the Executive Committee and General Assembly.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

None.