Western Riverside Council of Governments
Administration & Finance Committee

AGENDA

Wednesday, December 13, 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) 955-8308. 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 (Debbie Franklin, 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 agendized items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Committee in writing and only pertinent points presented orally.

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 November 8, 2017, Administration & Finance Committee Meeting are Available for Consideration. **P. 1**

Requested Action: *1. Approve the Summary Minutes from the November 8, 2017, Administration & Finance Committee meeting.*

B. Finance Department Activities Update Including Agency Audit and Upcoming Annual TUMF Compliance Review by Agencies **P. 7**

Requested Action: *1. Receive and file.*

4. REPORTS / DISCUSSION

A. Fiscal Year 2016/2017 Comprehensive Annual Financial Report (CAFR) **P. 13**

Requested Action: *1. Receive and file.*

B. PACE Programs Activities Update **P. 119**

Requested Actions: *1. Receive and file.*

C. BEYOND Team Application Update on Regional Homelessness **P. 121**

Requested Action: *1. Receive and file.*

D. Carryover Revenue Proposal for Fiscal Year 2016/2017 **P. 129**

Requested Action: *1. Discuss and provide direction.*

E. Local Match for Riverside Food Systems Model Study **P. 159**

Requested Action: *1. Discuss and provide direction.*

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. NEXT MEETING: **The next Administration & Finance Committee meeting is scheduled for Wednesday, January 11, 2018, at 12:00 p.m., at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside.**

8. ADJOURNMENT

<u>1. CALL TO ORDER</u>

The meeting of the Administration & Finance Committee (Committee) was called to order at 12:04 p.m. by Chairwoman Debbie Franklin at the County of Riverside Administrative Center, 5th Floor, Conference Room C.

Members present:

Debbie Franklin, City of Banning
Eugene Montanez, City of Corona (12:05 p.m. arrival)
Bonnie Wright, City of Hemet (12:12 p.m. arrival / 12:56 p.m. departure)
Laura Roughton, City of Jurupa Valley
Brian Tisdale, City of Lake Elsinore
Kelly Seyarto, City of Murrieta (1:30 p.m. departure)
Ben Benoit, City of Wildomar
Mike Naggar, City of Temecula
Chuck Washington, County of Riverside District 3 (1:26 p.m. departure)

Staff present:

Steve DeBaun, Legal Counsel, Best Best & Krieger
Rick Bishop, Executive Director
Ernie Reyna, Chief Financial Officer
Barbara Spoonhour, Director of Community Choice Aggregation Development
Jennifer Ward, Director of Government Relations
Chris Gray, Director of Transportation
Casey Dailey, Director of Energy and Environmental Programs
Janis Leonard, Administrative Services Manager
Christopher Tzeng, Program Manager
Cynthia Mejia, Staff Analyst
Jairo Sandoval, Staff Analyst
Suzy Nelson, Administrative Assistant
Amber Bolden, WRCOG Intern
Huyen Bui, WRCOG Intern

Guests present:

Joyce Jong, City of Riverside,
Gardenya Duran, Rogers, Anderson, Malody & Scott, LLP.

<u>2. PUBLIC COMMENTS</u>

There were no public comments.

<u>3. CONSENT CALENDAR</u> – *(Wildomar / Jurupa Valley) 7 yes; 0 no; 0 abstention. Items 3.A through 3.F were approved by a unanimous vote of those members present. The Cities of Corona and Hemet, the County of Riverside District 5, and the Western Municipal Water District were not present.*

A. Summary Minutes from the October 11, 2017, Administration & Finance Committee Meeting are Available for Consideration.

<u>Action</u>: *1. Approved the Summary Minutes from the October 11, 2017, Administration & Finance Committee meeting.*

B. Finance Department Activities Update Including Agency Audit and Upcoming Annual TUMF Compliance Review by Agencies

Action: *1. Received and filed.*

C. Administration & Finance Committee 2018 Meeting Schedule

Action: *1. Approved the Schedule of Administration & Finance Committee meetings for 2018.*

D. Transportation Department Activities Update

Action: *1. Received and filed.*

E. Economic Development Activities Update

Action: *1. Approved the postponement of work on the WRCOG Economic Development initiative until more information and results are provided by the Inland Empire Growth and Opportunity initiative.*

F. BEYOND Framework Fund Program Activities Update

Action: *1. Received and filed.*

4. REPORTS / DISCUSSION

A. 27th Annual General Assembly & Leadership Address

Jennifer Ward reviewed revenues and expenditures for past events, and distributed a list of potential speakers. As a default, the event is scheduled for the fourth Thursday of the month. Chairwoman Franklin had asked staff to initiate a discussion on holding the event on the third Thursday, June 21, 2018.

Committee members discussed the list of potential speakers. Committee member Chuck Washington asked for video clips of some of the individuals for review.

Action: *1. Requested that the event be moved to the third Thursday, June 21, 2018, if there are no major conflicts.*

(Banning / Murrieta) 9 yes; 0 no; 0 abstention. Item 4.A was approved by a unanimous vote of those members present. The County of Riverside District 5 and the Western Municipal Water District were not present.

B. PACE Program Activities Update

Casey Dailey reported that in 2016, WRCOG released a Request for Proposals soliciting entities interested in performing an operational analysis of Renovate America. Of the four firms which responded, Baker Tilly was selected.

Renovate America's operating practices are being compared against WRCOG's Consumer Protection Policy. Staff have received an initial report, and will be meeting with Renovate America, Baker Tilly, and legal counsel to review and discuss findings. Presentations to this Committee and the Executive Committee will occur when the report is finalized.

Given that Baker Tilly now has an understanding of WRCOG's PACE Programs, staff is recommending the continued use of Baker Tilly for the next round of audits of all the PACE providers operating under

WRCOG's umbrella.

Since the adoption of WRCOG's Consumer Protection Policy in 2015, PACE Nation has adopted its own policy, and two critical pieces of legislation, SB 242 and AB 1284, have come into law. WRCOG is working to update its own Policies to reflect recent legislation and experience with the Program itself.

All PACE providers and contractors are now required to obtain a license through the Department of Business Oversight, and the right to cancel is tied to the home improvement contract. Additionally, income verification and the determination of the ability to pay is now required.

Committee member Laura Roughton asked why it took so long to obtain audit results.

Steve DeBaun indicated that since the executed agreement with the auditor, various issues have arisen, such as the disclosure of private information, which is protected under both state and federal law.

Disclosure of that information to the auditors, and still remaining compliance with the law, took several months and has delayed the process. Upon receiving the initial report, there have been formatting issues such as should there be comments relating to the Program itself, or to Renovate America. It had to be determined how to put the audit together that would differentiate Program enhancements, specific comments related to Renovate America, etc. There are only a few more items to be sorted out.

Committee member Roughton asked if information is provided in writing in a language other than English.

Steve DeBaun responded that it is not a clear translation in writing.

Committee member Eugene Montanez asked if WRCOG will be reimbursed in the event any of the providers are not abiding by the Consumer Protection Policy, stating that other than potentially being removed from the Program, there is no monetary consequence.

Committee member Kelly Seyarto asked if the audit will be useful in policy making, or simply checking off the boxes.

Mr. Bishop responded that a few of the recommendations from are programmatic in nature and might result in policy revisions for the Program.

Committee member Brian Tisdale asked if audit costs will be budgeted every year, and will the audit cost exceed the administrative fee provided by the Program?

Ernie Reyna responded that the current audit was budgeted, and future audits will be budgeted, as well.

Barbara Spoonhour responded that the current audit cost is based upon volume and the sampling size. When another, newer, provider is audited, a smaller sampling will be used.

Committee member Tisdale indicated that he would like to see the comparison of costs, and asked if there is another way to look into operational analysis instead of an audit.

Rick Bishop responded that there may be another approach; however, next year, all the providers will be bundled together under one single audit.

Mr. Dailey added that there is an auditing requirement in AB 1284.

Actions: 1. *Recommended that the Executive Committee authorize the Executive Director to continue utilizing Baker Tilly to conduct future operational analyses / audits of its residential PACE Programs.*

2. *Recommended that the Executive Committee authorize the Executive Director to execute a Professional Services Contract with Baker Tilly for operational analysis / audit of Renovate America, in an amount not to exceed $140,000 for the Fiscal Year 2016/2017.*

(Murrieta / Lake Elsinore) 9 yes; 0 no; 0 abstention. Item 4.B was approved by a unanimous vote of those members present. The County of Riverside District 5 and the Western Municipal Water District were not present.

C. WRCOG Member Dues Discussion

Rick Bishop reported that there has not been a discussion on this matter since 2010. Total dues from all members are approximately $300,000; the dues were actually reduced in 2010 by 15%. WRCOG's Joint Powers Agreement requires dues to be assessed based upon a combination of population and assessed valuation. When Mr. Bishop was hired he discovered that dues calculations did not in fact include an assessed valuation, but was based solely on population.

Committee member Eugene Montanez asked for the comparison if assessed valuation were included.

Mr. Bishop responded that staff will put those numbers together and distribute them to the Committee members.

Members dues are used for the creation and support of many programs, staff support, tuition reimbursement, and other services.

Mr. Bishop shared an example of what a city receives as part of its member dues. All Councils of Governments (COGs) throughout the state assess member dues.

Committee member Brian Tisdale asked if dues pay for staff salary that have no other dedicated source of streaming.

Ernie Reyna responded that a portion of the dues do cover a portion of some staff's salaries.

Committee member Kelly Seyarto indicated that jurisdictions receive much more in return that what that is provided in dues.

Committee member Laura Roughton asked that in the comparison to other COG's member dues, is the difference due to the fact that WRCOG is not including as assessed valuation.

Ernie Reyna responded that the consideration of assessed valuation in the dues does not change the overall dues total provided by members to the Agency, but it would change the individual dues of the member agencies themselves. By adding assessed valuation as a component in addition to population, some members would see their dues increase, and some would see a decrease under that formula.

Mr. Bishop indicated that staff will send a comparison on what dues currently are, and what they would be if assessed valuation were included.

Committee member Brian Tisdale asked that this matter return next year for review.

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

D. Carryover Revenue Proposal for Fiscal Year 2016/2017

Jennifer Ward reported that discussion on this item also includes item 4.F on the agenda. Moving forward, Agency carryover funds will be sorted into two categories – reserves and projects. Staff is recommending $2M of Fiscal Year 2016/2017 carryover funds be put into reserves. This leaves an available $1.3M for projects. One of the outcomes from the recent Visioning Session was to develop a filter in which new proposed projects, or expansions of existing projects, would be vetted through. All the current projects have been vetted through a filter, with the exception of the BEYOND Program.

Andrea Howard reported that BEYOND projects operate on 18-month cycles; 14 projects are currently operating under Round I, and 51 projects are in the que for Round II, with end dates of November 2018 at the earliest. Staff proposes kicking off Round III in January 2019. Carryover revenues from this current Fiscal Year could be programed for Round III projects.

Ms. Howard and Ms. Ward reviewed the list of potential projects for Round III funding. Examples included the completion of a CAPtivate Environmental Impact Report, expansion of the current Grant Writing Program, funding partnership with Grid Alternatives, which provides for free the installation of solar and energy upgrades to low income properties, the expansion of a Litter Initiative, preparation of a Zero Net Energy Case Study, and funding partnership with the University of California, Riverside, Food Systems Modeling Program in collaboration with the City of Riverside.

Rick Bishop indicated that a broadly identified project does not score well under the filter.

Committee member Laura Roughton indicated that staff proposals scored higher than those produced from the Visioning Session, and expressed concern on providing direction without more information on each of the projects listed.

Committee member Kelly Seyarto indicated that perhaps funding could be allocated to broadly defined projects, such as homelessness, for example, into a specific aspect of homelessness.

Committee member Brian Tisdale indicated that school districts have identified a homeless population of school kids and their families. Those are the ones who can be helped, those are the types of programs that can be funded.

Rick Bishop indicated that perhaps a Call for Projects could be released, which would require more specific criteria, resulting in more specific projects.

Committee member Mike Naggar indicated that ideas need to be put into action. Proposed and/or requested projects need specific details.

Chairwoman Franklin requested that staff research who is doing what and provide that information back to this Committee. Then provide the filter criteria to those groups to better define their priority.

Mr. Bishop indicated that staff can prepare a preliminary listing; however, levels of specificity can only be attained through proposals.

Committee member Roughton suggested both homelessness collaborative through BEYOND work together and present a specific request.

***Action*:** 1. *Directed staff to allocate $500,000 toward the Grant Writing Program, and $10,000 per year for four years toward the Food Systems Modeling Program, and to continue this discussion on the remaining items at the next meeting.*

(Temecula / Wildomar) 6 yes; 1 no; 0 abstention. Item 4.D was approved by a vote of those members present. The City of Hemet and the County of Riverside Districts 3 and 5 were not present.

E. Fiscal Year 2016/2017 Comprehensive Annual Financial Report Presentation

This item was continued to the next meeting.

***Action*:** *1. Continued to the next meeting.*

F. New Initiatives for Consideration

This item was combined with Item 3.D.

***Action*:** *1. Directed staff to allocate $500,000 toward the Grant Writing Program, and $10,000 per year for four years toward the Food Systems Modeling Program, and to continue this discussion on the remaining items at the next meeting.*

5. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

6. GENERAL ANNOUNCEMENTS

There were no general announcements.

7. NEXT MEETING: **The next Administration & Finance Committee meeting is scheduled for Wednesday, December 13, 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 1:52 p.m.**

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **Finance Department Activities Update Including Agency Audit and Upcoming Annual TUMF Compliance Review by Agencies**

Contact: **Ernie Reyna, Chief Financial Officer, ereyna@wrcog.us, (951) 955-8432**

Date: **December 13, 2017**

***The purpose of this item is to** provide an update on the financial audit of Fiscal Year (FY) 2016/2017, 2nd Quarter Budget Amendments for FY 2017/2018, and the annual TUMF compliance review for FY 2016/2017. Information regarding an Agency-wide compensation study is also provided.*

Requested Action:

1. Receive and file.

FY 2016/2017 Financial Audit

Auditors from Rogers, Anderson, Malody, & Scott (RAMS) have concluded the interim and final fieldwork portion of the financial audit for the Agency. RAMS reviewed payroll, accounts payable, and all other areas of WRCOG's accounting system. The final draft of the financial statements was reviewed by the Finance Directors Committee on October 26, 2017, and the final Comprehensive Annual Financial Report (CAFR) was issued on October 31, 2017. Item 4.A contains the final CAFR, along with the Internal Controls and Management Discussion letters.

2nd Quarter Budget Amendment

December 31, 2017, marks the end of the second quarter for FY 2017/2018 and it is anticipated that the Administration & Finance Committee will receive a budget amendment request on January 10, 2018. The review schedule anticipates that the Technical Advisory Committee will receive the report on January 18, 2018, and the Finance Directors Committee will receive the report on January 25, 2018. Executive Committee consideration of any budget amendments would occur on February 5, 2018.

Annual TUMF Review of Participating Agencies

WRCOG is conducting reviews of TUMF collections by participating agencies for FY 2016/2017. The reviews provide WRCOG an opportunity to meet with staff that are assigned to TUMF, including planning, public works, and finance staff. During the review, WRCOG randomly selects remittance reports to review and verify that the correct land use type was used and that fees were calculated properly. The reviews are expected to conclude in December 2017, with reports being issued to City Managers / agency heads in January 2018.

Financial Report Summary through October 2017

The Agency Financial Report Summary, a monthly overview of WRCOG's financial statements in the form of combined Agency revenues and costs, through October 2017, is provided as Attachment 1.

Prior Action:

December 4, 2017: The Executive Committee received and filed.

Fiscal Impact:

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

Attachment:

1. Financial Report summary – October 2017.

Item 3.B

Finance Department Activities Update Including Agency Audit and Upcoming Annual TUMF Compliance Review by Agencies

Attachment 1

Financial Report summary – October 2017

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Western Riverside Council of Governments
Monthly Budget to Actuals
For the Month Ending October 31, 2017

Revenues	Approved 6/30/2018 Budget	Thru 10/31/2017 Actual	Remaining 6/30/2018 Budget
General Assembly	300,000	18,800	281,200
WRCOG HERO Residential Revenue	816,771	478,369	338,402
CA HERO Residential Revenue	7,639,575	1,811,919	5,827,656
The Gas Company Partnership	50,000	6,521	43,479
SCE WREP Revenue	75,000	21,302	53,698
WRCOG HERO Residential Recording Revenue	182,775	93,060	89,715
CA HERO Residential Recording Revenue	1,508,036	307,725	1,200,311
CA First Residential Revenue	167,000	17,034	149,966
CA First Residential Recording Revenue	86,000	5,832	80,168
Other Misc Revenue	-	5,921	(5,921)
Solid Waste	117,100	22,837	94,263
Active Transportation Revenue	150,000	80,567	69,433
RIVTAM Revenue	-	25,000	(25,000)
Air Quality-Clean Cities	137,500	26,000	111,500
Commercial/Service - Admin Portion	101,097	30,421	70,676
Retail - Admin Portion	118,867	47,451	71,416
Industrial - Admin Portion	249,133	99,500	149,633
Residential/Multi/Single - Admin Portion	1,045,779	293,576	752,203
Multi-Family - Admin Portion	129,787	34,644	95,143
Commercial/Service - Non-Admin Portion	2,426,945	730,114	1,696,831
Retail - Non-Admin Portion	2,852,820	1,138,830	1,713,989
Industrial - Non-Admin Portion	5,979,195	2,388,011	3,591,184
Residential/Multi/Single - Non-Admin Portion	25,098,070	6,943,595	18,154,475
Multi-Family - Non-Admin Portion	3,114,890	831,465	2,283,425
Total Revenues	**62,996,435**	**15,458,496**	**47,537,939**

Expenditures			
Wages & Salaries	2,584,095	680,586	1,903,509
Fringe Benefits	739,956	236,829	503,126
Total Wages and Benefits	3,384,051	917,415	2,466,635
			-
Overhead Allocation	2,219,371	732,311	1,487,060
General Legal Services	590,233	256,075	334,158
Audit Fees	27,500	10,200	17,300
Bank Fees	29,000	20,959	8,041
Commissioners Per Diem	62,500	14,550	47,950
Office Lease	427,060	34,312	392,748
WRCOG Auto Fuel	750	184	566
WRCOG Auto Maintenance	100	16	84
Parking Validations	4,775	1,200	3,575
Event Support	112,600	24,033	88,567
General Supplies	66,536	3,883	62,653
Computer Supplies	12,500	1,943	10,557
Computer Software	18,000	12,837	5,163
Rent/Lease Equipment	35,000	9,835	25,165
Membership Dues	31,950	6,636	25,314
Subcriptions/Publications	6,500	180	6,320
Meeting Support/Services	12,100	2,260	9,840

Postage	8,155	2,039	6,116
Other Household Expenditures	4,880	1,050	3,831
Storage	1,000	4,777	(3,777)
Computer Hardware	1,000	1,643	(643)
Misc. Office Equipment	-	688	(688)
Communications-Regular	1,000	3,328	(2,328)
Communications-Long Distance	500	76	424
Communications-Cellular	12,677	2,640	10,037
Communications-Comp Sv	75,000	18,252	56,748
Communications-Web Site	5,600	266	5,334
Equipment Maintenance - General	11,000	4,534	6,466
Equipment Maintenance - Computers	25,000	6,406	18,594
Insurance - General/Business Liason	72,950	32,756	40,194
PACE Recording Fees	1,862,811	269,749	1,593,062
Seminars/Conferences	24,550	4,555	19,995
General Assembly Expenditures	304,200	8,154	296,046
Travel - Mileage Reimbursement	15,700	6,237	9,463
Travel - Ground Transportation	13,100	693	12,407
Travel - Airfare	28,704	3,983	24,721
Lodging	17,850	2,645	15,205
Meals	10,419	1,682	8,737
Other Incidentals	13,358	4,777	8,581
Training	14,321	7,647	6,674
Supplies/Materials	35,117	281	34,836
Consulting Labor	4,159,928	251,247	3,908,681
Consulting Expenses	72,865	36,209	36,656
TUMF Project Reimbursement	39,000,000	6,517,994	32,482,006
BEYOND Expenditures	2,052,917	198,276	1,854,641
Computer Equipment Purchases	41,204	5,058	36,146
Office Furniture Purchases	315,000	146,897	168,103
Total General Operations	61,741,206	8,675,954	53,065,252
Total Expenditures	**65,125,257**	**9,593,369**	**55,531,887**

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **Fiscal Year 2016/2017 Comprehensive Annual Financial Report (CAFR)**

Contact: **Ernie Reyna, Chief Financial Officer, ereyna@wrcog.us, (951) 955-8432**

Date: **December 13, 2017**

***The purpose of this item is to** provide the Committee with a presentation on WRCOG's Fiscal Year 2016/2017 financial audit and Comprehensive Annual Financial Report (CAFR).*

Requested Action:

1. Receive and file.

WRCOG engaged Rogers, Anderson, Malody & Scott (RAMS) to conduct WRCOG's annual financial audit. The contract with RAMS is for three years with an option for two, one-year extensions. RAMS will be assisting WRCOG with the creation of the financial statements and the CAFR that meet all standards of the Governmental Accounting Standards Board.

WRCOG has received the distinguished "Certificate of Achievement for Excellence in Financial Report" from the Government Finance Officers Association for four consecutive years and all signs indicate that Fiscal Year (FY) 2016/2017 will also produce this distinguished award. The award recognizes that the Agency is transparent and has provided full disclosure of the financial statements and that the users of the CAFR have all the information needed to draw a financial conclusion of the Agency.

WRCOG's auditors will be providing an unmodified opinion on the FY 2016/2017 CAFR. An unmodified opinion is the highest form of assurance an auditing firm can provide to its client, and means that the audit and associated agency financials are both in good form and the accounting practices are solid.

For any questions related to the audit, Terry Shea, Auditing Partner, RAMS, can be reached at (909) 889-0871 or terry@ramscpa.net.

Prior Actions:

November 8, 2017: The Administration & Finance Committee received and filed.
October 26, 2017: The Finance Directors Committee received and filed.

Fiscal Impact:

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

Attachments:

1. FY 2016/2017 Comprehensive Annual Financial Report.

2. FY 2016/2017 Statement on Auditing Standards 114 Report.
3. FY 2016/2017 Generally Accepted Government Auditing Standards Report.

Item 4.A
Fiscal Year 2016/2017 Comprehensive Annual Financial Report (CAFR)

Attachment 1
FY 2016/2017 Comprehensive Annual Financial Report

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Fiscal Year 2016 / 2017

Comprehensive Annual Financial Report

Western Riverside Council of Governments
Riverside, CA

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2017

Submitted by:

Fiscal Department

Western Riverside Council of Governments

WESTERN RIVERSIDE COUNTY | CALIFORNIA

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Submitted by:
Fiscal Department
Western Riverside Council of Governments

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

JUNE 30, 2017
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WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

JUNE 30, 2017
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Introductory Section

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

October 31, 2017

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, 2017 is hereby submitted in accordance with the provision of Section 6505 of the Government Code of the State of California (the State). The report contains financial statements that have prepared in conformity with generally accepted accounting principles (GAAP) in the United States prescribed for governmental entities. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Western Riverside Council of Governments (WRCOG). To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the various funds of WRCOG. All disclosure necessary to enable the reader to gain an understanding of WRCOG's financial activities have been included. Because the cost of an internal control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of material misstatements.

Rogers, Anderson, Malody & Scott., LLP has issued an unmodified opinion on WRCOG's financial statements for the year ended June 30, 2017. 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, 2016. 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.

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Major Initiatives

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

To date, WRCOG has received more than $700 million in TUMF revenue since program inception in 2003. 90 TUMF-funded projects have been completed; 12 are under construction; 9 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 $350 million in transportation projects since it began in 2003.

Property Assessed Clean Energy Program (PACE) Program: In 2011, WRCOG launched the HERO Program (also known as Property Assessed Clean Energy), 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 has (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; 369 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 Partnership (WREP): This Partnership originally consisted of WRCOG, Southern California Edison, and 12 member jurisdictions. In 2013, Southern California Gas

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

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

The Program seeks to provide cost-efficiencies for local jurisdictions through the purchase, retrofit, and maintenance of streetlights within jurisdictional boundaries, without the need of additional jurisdictional resources. As a regional Program, WRCOG is working with participating jurisdictions to move through the acquisition process, develop financing recommendations, develop and update regional and community-specific streetlight standards, and implement a regional operations & maintenance (O&M) agreement that will enhance the level of service currently provided by SCE.

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

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

The cornerstone of BEYOND is WRCOG's Economic Development and Sustainability Framework. The Framework was approved by WRCOG's Executive Committee in 2012, and can be accessed on WRCOG's website at http://www.wrcog.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.

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

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

Financial Planning

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

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

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

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

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

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

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Western Riverside Council of Governments for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

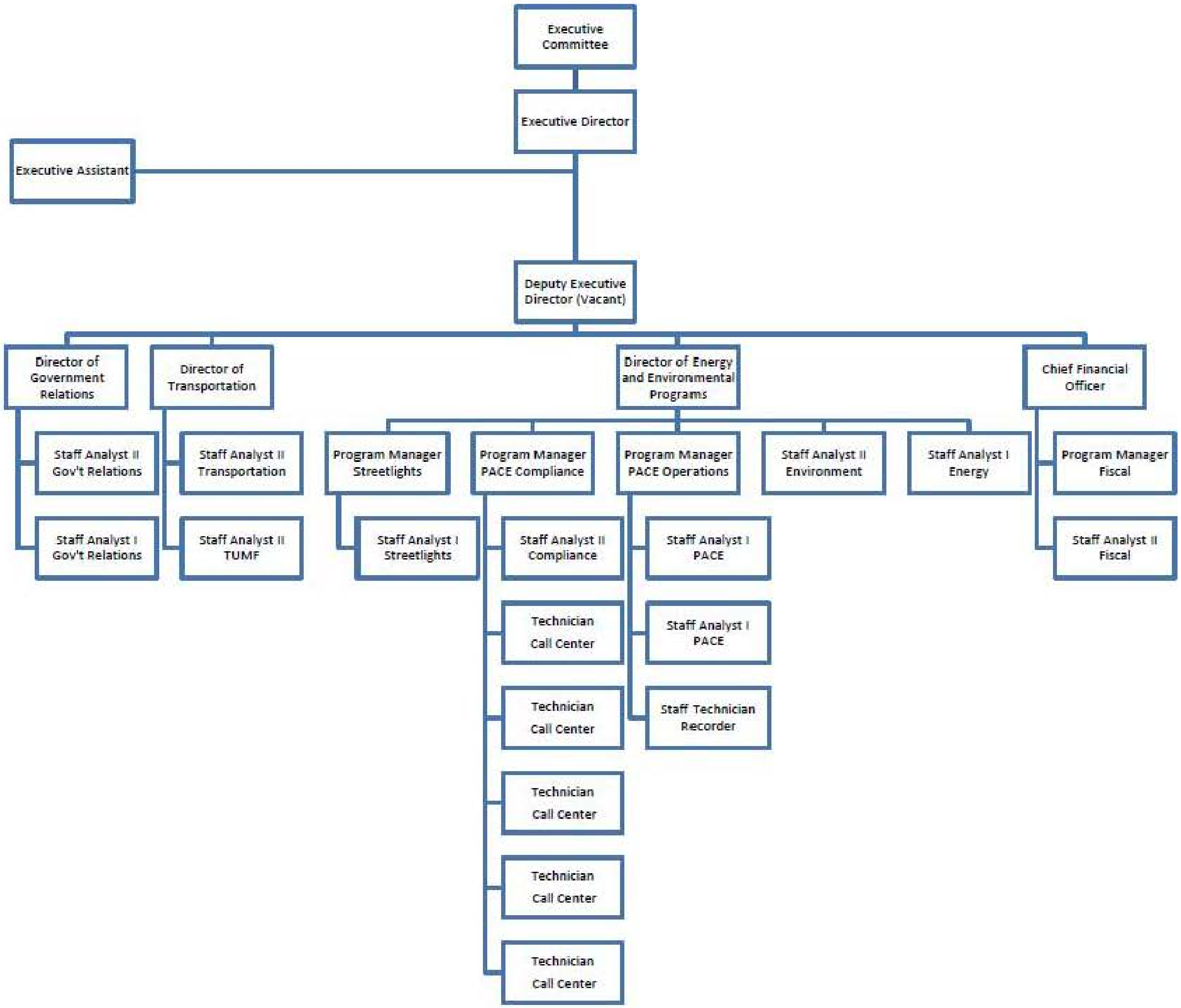
Sincerely,

Ernie Reyna

Ernie Reyna, CPA
Chief Financial Officer

Western Riverside Council of Governments

Organizational Chart 2017



Western Riverside Council of Governments

List of Principal Officials
As of June 30, 2017

Executive Committee Members

Name and Position	Title	Agency
Debbie Franklin	Chair	City of Banning
Chuck Washington	Vice Chair	County of Riverside, District 3
Bonnie Wright	2nd Vice Chair	City of Hemet
Jeff Hewitt	Member	City of Calimesa
Jordan Ehrenkranz	Member	City of Canyon Lake
Eugene Montanez	Member	City of Corona
Adam Rush	Member	City of Eastvale
Laura Roughton	Member	City of Jurupa Valley
Brian Tisdale	Member	City of Lake Elsinore
John Denver	Member	City of Menifee
Yxstian Gutierrez	Member	City of Moreno Valley
Kelly Seyarto	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
Ben Benoit	Member	City of Wildomar
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.
Judy White	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
Jennifer Ward, Director of Government Relations

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, 2016

Christopher P. Morrill

Executive Director/CEO

Financial Section

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

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INDEPENDENT AUDITOR'S 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, 2017, 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of WRCOG as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 31, 2017

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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, 2017. Management encourages readers to consider the information presented here in conjunction with the Letter of Transmittal.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The following supplemental information has been included in this report:

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

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

The *Statement of Net Position* presents information on all 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).

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 governmental-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds' balance sheet and statement of revenues, expenditures, and changes in fund balances are accompanied by reconciliation to the government-wide financial statements in order to facilitate comparison between governmental funds and governmental activities.

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

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

Required Supplementary Information, in addition to this MD&A, presents schedules of 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 $4.3 million and consisted of net investment in capital assets of $94 thousand, restricted net position of $12 thousand, and unrestricted net position of $4.2 million.

- At June 30, 2017, WRCOG's assets of $83.6 million plus deferred outflows of resources of $1.2 million exceeded its liability of $80.3 million and deferred inflows of resources of $109 thousand resulting in a net position of $4.3 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 $4.3 million.

Net pension liability is the amount needed to fully fund WRCOG's defined benefit plan. The net pension liability at June 30, 2016 was $1.8 million and increased to $2.3 million at June 30, 2017.

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.

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.

The table below provides summarized data from the Statement of Net Position for WRCOG as of June 30, 2017, as compared to the prior year:

Statement of Net Position
As of June 30

	2017	2016
Current and other assets	$ 83,485,828	$ 95,112,835
Capital assets being depreciated	93,875	100,296
Total Assets	83,579,703	95,213,131
Deferred Outflows of Resources	1,197,115	791,771
Current and other liabilities	60,958,537	32,743,421
Long-term obligations	19,370,537	27,026,755
Total Liabilities	80,329,074	59,770,176
Total Deferred Inflows or Resources	109,364	266,755
Net Position:		
Net investment in capital assets	93,875	100,296
Restricted	11,702	26,481,732
Unrestricted	4,232,803	9,385,943
Total Net Position	$ 4,338,380	$ 35,967,971

WRCOG's total net position decreased by 88%, or $31.6 million, during fiscal year 2016-2017 compared to the prior year's increase of $4.6 million. Total liabilities increased 57%, or $29 million, during fiscal year 2016-2017 compared to the prior year, mostly due to the increase in TUMF projects started, but not yet completed and the associated dollars owed to WRCOG's Member Agencies. Current assets decreased from $95.1 million in FY 2015/2016 to $83.5 million, or 12%. This decrease in current assets is attributable to an increase in TUMF project reimbursements and transferring RTA's TUMF balance of $15M in the year. Also carryover funds were utilized for various agency activities. Below are the three components of net position and their respective fiscal year-end balances:

- **Net Investment in Capital Assets** represents 2.2%, or $94 thousand of WRCOG's total net position for fiscal year 2016-2017 compared to 0.3%, or $100 thousand, for fiscal year 2015-2016. The decrease is attributable to the depreciation of existing capital assets.

- **Restricted net position** accounts for 0.3%, or $12 thousand, of WRCOG's total net position for fiscal year 2016-2017 compared to 73.6%, or $26.4 million, for fiscal year 2015-2016. This component of net position represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. All of the restricted net position applies to TUMF as the administration plan requires that WRCOG hold the funds until a Zone has an opportunity to claim use of the funds through the Transportation Improvement 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 97.6%, or $4.2 million, of WRCOG's total net position for fiscal year 2016-2017 compared to 26.1% or $9.4 million for fiscal year 2015-2016. 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 decreased from $509 thousand to $(13) thousand due to market losses from investments and investment management fees.

- Charges for services are revenues received related to the sponsorship of the PACE Program. WRCOG receives 1.463% of the amount financed for its participation in the program. In addition, the PACE Program recording fees are included in the revenue balance.

- Operating grants and contributions decreased by $714 thousand, or 2%, from $44.5 million in fiscal year 2015-2016 to $43.7 million in the current fiscal year. This decrease was due to the separation of PACE fees from Operating grants and contributions to Charges for Services. Total expenses increased from $50.2 million to $84.7 million due to an increased amount of PACE and TUMF expenses.

Expenses: Total program expenses for governmental activities were $84.7 million for the current fiscal year, an increase of 68.7%, or $34.5 million compared to prior fiscal year of $50.2 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 PACE related expenses.

The following table provides information from the Statement of Activities for WRCOG for the fiscal year 2016-2017, as compared to the prior year:

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30

	2017	Percent of Total	2016	Increase (Decrease) From 2016	Percent Increase (Decrease)
Revenues					
Program revenues:					
Charges for services	$ 9,316,452	17.6%	$ 9,779,134	$ 462,682	4.7%
Operating grants and contributions	43,773,262	82.5%	44,486,961	713,699	1.6%
General revenues:					
Other revenues	-	0.0%	36,112	36,112	100.0%
Investment earnings	(12,645)	-0.1%	509,228	521,873	102.5%
Total revenues	53,077,069	100.0%	54,811,435	1,734,366	**3.2%**
Expenses					
General government	4,028,482	4.8%	2,520,688	$ (1,507,794)	
Transportation	74,542,061	88.0%	41,631,788	(32,910,273)	-79.1%
Energy	5,622,980	6.6%	5,629,560	6,580	0.1%
Environmental	513,137	0.6%	423,667	(89,470)	-21.1%
Total expenses	84,706,660	100.0%	50,205,703	(34,500,957)	**-68.7%**
Change in Net Position	(31,629,591)		4,605,732	36,235,323	-59.8%
Net Position, Beginning of Year	35,967,971		31,362,239	(4,605,732)	
Net Postion, End of Year	$ 4,338,380		$ 35,967,971	$ 31,629,591	**87.9%**

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 $42.2 million recognized during the year, as compared to $42.6 million for fiscal year 2015-2016, which represents a decrease of 1% or $400 thousand.

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 $12.6 million, as compared to $9.9 million for the prior fiscal year. The increase of $2.7 million, or (27%), was mostly a result of the increased amount of revenue over expenses for the PACE Program, which equated to a net increase of $4 million. The increase in PACE 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 $167 thousand; the assigned portion was $3,426,691, which included the BEYOND Program of $3,305,419 and the Fellowship Program of $121,272, and the unassigned portion at $9 million. The current year's unassigned fund balance is 89% of the total general fund expenditures of $10.1 million, as compared to 90% of the total general fund expenditures for fiscal year 2015-2016. The total fund balance of the General fund for the current year is 125% of the total general fund expenditures as compared to 139% 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:

	2017	Percent of Total	2016	Increase (Decrease) From 2016	Percent Increase (Decrease)
Revenues					
Intergovernmental	$ 1,145,570	9.0%	$ 1,058,265	$ (87,305)	-8.2%
TUMF mitigation fees	1,689,574	13.2%	1,704,607	15,033	0.9%
PACE fees	9,028,003	70.8%	9,562,139	534,136	5.6%
Other revenues	894,488	7.0%	848,957	(45,531)	-5.4%
Investment income	261	0.0%	4,651	4,390	94.4%
Total revenues	$ 12,757,896	100%	$ 13,178,619	$ 420,723	87.2%

The decrease in intergovernmental revenue was attributable to a decreased amount funds from WRCOG's Used Oil Program. 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. PACE fees increased significantly because the program expanded into new areas of California allowing more residents of the state to access and quality for the PACE loans. Lastly, investment income decreased slightly in the general fund due to fluctuations in the market and average cash balances upon fiscal year end.

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

	2017	Percent of Total	2016	Increase (Decrease) From 2016	Percent Increase (Decrease)
Expenditures					
General government	$ 3,965,880	39.2%	$ 2,681,489	$ (1,284,391)	-47.9%
Energy	5,632,488	55.7%	5,647,563	15,075	0.3%
Environmental	513,137	5.1%	435,626	(77,511)	-17.8%
Total expenditures	$ 10,111,505	100.0%	$ 8,764,678	$ (1,346,827)	-65.4%

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. Expenditures in Energy was approximately even. Since the Program has gone statewide, expenditures have increased in such areas as payroll, consulting, and recording fees. Lastly, The Environmental Program experienced an increase in expenditures mostly due to an increase 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 $12.5 million; however, the actual amount was only $12.7 million, leaving a variance of $248 thousand.

On the expenditure side for the General Fund, it was anticipated expenditures would be $13.8 million; however, actual expenditures were only $10.1 million, leaving a variance of $3.7 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, 2017, WRCOG had capital assets of $93,875, 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 $27 million in FY 2015/2016, to $19.4 million in FY 2016/2017, or a decrease of 28%. 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 22, 2017 WRCOG adopted the fiscal year 2017/2018 budget. 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 program, saw a decrease in revenues of 1.29% in Fiscal Year 2016/2017. 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, 3390 University Avenue, Suite 450, Riverside, California 92501.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Statement of Net Position
June 30, 2017

		Governmental Activities
ASSETS		
Cash and investments	$	75,695,122
Receivables:		
Grants		711,716
Interest		4,710
Mitigation fees receivable		6,341,696
Due from other governments		6,313
Prepaid items		167,212
Net OPEB asset		559,059
Capital assets, net of accumulated depreciation		93,875
Total Assets		83,579,703
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pensions		1,197,115
LIABILITIES		
Accounts payable		790,088
Due to other governments		59,423,224
Accrued wages and benefits		1,999
Unearned revenue		743,226
Non-current liabilities:		
Due within one year		17,473
Due in more than one year:		
Compensated absenses		157,261
TUMF liabitities		16,898,755
Net pension liability		2,297,048
Total Liabilities		80,329,074
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to pensions		109,364
NET POSITION		
Net investment in capital assets		93,875
Restricted for:		
Foundation		11,702
Unrestricted		4,232,803
Total Net Position	$	4,338,380

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary Government:				
Governmental activities:				
General government	$ 4,028,482	$ -	$ 512,876	$ (3,515,606)
Transportation	74,542,061	-	42,731,611	(31,810,450)
Energy	5,622,980	9,316,452	-	3,693,472
Environmental	513,137	-	528,775	15,638
Total Governmental Activities	$ 84,706,660	$ 9,316,452	$ 43,773,262	$ (31,616,946)
General Revenues:				
Investment income (loss)				(12,645)
Total General Revenues				(12,645)
Change in Net Position				(31,629,591)
Net Position, Beginning of Year				35,967,971
Net Position, End of Year				$ 4,338,380

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Balance Sheet – Governmental Funds
June 30, 2017

	Major Funds General Fund	Major Funds Special Revenue TUMF	Total Governmental Funds
ASSETS			
Cash and investments	$ 14,035,524	$ 61,659,598	$ 75,695,122
Receivables:			
Grants	711,716	-	711,716
Interest	10	4,700	4,710
Mitigation fees receivable	-	6,341,696	6,341,696
Due from other governments	6,313	-	6,313
Prepaid items	167,212	-	167,212
Advances to other funds	-	827,686	827,686
Total Assets	$ 14,920,775	$ 68,833,680	$ 83,754,455
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	$ 753,433	$ 36,655	$ 790,088
Due to other governments	-	59,423,224	59,423,224
Accrued wages and benefits	1,999	-	1,999
Unearned revenue	743,226	-	743,226
Advances from other funds	827,686	-	827,686
Total Liabilities	2,326,344	59,459,879	61,786,223
Fund Balances			
Nonspendable:			
Prepaid items	167,212	-	167,212
Restricted:			
Transportation projects	-	9,373,801	9,373,801
Foundation	11,702	-	11,702
Assigned:			
BEYOND Program	3,305,419	-	3,305,419
Fellowship Program	121,272	-	121,272
Unassigned	8,988,826	-	8,988,826
Total Fund Balances	12,594,431	9,373,801	21,968,232
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 14,920,775	$ 68,833,680	$ 83,754,455

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2017

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

Total fund balances - Governmental Funds	$ 21,968,232
The net OPEB asset is not an available current financial resource and therefore is not reported in the governmental funds.	559,059
Capital assets, net of accumulated depreciation used in governmental activities, are not current financial resources and therefore are not reported in the funds.	93,875
Non-current liabilities are not due and payable in the current period and therefore are not reported in the funds.	
TUMF liabilities	(16,898,755)
Compensated absences	(174,734)
Net pension liability	(2,297,048)
Deferred outflows and inflows of resources are not reported in the governmental funds:	
Deferred amounts related to pensions	1,087,751
Net Position of Governmental Activities	$ 4,338,380

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2017

	Major Funds		Total
	General Fund	Special Revenue TUMF	Governmental Funds
REVENUES			
Intergovernmental	$ 1,145,570	$ -	$ 1,145,570
TUMF mitigation fees	1,689,574	40,549,766	42,239,340
PACE fees	9,028,003	-	9,028,003
Other revenues	894,488	-	894,488
Investment income (loss)	261	(12,906)	(12,645)
Total Revenues	12,757,896	40,536,860	53,294,756
EXPENDITURES			
Current:			
General government	3,965,880	-	3,965,880
Transportation	-	82,703,352	82,703,352
Energy	5,632,488	-	5,632,488
Environmental	513,137	-	513,137
Total Expenditures	10,111,505	82,703,352	92,814,857
Net Change in Fund Balances	2,646,391	(42,166,492)	(39,520,101)
Fund Balances, Beginning of Year	9,948,040	51,540,293	61,488,333
Fund Balances, End of Year	$ 12,594,431	$ 9,373,801	$ 21,968,232

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	$ (39,520,101)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period.	(6,421)
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.	(122,072)
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.	5,234,500
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 absenses	2,632
Net change in TUMF liabilities	2,925,306
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.	74,252
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	$ (31,629,591)

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Statement of Fiduciary Net Position
June 30, 2017

		Agency Fund
ASSETS		
Cash and investments	$	506,005
LIABILITIES		
Deposits payable	$	506,005

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Western Riverside Council of Governments (WRCOG) was formed in 1989 under the California Government Code Section 6500 et. seq. WRCOG is a special district governed by twenty-four Executive Committee Members consisting of seventeen members from the cities in Western Riverside County (excluding the City of Beaumont), four Riverside County Supervisors, 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 America require that these financial statements present the accounts of WRCOG and any of its component units. Component units are legally separate entities for which WRCOG is considered to be financially accountable or otherwise has a relationship, which is such that the exclusion of the entity would cause the financial statements to be misleading. Blended component units are considered, in substance, part of WRCOG's operations so the accounts of these entities are to be combined with the data of WRCOG. Component units, which do not meet these requirements, are reported in the financial statements as discrete units to emphasize their separate legal status.

Blended Component Unit

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

B. Basis of Presentation

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

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

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

The effect of interfund activity has been removed from the government-wide financial statements. Governmental activities are supported by fees, taxes, and intergovernmental revenues.

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

B. Basis of Presentation, Continued

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

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

C. Measurement Focus and Basis of Accounting

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

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

D. Fund Classifications

WRCOG reports the following major governmental funds:

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

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

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

D. Fund Classifications, Continued

Additionally, WRCOG reports the following fiduciary fund:

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

E. Financial Statement Elements

(1) Cash and Investments

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

(2) Interfund Balances and Transfers

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

(3) Capital Assets

Capital assets, which include furniture and computers, are reported in the government-wide financial statements. WRCOG defines capital assets as assets with an initial, individual cost of more than $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 five to ten years.

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

E. Financial Statement Elements, Continued

(4) Compensated Absences

A total of 10 days of vacation per year may be accumulated by each employee with three years of service, 15 days with four years of service, and 20 days with ten or more years of service. However, employees are not paid for their accumulated sick leave upon retirement until they have been employed for five years, at which time 50% of accumulated sick leave hours 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 that vest or accumulate,
- Payment of the compensation is probable,
- The amount can be reasonably estimated.

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

(5) Fund Balance – Governmental Funds

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

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

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

E. Financial Statement Elements, Continued

(5) Fund Balance – Governmental Funds, Continued

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

(6) Estimates

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

(7) Pensions

Information about the fiduciary net position of WRCOG's California Public Employees Retirement System (CalPERS) Plan and additions to/deductions in the Plan's fiduciary net position have been determined on the same basis as reported by CalPERS. This includes the measurement of pension expense and the net pension liability and deferred outflows/inflows of resources related to pensions. 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.

(8) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources 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: deferred amounts related to pensions.

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

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2017, are classified in the accompanying financial statements as follows:

Statement of Net Position		
Cash and investments	$	75,695,122
Fiduciary Funds		
Cash and investments		506,005
Total Cash and Investments	$	76,201,127

Cash and investments as of June 30, 2017, consist of the following:

Deposits and petty cash	$	37,620,740
Investments		38,580,387
Total Cash and Investments	$	76,201,127

A. Authorized Investments

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	100%	None
U.S. Agency Securities	5 years	100%	None
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%
Banker's 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	None	$65 million **

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

NOTE 2 – CASH AND INVESTMENTS, (Continued)

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of the year end, the weighted average maturity of the investments contained in the Local Agency Investment Fund (LAIF) pool was approximately 270 days, and the Riverside County Investment Pool had a weighted average maturity of 1.10 years. WRCOG's investment policy recognizes the interest rate risk and therefore places maximum maturity limits (up to five years) on various types of allowable investments.

		Remaining Maturity		
Investment Type	**Total**	**12 months or less**	**13 to 24 months**	**25 to 36 months**
LAIF	$ 792,635	$ 792,635	$ -	$ -
Riverside County Treasurer's Pooled Investment Fund	2,236,147	-	2,236,147	-
U.S. Treasury Obligations	500,879	-	-	500,879
U.S. Agency Securities	22,934,747	3,315,632	8,713,475	10,905,640
Local Agency Obligations	535,241	-	535,241	-
Commercial Paper	2,085,216	2,085,216	-	-
Medium Term Notes	9,394,510	2,491,453	1,462,840	5,440,217
Money Market Account	101,012	101,012	-	-
Total	$ 38,580,387	$ 8,785,948	$ 12,947,703	$ 16,846,736

C. Fair Value Classifications

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

NOTE 2 – CASH AND INVESTMENTS, (Continued)

C. Fair Value Classifications, Continued

Fair value measurements for investments are as follows as of June 30, 2017:

Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Obligations	$ 500,879	$ -	$ 500,879	$ -
U.S. Agency Securities	22,934,747	-	22,934,747	-
Local Agency Obligations	535,241	-	535,241	-
Commercial Paper	2,085,216	-	2,085,216	-
Medium Term Notes	9,394,510	-	9,394,510	-
Total Leveled Investments	35,450,593	$ -	$ 35,450,593	$ -
Investments not Subject to Hierarchy:				
LAIF	792,635			
Riverside County Treasurer's Pooled Investment Fund	2,236,147			
Money Market Account	101,012			
	$ 38,580,387			

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.

D. Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	AAA	AA+	AA	AA-	A+	A	Not Rated
LAIF	$ 792,635	N/A	$ -	$ -	$ -	$ -	$ -	$ -	$ 792,635
Riverside County Treasurer's Pooled Investment Fund	2,236,147	N/A	-	-	-	-	-	-	2,236,147
U.S. Treasury Obligations	500,879	N/A	-	500,879	-	-	-	-	-
U.S. Agency Securities	22,934,747	N/A	858,881	22,075,866	-	-	-	-	-
Local Agency Obligations	2,620,457	N/A	-	-	535,241	-	-	2,085,216	-
Medium Term Notes	9,394,510	A	$ 104,448	349,796	$ 498,026	$ 883,585	$ 2,677,875	$ 4,880,780	-
Money Market Account	101,012	N/A	-	-	-	-	-	-	101,012
	$ 38,580,387		$ 963,329	$ 22,926,541	$ 1,033,267	$ 883,585	$ 2,677,875	$ 6,965,996	$ 3,129,794

NOTE 2 – CASH AND INVESTMENTS, (Continued)

E. Concentration of Credit Risk

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

Concentration of Credit Risk

Issuer	Investment Type	Reported Amount	Percent of Portfolio
Freddie Mac	U.S. Agency Securities	$ 8,899,923	23%
Fannie Mae	U.S. Agency Securities	$ 7,701,661	20%
Federal Home Loan Bank	U.S. Agency Securities	$ 4,296,979	11%

F. Custodial Credit Risk

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

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

Of WRCOG's deposits with financial institutions, $37,851,901 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.

NOTE 2 – CASH AND INVESTMENTS, (Continued)

G. Investment in State Investment Pool

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

H. Investment in 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 any time 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 ten year period which began in fiscal year 2014-15 with equal annual payments.

The composition of interfund balance as of June 30, 2017, is as follows:

Receivable Fund	Payable Fund	Amount
TUMF	General	$ 827,686

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2017, is shown below:

	Beginning	Increases	Decreases	Ending
Governmental Activities:				
Capital assets, being depreciated:				
Furniture and Computer Equipment	$ 384,413	$ 38,372	-	$ 422,785
Other Capital Assets	33,037	-	-	33,037
Total Depreciable Capital Assets	417,450	38,372	-	455,822
Less Accumulated Depreciation for:				
Furniture and Computer Equipment	(310,547)	(44,793)	-	(355,340)
Other Capital Assets	(6,607)	-	-	(6,607)
Total Accumulated Depreciation	(317,154)	(44,793)	-	(361,947)
Capital Assets net of Accumulated Depreciation	$ 100,296	$ (6,421)	$ -	$ 93,875

Depreciation expense of $44,793 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, 2017, is shown below:

	Beginning	Additions	Reductions	Ending	Due within One Year
Governmental Activities:					
Compensated Absences	$ 177,366	$ 133,860	$ (136,492)	$ 174,734	$ 17,473
Refund Liability	11,670,561	440,736	(3,366,042)	8,745,255	-
City of Moreno Valley Agreement	10,128,000	-	(3,634,500)	6,493,500	-
City of Riverside Agreement	3,260,000	-	(1,600,000)	1,660,000	-
Net Pension Liability	1,808,565	793,695	(305,212)	2,297,048	-
Total Long-term Liabilities	$ 27,044,492	$ 1,368,291	$ (9,042,246)	$ 19,370,537	$ 17,473

Compensated absences will be liquidated primarily from the General Fund.

NOTE 5 – LONG-TERM LIABILITIES, (Continued)

A. Refund Liability

WRCOG maintains a listing of developers who are owed a refund for various reasons including expired permits, duplicate payments, and credit agreements entered into with the developer. Some of the refunds are included on the Transportation Improvement 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.

B. City of Moreno Valley Agreement

In 2011, WRCOG entered into an agreement with the City of Moreno Valley to fund a portion of the Nason/SR-60 Interchange Project. Pursuant to the agreement, the City incurred project-related costs which will be reimbursed through TUMF as funds become available through the annual TUMF allocation process. The total authorized by the agreement was $11,128,000. As of June 30, 2017, the remaining amount to be reimbursed to the City is $6,493,500. The liability will be liquidated from the TUMF Fund.

C. 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, 2017, the remaining amount to be reimbursed to the City is $1,660,000. 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.

NOTE 6 – TRANSPORTATION UNIFORM MITIGATION FEES, (Continued)

WRCOG is entitled to an administration fee of up to 4% annually of TUMF revenues collected, with a maximum of 1% that can be used to offset salaries and benefits related to TUMF administration. In 2017, 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 allocated among the zones, Riverside County Transportation Commission (RCTC), and Riverside Transit Authority (RTA) are 46.39%, 46.39% and 1.64%, respectively. These allocations are remitted monthly to RCTC and quarterly to RTA; however the zones must submit project plans for approval to WRCOG before funds can be released. RCA must submit potential sites designated for conservation for approval before funds are released.

NOTE 7 – EMPLOYEE BENEFITS

California Public Employees' Retirement System (CalPERS)

Plan Description

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

Benefits Provided

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

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Benefits Provided, Continued

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

The Plan's provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	Classic	New Members
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit 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	8%	6.75%
Required employer contribution rates	12.768%	7.02%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer contributions to the Plan for the fiscal year ended June 30, 2017, were $323,200. The actual employer payments of $305,212 made to CalPERS by the WRCOG during the measurement period ended June 30, 2016, differed from the WRCOG's proportionate share of the employer's contributions of $293,097 by $12,115, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees’ Retirement System (CalPERS), Continued

Net Pension Liability

WRCOG’s net pension liability for the cost-sharing plan covered by miscellaneous risk pools is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases (1)	3.3% - 14.2%
Investment Rate of Return (2)	7.65%
Mortality Rate Table (3)	Derived using CalPERS' membership data for all funds
Post Retirement Rat Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Annual increases vary by category, entry age, and duration of service

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries cale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS’ website, at www.calpers.ca.gov.

Change in Assumptions

There were no changes in assumptions.

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website, at www.calpers.ca.gov.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the PERF asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), 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 of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2015.

Asset Class	Current Target Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	51%	5.25%	5.71%
Global Fixed Income	20%	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	1%	-0.55%	-1.05%
Total	100%		

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Pension Plan Fiduciary Net Position

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

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

Proportionate Share of Net Pension Liability

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

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2015 (VD)	$ 7,972,017	$ 6,163,452	$ 1,808,565
Balance at: 6/30/2016 (MD)	$ 8,945,076	$ 6,648,028	$ 2,297,048
Net changes during 2015-2016	$ 973,059	$ 484,576	$ 488,483

[1]Valuation Date (VD), Measurement Date (MD)

WRCOG's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. WRCOG's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov.

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Proportionate Share of Net Pension Liability, Continued

WRCOG's proportionate share of the net pension liability for the Plan as of the June 30, 2015 and 2016 measurement dates was as follows:

Proportion - June 30, 2015	0.0263%
Proportion - June 30, 2016	0.0265%
Change - Increase	0.0002%

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

The following presents WRCOG's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability	$ 3,501,334	$ 2,297,048	$ 1,301,766

Subsequent Events

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

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

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

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

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

The EARSL for the Plan for the 2015-16 measurement period is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to -0-. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2015), WRCOG's net pension liability was $1,808,565. For the measurement period ending June 30, 2016 (the measurement date), WRCOG incurred a pension income of $76,323.

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

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

At June 30, 2017, WRCOG reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,474	$ 2,400
Changes in assumptions	-	99,091
Differences between projected and actual investment	515,739	-
Differences between employer's contributions and proportionate share of contributions	97,462	-
Change in employers proportion	250,240	7,873
Pension contributions subsequent to the measurement date	323,200	-
	$ 1,197,115	$ 109,364

The amount of $323,200 reported as deferred outflows of resources resulting from WRCOG's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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	
2018	$ 209,595
2019	178,453
2020	242,920
2021	133,583
	$ 764,551

Payable to the Pension Plan

At June 30, 2017, WRCOG reported a payable of $-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

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:

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

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

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 Annual Required Contribution (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.

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)	$ 167,371
Interest on net OPEB obligation	(42,571)
Adjustment to the ARC	57,272
Annual OPEB cost	182,072
Contributions made	(60,000)
Decrease in net OPEB asset	122,072
Net OPEB (asset)/obligation, beginning of year	(681,131)
Net OPEB (asset)/obligation, end of year	$ (559,059)

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

Funding Policy, Continued

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, 2017 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
6/30/2015	$ 148,508	40%	$ (802,265)
6/30/2016	181,134	33%	(681,131)
6/30/2017	182,072	33%	(559,059)

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 plan 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.

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.

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

Methods and Assumptions, Continued

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

Actuarial cost method:	Entry age normal
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	3.00%
Healthcare cost trend	4.0% initially, increased to 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 $298,324 and are included as expenditures in the General Fund.

NOTE 11 – PROPERTY ASSESSED CLEAN ENERGY PROGRAM

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

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

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

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

During the year, WRCOG received 1.463% of the amount financed, for each assessment, in the residential program. A program management fee of $55 per assessment is collected at the initiation of the assessment to pay for recordation. Also collected is a $25 annual administrative fee, per assessment, used to levy on county tax rolls.

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

PACE revenues are broken out by two types: Program and Recording. For FY 16/17, Program revenue totaled $7,452,765, while Recording revenue totaled $1,491,290. Recording revenues are recouped from each bond assessment and charged to recover the amount paid to each County for recording, essentially offsetting the fees paid.

NOTE 12 – BEYOND PROGRAM

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

The BEYOND Program is funded by net PACE program revenues. In the fiscal year ending June 30, 2017, $2.3 million was allocated for Round II of the BEYOND Program. The $2.3 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 $554,261 from BEYOND Round I funding, while no funds for Round II were reimbursed. The remaining $3,305,419 is assigned within the General Fund for the BEYOND program.

NOTE 13 – FELLOWSHIP PROGRAM

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

The Fellowship Program is funded by net PACE program revenues. In the fiscal year ending June 30, 2017 a total of $400 thousand was allocated to the Fellowship Program. During the year, reimbursements to various member agencies for hired interns approved by WRCOG totaled $278,728. The remaining $121,272 is assigned within the General Fund for the Fellowship Program.

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, 2017, 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 – SUBSEQUENT EVENTS

WRCOG has received the first payment from the City of Beaumont related to the settlement between WRCOG and the City. WRCOG will continue to receive revenues from the settlement through a number of sources, including 3rd party claims. WRCOG will allocate the revenues based on the terms of the settlement agreement and any allocation approved by the WRCOG Executive Committee.

At the November 2017 Executive Committee meeting, a requested action will be taken to approve an additional $700,000 for the Fellowship program.

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, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 1,096,000	$ 1,146,527	$ 1,145,570	$ (957)
TUMF mitigation fees	1,599,997	1,599,997	1,689,574	89,577
PACE fees	11,327,824	8,634,633	9,028,003	393,370
Other revenues	1,038,380	1,128,390	894,488	(233,902)
Investment income	-	-	261	261
Total revenues	15,062,201	12,509,547	12,757,896	248,349
Expenditures:				
Current:				
General government	6,570,515	6,652,543	3,965,880	2,686,663
Energy	6,290,789	6,621,504	5,632,488	989,016
Environmental	435,230	579,231	513,137	66,094
Total Expenditures	13,296,534	13,853,278	10,111,505	3,741,773
Net change in fund balance	$ 1,765,667	$ (1,343,731)	2,646,391	$ 3,990,122
Fund balance:				
Balance, beginning of year,			9,948,040	
Balance, end of year			$ 12,594,431	

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Schedule of Funding Progress for Other Postemployment Benefits June 30, 2017

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	0.0%	$ 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%

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Schedule of the WRCOG's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date Last Ten Years* As of the Year Ended June 30, 2017

	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014
Employer's Proportion of the Collective Net Pension Liability (1)	0.0265%	0.0263%	0.0229%
Employer's Proportionate Share of the Collective Net Pension Liability	$ 2,297,048	$ 1,808,565	$ 1,421,911
Employer's Covered Payroll	$ 1,760,643	$ 1,616,828	$ 1,422,424
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	111.86%	111.86%	99.96%
Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability	78.40%	78.40%	79.82%

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

*Measement period 2013-14 (fiscal year 2014-15) was the first year of implementation.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Schedule of Plan Contributions
Last Ten Years*
As of the Year Ended June 30, 2017

	Fiscal Year 2016-17	Fiscal Year 2015-16	Fiscal Year 2014-15
Contractually Determined Contributions	$ 323,200	$ 305,212	$ 294,471
Contributions in Relation to the Contractually Determined Contributions	323,200	305,212	294,471
Contribution Deficiency (Excess)	$ -	$ -	$ -
Employer's Covered Payroll	$ 2,062,647	$ 1,760,643	$ 1,616,828
Contributions as a Percentage of Covered Payroll	15.67%	17.34%	18.21%

Notes to Schedule:
Change in Benefit Terms: None
Change in Assumptions: None

*Measement period 2013-14 (fiscal year 2014-15) was the first year of implementation.

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

WRCOG is entitled to an administration fee of up to 4% annually of TUMF revenues collected, with a maximum of 1% that can be used to offset salaries and benefits related to TUMF administration. In 2017, 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 allocated among the zones, Riverside County Transportation Commission (RCTC), and Riverside Transit Authority (RTA) are 46.39%, 46.39% and 1.64%, respectively. These allocations are remitted monthly to RCTC and quarterly to RTA; however the zones must submit project plans for approval to WRCOG before funds can be released. RCA must submit potential sites designated for conservation for approval before funds are released.

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

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.

SUPPLEMENTARY INFORMATION

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WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Assets				
Cash and investments	$ 860,763	$ 3,388,025	$ 3,742,782	$ 506,005
Total assets	$ 860,763	$ 3,388,025	$ 3,742,782	$ 506,005
Liabilities				
Deposits	$ 860,763	$ 3,388,025	$ 3,742,782	$ 506,005
Total liabilities	$ 860,763	$ 3,388,025	$ 3,742,782	$ 506,005

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Statistical Section

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Statistical Section Overview
For the Fiscal Year Ended June 30, 2017

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 asses 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.

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.

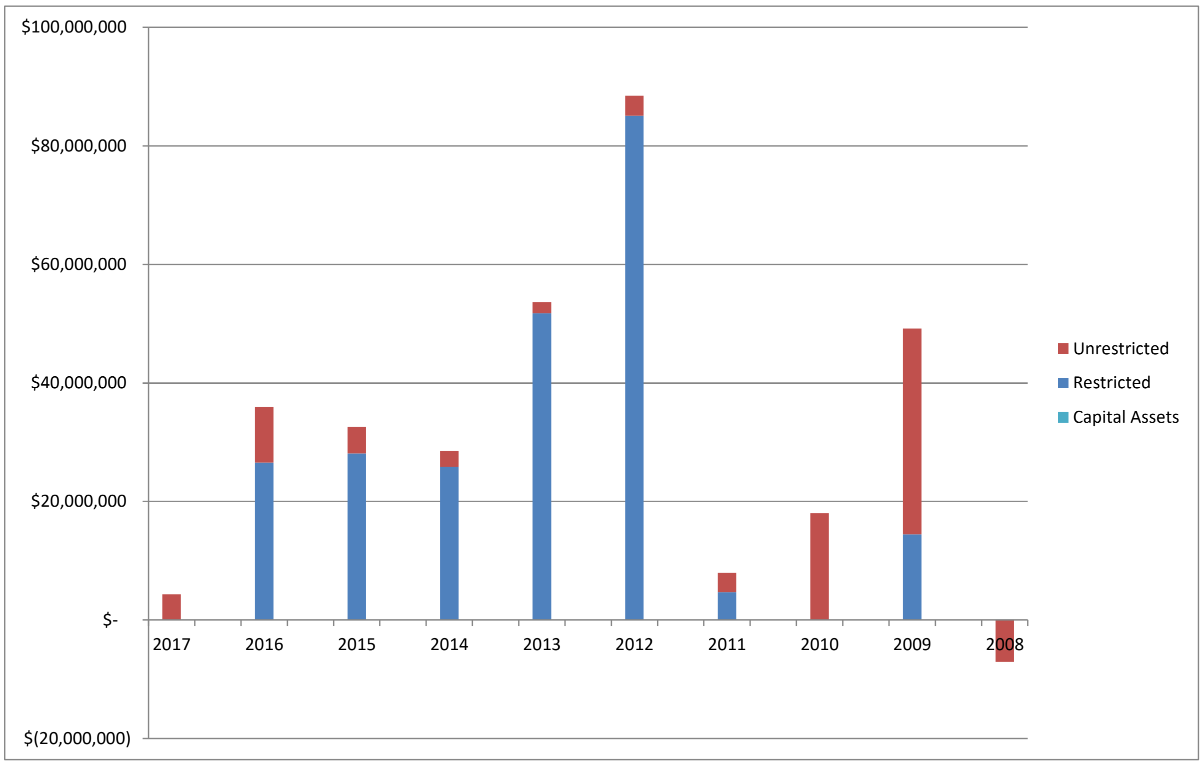
Full-time Equivalent Employees by Function/Program

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
Net investment in capital assets	$ 93,875	$ 100,296	$ 54,038	$ 30,021	$ 20,735	$ 32,918	$ 47,304	$ 60,690	$ 62,883	$ 81,512
Restricted	11,702	26,481,732	28,033,173	25,869,263	51,733,864	85,054,212	4,632,048	-	14,389,308	-
Unrestricted	4,232,803	9,385,943	4,556,290	2,632,813	1,880,401	3,361,861	3,279,968	17,953,134	34,711,008	(7,051,813)
Total governmental activities net position	$ 4,338,380	$ 35,967,971	$ 32,643,501	$ 28,532,097	$ 53,635,000	$ 88,448,991	$ 7,959,320	$ 18,013,824	$ 49,163,199	$ (6,970,301)

Source: Finance Department



WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

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

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
General government	$ 4,028,482	$ 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
Transportation	74,542,061	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
Energy	5,622,980	5,629,560	4,926,278	2,445,533	1,608,694	476,844	20,033	22,812	25,522	26,968
Environmental	513,137	423,667	531,945	647,781	576,600	520,748	-	-	-	-
Total primary government expenses	84,706,660	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
Program Revenues										
Governmental activities:										
General government	512,876	513,188	349,268	420,810	528,756	63,102	1,515,581	1,495,290	1,256,051	1,306,450
Transportation	42,731,611	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
Energy	9,316,452	9,779,134	7,473,816	3,198,814	1,482,940	190,142	-	-	-	-
Environmental	528,775	464,885	620,836	618,415	619,388	712,040	-	-	-	-
Total primary government program revenues	53,089,714	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
Net (Expense)/Revenue										
Total primary government net expense	(31,616,946)	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)
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
Investment income (loss)	(12,645)	509,228	552,021	706,876	(285,642)	806,546	638,791	1,310,611	4,798,161	9,382,064
Special Item	-	-	-	-	-	-	-	-	73,713,976	-
Total general revenues	(12,645)	545,340	793,784	966,225	22,652	1,659,298	1,286,492	1,738,703	79,028,825	9,848,465
Changes in Net Position	$ (31,629,591)	$ 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)

Source: Finance Department

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GENERAL FUND										
General fund:										
Nonspendable										
Prepaid items	$ 167,212	$ 90,762	$ 82,987	$ 70,111	$ 67,357	$ 36,386	$ 52,047			
Restricted										
LTF	-	-	-	581,358	578,909	591,273	650,397			
Foundation	11,702	11,690	-	-	-	-	-			
Assigned										
BEYOND Program	3,305,419	1,556,763								
Fellowship Program	121,272	400,000								
Unassigned	8,988,826	7,888,825	5,415,947	1,275,895	456,939	392,965	76,440			
Total general fund	$ 12,594,431	$ 9,948,040	$ 5,498,934	$ 1,927,364	$ 1,103,205	$ 1,020,624	$ 778,884			
General fund:										
Reserved								$ -	$ -	$ -
Designated								3,077,075	3,882,403	3,438,509
Undesignated								1,042,934	1,390,576	1,039,332
								$ 4,120,009	$ 5,272,979	$ 4,477,841
ALL OTHER GOVERNMENTAL FUNDS										
All other governmental funds:										
Committed										
TUMF	$ -	$ -	$ -	$ -	$ -	$ -	$ 72,530,712			
Restricted										
Transportation	9,373,801	51,540,293	53,379,614	49,094,887	65,104,205	95,670,753	-			
Foundation	-		11,695	11,604	20,550	11,370	48,346			
Assigned										
TUMF	-	-	-	-	-	-	31,175,659			
Tota	$ 9,373,801	$ 51,540,293	$ 53,391,309	$ 49,106,491	$ 65,124,755	$ 95,682,123	$ 103,754,717			
All other governmental funds:										
Reserved								$ 92,968,382	$ 126,416,225	$ 149,784,471
Undesignated								30,555,061	29,287,019	24,606,528
Total all other governmental funds								$ 123,523,443	$ 155,703,244	$ 174,390,999

Source: Finance Department

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

	Fiscal Year									
	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Revenues										
Intergovernmental, net	$ 1,145,570	$ 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
TUMF mitigation fees	42,239,340	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
PACE fees	9,028,003	9,562,139	7,159,144	2,197,585	-	-	-	-	-	-
Other revenues	894,488	848,957	986,914	1,547,307	1,714,271	852,752	647,701	428,092	516,688	466,401
Investment income (loss)	(12,645)	509,229	552,021	420,526	(285,642)	806,546	638,791	1,310,611	4,798,161	9,382,064
Total revenues	53,294,756	54,593,748	46,667,817	29,822,987	28,620,136	16,747,578	10,967,458	13,942,447	19,358,564	26,550,302
Expenditures										
Current:										
General Government	3,965,880	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
Programs:										
Transportation	82,703,352	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
Energy	5,632,488	5,647,563	4,929,398	2,431,687	1,589,887	675,950	-	-	-	-
Environmental	513,137	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
Total expenditures	92,814,857	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
Excess (deficiency) of revenues over (under) expenditures	(39,520,101)	1,704,007	8,134,899	(20,339,449)	(29,968,118)	(12,175,895)	(20,728,513)	(33,332,310)	(17,892,617)	(29,059,669)
Other financing sources (uses):										
Loan proceeds	-	-	-	-	-	1,500,000	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	1,500,000	-	-	-	-
Net change in fund balances	$ (39,520,101)	$ 1,704,007	$ 8,134,899	$ (20,339,449)	$ (29,968,118)	$ (10,675,895)	$ (20,728,513)	$ (33,332,310)	$ (17,892,617)	$ (29,059,669)
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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GENERAL FUND:										
Member dues:										
Banning	$ 3,941	$ 3,941	$ 3,957	$ 3,957	$ 3,957	$ 3,957	$ 3,957	$ 3,957	$ 5,361	$ 5,361
Beaumont	-	-	5,255	5,255	5,255	5,255	5,255	5,255	2,486	2,486
Calimesa	1,049	1,049	1,102	1,102	1,102	1,102	1,102	1,102	1,739	1,739
Canyon Lake	1,406	1,406	2,256	2,256	2,256	2,256	2,256	2,256	3,410	3,410
Corona	20,290	20,290	25,886	25,886	25,886	25,886	25,886	25,886	35,226	35,226
Eastvale	7,171	7,171	-	-	-	-	-	-	-	-
Hemet	9,797	9,797	10,386	10,386	10,386	10,386	10,386	10,386	13,158	13,158
Jurupa Valley	12,710	12,710	-	-	-	-	-	-	-	-
Lake Elsinore	6,933	6,933	7,904	7,904	7,904	7,904	7,904	7,904	7,160	7,160
Menifee	10,491	10,491	10,147	10,147	10,147	10,147	10,147	10,147	-	-
Moreno Valley	25,780	25,780	25,413	25,413	25,413	25,413	25,413	25,413	30,749	30,749
Murrieta	13,794	13,794	17,954	17,954	17,954	17,954	17,954	17,954	12,880	12,880
Norco	3,573	3,573	4,482	4,482	4,482	4,482	4,482	4,482	6,058	6,058
Perris	9,215	9,215	8,173	8,173	8,173	8,173	8,173	8,173	7,624	7,624
Riverside	40,512	40,512	42,894	42,894	42,894	42,894	42,894	42,894	62,876	62,876
San Jacinto	5,889	5,889	5,504	5,504	5,504	5,504	5,504	5,504	5,111	5,111
Temecula	13,424	13,424	18,714	18,714	18,714	18,714	18,714	18,714	17,854	17,854
Wildomar	4,298	4,298	4,863	4,863	4,863	4,863	4,863	4,863	-	-
County of Riverside	48,136	48,136	43,520	43,520	43,520	43,520	43,520	43,520	68,788	68,788
County of Riverside - Office of Superintendent	17,000	17,000	17,000	17,000	17,000	17,000	-	-	-	-
Eastern Municipal Water District	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	20,000	20,000
Western Municipal Water District	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	20,000	20,000
Morongo Band of Mission Indians	17,000	9,500	10,000	10,000	-	-	-	-	-	-
Total Member dues	$ 306,410	$ 298,910	$ 299,410	$ 299,410	$ 289,410	$ 289,410	$ 272,410	$ 272,410	$ 320,480	$ 320,480
ALL OTHER GOVERNMENTAL FUNDS										
Transportation Uniform Mitigation Fee (TUMF):										
Banning	$ 40,930	$ 6,326	$ 54,738	$ 4,116	$ -	$ 89,603	$ 2,057	$ 36,319	$ 12,606	$ 214,394
Beaumont	-	-	-	-	-	-	-	-	-	69,222
Calimesa	103,835	10,359	133,217	65,387	1,310	1,144	22,963	154,051	-	31,478
Canyon Lake	18,525	20,583	27,055	22,642	4,117	1,028	6,169	2,259	2,313	44,576
Corona	1,153,262	2,743,488	1,989,728	114,644	104,773	1,272,328	215,876	109,292	422,457	1,420,435
Eastvale	1,249,621	1,705,338	1,241,685	1,438,152	1,478,348	665,522	434,531	-	-	-
Hemet	52,392	351,010	545,597	736,612	531,470	194,078	145,284	1,026,097	536,448	930,216
Jurupa Valley	2,400,109	2,302,649	1,738,387	242,216	112,044	32,901	-	-	-	-
Lake Elsinore	800,725	969,533	898,098	868,004	646,241	259,098	263,885	115,607	392,960	650,923
March JPA	765,627	222,482	239,874	-	227,695	-	-	156	-	471,254
Menifee	1,374,603	1,203,549	909,230	1,665,304	821,673	628,138	1,108,611	1,136,869	4,430,855	-
Moreno Valley	883,562	1,356,327	2,343,895	1,138,394	693,588	29,612	425,411	413,086	641,423	1,352,032
Murrieta	884,391	1,452,155	1,496,315	70,944	81,192	64,386	702,612	360,959	152,991	702,877
Norco	304,411	100,355	101,444	11,288	8,232	-	65,000	5,764	83,055	61,804
Perris	1,235,325	1,167,113	1,069,887	1,498,823	320,608	124,896	187,814	107,272	412,229	730,803
Riverside	3,113,205	1,852,839	1,461,429	594,363	1,365,025	955,549	837,989	299,033	1,000,099	3,512,286
San Jacinto	843,818	698,893	259,021	200,630	70,674	90,480	123,462	235,158	355,874	804,624
Temecula	810,938	809,664	679,386	227,028	1,772,534	944,090	1,288,039	940,530	1,746,599	924,949
Wildomar	826,659	384,865	83,178	219,722	1,032,017	16,451	30,063	310,670	4,625	-
County - Northwest	569,203	414,258	216,343	183,616	189,161	248,635	685,058	1,545,271	2,352,587	2,520,760
County - Southwest	863,473	636,493	1,529,926	1,288,379	1,622,276	598,885	367,429	639,407	2,575,582	1,800,925
County - Central	911,716	1,040,489	593,671	46,173	434,159	37,570	127,594	144,747	833,937	831,614
County - Pass	12,349	20,581	16,502	4,116	431,198	2,181	3,347	23,962	31,344	96,823
County - Hemet/San Jacinto	376,151	299,821	91,090	82,324	30,103	15,701	6,316	33,120	169,059	195,741
Regional Transit Authority	692,725	698,889	314,621	367,630	423,339	194,423	185,257	341,681	563,184	822,310
Riverside County Transportation Commission	19,594,830	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
WRCOG	1,689,574	1,704,607	2,076,008	974,049	1,027,871	505,866	544,408	663,267	2,453,241	1,549,402
MSHCP	667,382	673,319	602,662	369,011	407,929	191,743	194,668	223,217	358,564	491,465
Total TUMF	$ 42,239,340	$ 42,615,159	$ 38,193,977	$ 23,332,924	$ 25,816,019	$ 12,658,634	$ 13,412,759	$ 15,470,963	$ 30,080,898	$ 35,633,407

Source: Finance Department

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

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

Calendar Year	Population	Personal Income (thousands)	Per Capita Personal Income	Unemployment Rate
2017	2,390,702	$ 88,000,000	$ 37,888	5.80%
2016	2,317,924	89,500,000	31,762	6.90%
2015	2,329,271	83,500,000	31,344	8.40%
2014	2,292,507	76,289,477	30,815	9.80%
2013	2,227,577	70,376,019	29,986	11.50%
2012	2,239,620	67,024,780	29,927	13.20%
2011	2,189,641	63,900,000	29,035	14.70%
2010	2,125,440	63,228,086	29,748	13.40%
2009	2,077,183	64,503,728	31,053	8.50%
2008	2,031,625	61,023,518	30,037	6.00%

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

Industry Type	2016	% of Total Employment	2007	% of Total Employment
Agricultural service, forestry, fishing and other	131,600	18.6%	118,700	18.8%
Mining	300	0.0%	700	0.1%
Construction	60,000	8.5%	61,300	9.7%
Manufacturing	43,200	6.1%	51,700	8.2%
Transportation, warehousing, and public utilities	41,200	5.8%	23,000	3.6%
Wholesale trade	23,700	3.3%	21,000	3.3%
Retail trade	97,700	13.8%	92,800	14.7%
Professional & business services	66,400	9.4%	62,400	9.9%
Education & health services	102,000	14.4%	69,100	10.9%
Other services	22,600	3.2%	20,800	3.3%
Federal government, civilian	7,200	1.0%	6,100	1.0%
State government	17,400	2.5%	15,600	2.5%
Local government	95,600	13.5%	89,400	14.1%
Total	708,900	100.0%	632,600	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

	As of June 30									
Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Management services and administration	9.0	7.8	7.2	5.5	5.9	6.0	6.5	7.3	5.1	5.4
Transportation	3.5	5.5	4.9	4.9	5.8	5.0	6.3	6.5	7.7	7.4
Energy	15.3	8.3	7.2	4.6	3.1	2.2	3.2	3.2	3.2	3.2
Environmental	2.3	1.3	3.4	3.0	3.0	2.0	3.0	3.0	3.0	3.0
Total full time equivalents	30.0	22.8	22.7	18.0	17.8	15.2	19.0	20.0	19.0	19.0

Source: Finance Department

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Item 4.A

Fiscal Year 2016/2017
Comprehensive Annual Financial
Report (CAFR)

Attachment 2

FY 2016/2017 Statement on Auditing
Standards 114 Report

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CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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To the Executive Committee
Western Riverside Council of Governments

We have audited the financial statements of Western Riverside Council of Governments (WRCOG) as of and for the year ended June 30, 2017, and have issued our report thereon dated October 31, 2017. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 15, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by WRCOG is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the 2017 fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements are:

> Management's estimate of the fair value of investments is based on observable market inputs and information from WRCOG's safekeeping custodian banks. We evaluated the key factors and assumptions used to develop the fair value of investments and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.
>
> Management's estimate of the net pension liability and related deferred inflows of resources and outflows of resources is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.
>
> Management's estimate of the asset for other post-employment benefits is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

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

> The disclosure of fair value of investments in Note 2 to the financial statements represents amounts susceptible to market fluctuations.
>
> The disclosure of net pension liability in Note 7 to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed estimates.
>
> The disclosure of the postemployment benefits other than pensions (OPEB) in Note 8 of the financial statements identifies the annual OPEB cost and the funded status of the actuarial accrued liability. The information disclosed is based on actuarial information.

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

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

Disagreements with Management

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated October 31, 2017.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

We applied certain limited procedures to management's discussion and analysis, the schedule of proportionate share of net pension liability, the schedule of plan contributions, the schedule of 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.

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

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 31, 2017

October 31, 2017

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

This representation letter is provided in connection with your audit of the financial statements of Western Riverside Council of Governments (WRCOG) as of June 30, 2017 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of WRCOG in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

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

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 31, 2017.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 15, 2017 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.

- All funds and activities are properly classified.

- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.

- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.

- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.

- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.

- All interfund and intra-entity transactions and balances have been properly classified and reported.

- Special items and extraordinary items have been properly classified and reported.

- Deposit and investment risks have been properly and fully disclosed.

- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

- All required supplementary information is measured and presented within the prescribed guidelines.

- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.

  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.

  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.

  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;

  - Additional information that you have requested from us for the purpose of the audit; and

  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;

  - Employees who have significant roles in internal control; or

  - Others where the fraud could have a material effect on the financial statements.

- We have no knowledge of allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.

- We *are* not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.

- WRCOG has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

- There are no:

  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.

  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.

- WRCOG has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Required Supplementary Information

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

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

____

Rick Bishop
Executive Director

____

Ernie Reyna
Chief Financial Officer

Required Supplementary Information

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

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

Ernie Reyna

Ernie Reyna
Chief Financial Officer

Item 4.A

Fiscal Year 2016/2017 Comprehensive Annual Financial Report (CAFR)

Attachment 3

FY 2016/2017 Generally Accepted Government Auditing Standards Report

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

Independent Auditor's Report

To the Executive Committee
Western Riverside Council of Governments
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 Western Riverside Council of Governments (WRCOG) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise WRCOG's basic financial statements, and have issued our report thereon dated October 31, 2017.

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.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 31, 2017

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **PACE Program Activities Update**

Contact: **Casey Dailey, Director of Energy and Environmental Programs, cdailey@wrcog.us, (951) 955-7282**

Date: **December 13, 2017**

The purpose of this item is to *provide the Committee with an update on the reduced interest rates implemented under the HERO Program.*

Requested Action:

1. Receive and file.

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 voluntary lien placed on the property tax bill.

HERO Program Interest Rates

Renovate America will provide an update on the HERO Program's reduced interest rates that were implemented in February 2017.

Prior Action:

December 4, 2017: The Executive Committee 1) received WRCOG PACE Program Summary; 2) conducted a Public Hearing Regarding the Inclusion of the City of Petaluma 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 46-17; 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) authorized the Executive Director to continue utilizing Baker Tilly to conduct future operational analyses / audits of its residential PACE Programs; and 5) authorized the Executive Director to execute a Professional Service Contract with Baker Tilly for operational analysis / audit of Renovate America, in an amount not to exceed $140,000 for the Fiscal Year 2016/2017.

Fiscal Impact:

HERO revenues and expenditures for the WRCOG and California HERO Programs are allocated in the Fiscal Year 2017/2018 Budget under the Energy Department.

<u>Attachment</u>:

None.

Item 4.C

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **BEYOND Team Application Update on Regional Homelessness**

Contact: **Cynthia Mejia, Staff Analyst, cmejia@wrcog.us, (951) 955-8311**

Date: **December 13, 2017**

The purpose of this item is to *update the Committee on the two BEYOND Team Grant applications that were approved for funding to address homelessness in Western Riverside County.*

Requested Action:

1. Receive and file.

BEYOND Program Overview

The BEYOND Framework Fund Program is designed to enable member agencies to develop and implement plans and programs aimed at improving quality of life in Western Riverside County by addressing the goals outlined in WRCOG's Economic Development and Sustainability Framework (the Framework). There are six Framework goal areas: economic development, health, education, energy & environment, water, and transportation.

Round I of BEYOND funded more than 30 projects from February 2016 through August 2017. Round II of BEYOND was approved on June 24, 2016, and expanded the Program to include a pot of competitive funding titled BEYOND Team. On June 5, 2017, the Executive Committee allocated $79,000 each to two projects for the BEYOND Team category relating to homelessness. One is the "Southwest Regional Homeless Alliance", comprised of the cities of Lake Elsinore, Menifee, Murrieta, Wildomar, Temecula and the Community Mission of Hope. Another is branded as the "Western Riverside Homeless Collaborative" and is comprised of Riverside, Corona, Jurupa Valley, the County of Riverside and Path of Life Ministries.

Southwest Regional Homeless Alliance

The Southwest Regional Homeless Alliance (SW Alliance), a collaboration between the Southwest Cities, Community Mission of Hope, and other partners, are meeting routinely to discuss how each organization can contribute to the group's goals for alleviating homelessness in the subregion. Due to staffing changes and a physical relocation of the group's nonprofit partner, Community Mission of Hope, the City of Temecula has taken a lead role in convening regular meetings and communicating with all participating agencies. One of the first tasks that each jurisdiction engaged in was mapping available resources in their respective jurisdictions for individuals experiencing homelessness. In addition, all members of the SW Alliance have adopted common messaging for educating the community on how to help the homeless in an effective way. The theme of this communications campaign is "Responsible Compassion" and each participating agency is incorporating this message into their respective websites, printed door hangers, and resource guides to provide residents and businesses with suggested "do's and don'ts" when responding to panhandling. The purpose of the Responsible Compassion campaign is to inform residents and businesses in all neighboring jurisdictions of ways to support efforts that can minimize homelessness in their communities.

The Southwest Cities are continuing to work with numerous nonprofit, faith based and regional partners to reach out to those experiencing homeless across their neighboring cities. Some of the organizations represented include the Riverside University Health System, local police departments, Health to Hope Clinic and the Housing Crisis Response Center, among others. Altogether, the SW Alliance is working on streamlining public safety efforts, enforcing local ordinances, abating sites, conducting outreach to the homeless population and working to engage the public on what the city and/or organizations are doing to contain homelessness.

The City of Temecula is in the process of partnering with Path of Life Ministries to conduct additional outreach. They are also in the process of partnering with CityNet, a nonprofit, volunteer-based organization, to navigate the city's housing opportunities and work with trained case managers to house unsheltered individuals. CityNet is well known for its work in Orange County, particularly related to case management, outreach, and successfully housing over 400 individuals with a 92% housing retention rate.

The chart below summarizes the progress report the SW Alliance recently submitted to WRCOG for the BEYOND Program.

Milestone / Deliverable	Planned Date	Current Forecast	Status	Comments
Emergency Housing Program	October 2017	December 2017	In progress	
Implementation of Community Asset Assessment	May 2017	November 2017	In progress	Menifee – On-going Lake Elsinore – beginning Temecula/Murrieta- on-going
Hire PT Homeless Outreach Coordinator	August 2017	November 2017	In progress	Path of Life is our choice for this; agreement is in reviewing stage
Rapid Rehousing	October 2017	December 2017	In progress	
Hiring PT Housing Navigator	August 2017	November 2017	In progress	City Net has been chosen for this position; agreement is in review stage.

<u>Western Riverside Homeless Collaborative</u>

The $79,000 in BEYOND Team funds awarded to the Western Riverside Homeless Collaborative (NW Collaborative), was less than the requested amount of $94,293, so City staff leading the NW Collaborative modified the scope of work to fit the budget parameters. Before modifying the scope of work, staff met with the SW Alliance to ensure efforts were not being duplicated and communicate the group's short and long term goals. The NW Collaborative scope of work is as follows:

1. Hire a homeless facilitator to assist with faith-based coordination.
2. Undertake regional coordination among partnering agencies;
    a. Work with local law enforcement to address quality of life issues,
    b. Create and conduct case conferencing teams, and
    c. Attend housing navigation meetings to ensure homeless individuals are linked to Outreach Workers and/or Housing Navigators.
3. Develop training materials:

    a. Curriculum development, and
    b. Training videos for Understanding Homelessness, Outreach (including diversion), Coordinated Entry, Housing Location, and Housing Navigation.
4. Faith Summit:
    a. Engage faith-based organizations - Fill the role of Outreach, Peer Support, Case Management, Housing Navigator and Housing Locator,
    b. Identify properties available for the development of permanent supportive housing,
    c. Provide training opportunities for volunteers, and
    d. Donate to efforts that are providing housing to the homeless.
5. Faith-Based Coordination:
    a. Asset mapping,
    b. Data sharing,
    c. Create and share marketing and communication tools, and
    d. Track local and regional investment to facilitate grant opportunities.
6. Landlord Incentive Program:
    a. Develop program parameters,
    b. Create marketing materials for the program, and
    c. Implement the program.
7. Toolkit:
    a. Share best practices with WRCOG members and other City and County partners,
    b. Collect and consolidate homeless related policies,
    c. Develop a communications plan to market programs and resources, best practices, the Responsible Compassion marketing campaign and share success stories, and
    d. Develop sample metrics. The Collaboration’s main goal is to stabilize homeless people through the use of shelters, permanent housing and assistance programs to reduce homelessness in the subregion.

Collaboration among WRCOG and Both BEYOND Team Efforts

Representatives from the NW and SW BEYOND Team groups continue to communicate and meet periodically with each other to ensure that efforts are not being duplicated, but rather complimenting their respective goals. Each group has also been communicating and engaging WRCOG staff at meetings to share the milestones they reach. Staff will continue to provide regular updates to the Administration & Finance Committee and other Committees as needed to ensure member agencies are aware of progress being made to address homelessness in Western Riverside County and identify additional ways to mitigate this regional challenge.

Prior Actions:

June 24, 2017: The Executive Committee approved funding for both BEYOND TEAM Projects.
May 10, 2017: The Administration & Finance Committee recommended funding.

Fiscal Impact:

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

Attachment:

1. Round II BEYOND Team Summaries.

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Item 4.C

BEYOND Team Application Update on Regional Homelessness

Attachment 1

Round II BEYOND Team Summaries

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Summary of Round II BEYOND Team Project Applications

Lead Agency	Partners	Project Name	Amount Awarded	Goal Area(s)	Project Description
City of Riverside	Cities of Corona, Jurupa Valley, County of Riverside, and Path of Life Ministries	Western Riverside Homeless Collaborative	$79,000.00		Western Riverside Homeless Collaborative's (WRHC) main objective is to stabilize homeless people through the use of shelters, permanent housing, and assistance programs to reduce homelessness in the subregion. The WRHC aims to achieve this objective by adopting a comprehensive regional approach to programming, performing asset mapping, strategic capacity building, and coordinated placement and case management. Specific tasks to be completed include: (1) hiring Homeless Facilitators, (2) creating a Subregional Leadership Committee, (3) performing Asset Mapping, (4) assembling a Law Enforcement Case Conferencing Team, (5) identifying faith-based and other access points for a Coordinated Entry System, (6) Responsible Compassion and love Your Neighbor Campaign, and (7) Performance Measurement.
City of Temecula	Cities of Lake Elsinore, Menifee, Murrieta, Wildomar, Temecula, and Community Mission of Hope	Regional Homeless Alliance (Southwest Cities)	$79,000.00		The goal of the Regional Homeless Alliance is to achieve functional zero homeless. BEYOND Team funds would support development of a more comprehensive regional program by building on the existing foundation with a focus on immediate needs: beds, outreach, housing options and coordination of services. Specific activities will include (1) development of a Community Asset Assessment and Roadmap to address future needs, (2) development of formal housing navigation process, and (3) development of a replicable, coordinated entry system through outreach, housing navigation and low barrier supportive services. Specific tasks include hiring a part-time homeless outreach coordinator and part-time housing navigator, management of five full-time units for rapid rehousing, and provision of emergency shelter for an average of three individuals/families per night.

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Item 4.D

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **Carryover Revenue Proposal for Fiscal Year 2016/2017**

Contact: **Jennifer Ward, Director of Government Relations, jward@wrcog.us, (951) 955-0186**

Date: **December 13, 2017**

The purpose of this item is to *discuss and gain direction from the Committee regarding allocation of carryover revenues generated through the HERO Program.*

Requested Action:

1. Discuss and provide direction.

Background

In Fiscal Year (FY) 2014/2015, WRCOG began to generate net revenues from HERO Program administration. Net HERO revenues, or "carryover revenue," amounted to $3.3M in that fiscal year. In FY 2015/2016, carryover revenues increased to $4.3M. In generating carryover revenues, the Executive Committee gave staff direction to undertake new projects such as BEYOND, Fellowship, Water Quality, and Grant Writing in addition to establishing an Agency reserve. Attachment 1 summarizes carryover revenues realized to date.

Update on Allocation of Carryover Funds

After staff completed their analysis of revenues and expenditures for FY 2016/2017, it was determined carryover revenues would amount to approximately $4M. Considering the Programs currently in place for WRCOG based on the first two years of carryover revenue, and incorporating input on potential new programs from WRCOG members, staff put together ideas of how carryover funds could be utilized for FY 2017/2018.

These ideas were considered by the Administration & Finance Committee on November 8, 2017, and staff is bringing this item back for further discussion and deliberation. Proposed allocations for the $4M in FY 2016/2017 carryover revenues, along with previous years' allocations for comparison, are listed below. Each proposed allocation for the FY 2016/2017 carryover revenues is summarized in the table below, and staff will provide a presentation on items that staff requests additional discussion and direction from Committee members on.

Note that moving forward, for any initiative that WRCOG either is requested or desires to fund, staff intends to utilize a "Filter" process, established at the WRCOG Agency Visioning Session in October 2017, to evaluate whether or not it would be beneficial for WRCOG to pursue any request. Staff evaluated a previously identified set of proposed initiatives through this Filter that could potentially be funded under the "Project" category. The results of this Filter analysis is provided as Attachment 3; both the Filter process and the "Project" category are described in detail later in this staff report.

Allocation of Carryover Funds to Date			
Category	**FY 2014/2015**	**FY 2015/2016**	**Proposed FY 2016/17**
TOTAL	**$3.3 million**	**$4.3 million**	**$4 million**
Reserves	$475,000	$1.6 million	$2.5 million **Includes $500,000 for PACE Program Reserve*
BEYOND Program	$1.8 million	$2.3 million	--
Fellowship	$400,000	--	$700,000 *(EC approved)*
Budgeted Items	$625,000	--	--
Grant Writing	--	$200,000	$500,000 *(EC approved)*
Water Quality	--	$200,000	--
Projects	--	--	$300,000

Reserves: Staff recommends WRCOG continue to build its General Fund and program specific reserves. The California Society of Municipal Finance Officer's (CSMFO) Best Practices indicate that an agency's reserve should be equal to at least 20% of its operating budget. For WRCOG, 20% of the operating budget would be approximately $4M; transferring $2.5M into the reserve from the 2016/2017 carryover revenue would yield a balance of approximately $4.5M. Staff is recommending that, of these $4.5M in reserve, $500,000 be specifically set aside for PACE Program reserves. Staff recommends this for two reasons: 1) general fiscal prudency to dedicate specific program reserves separate from general agency reserves (the TUMF Program for example has a dedicated reserve of approximately $3M); and 2) the Executive Committee previously established a protocol that 20% of PACE net revenues be allocated towards reserves, and now that PACE net revenues are accumulating at a steady rate, it makes sense to specifically define a portion of WRCOG's reserves for the PACE Program.

Fellowship: Based on success of the first round, WRCOG's Executive Committee committed to setting aside a total of $700,000 for the Fellowship Program to continue This allocation was approved by the Executive Committee on November 6, 2017, and includes $300,000 for the current round (Round 2) and $400,000 for the next round (Round 3) of Fellows.

BEYOND Program: Since there have been two rounds of BEYOND funding released thus far with over $3M in unspent monies for projects funded in those rounds (see Attachment 2 for more information), staff recommends that BEYOND be renewed for a third round in July 2018 using anticipated funds from FY 2017/2018 carryover revenues. If the Program is approved for a third round, member agencies could apply for Round 3 BEYOND Funding in late 2018/early 2019. This proposed schedule would allow time for Round 1 and Round 2 projects to be completed.

Grant Writing Assistance: Due to the popularity of the Grant Writing Assistance program WRCOG launched earlier this year, the Executive Committee approved on December 4, 2017, an additional $500,000 to provide additional funding for a "bench" of grant writing consultants that can assist member jurisdictions.

Projects: Staff proposes to create a "projects" category in the amount of $300,000 that could be designated in a number of ways, up to the discretion of the Executive Committee. Staff proposes the following process options for these funds:

A. Maintain "project" account for future requests; or
B. Allocate to a specific project, not already identified; or
C. Allocate to a specific project(s), already identified and vetted through Filter (see Attachment 3).
D. Allocate to the Agency reserve.

Description of Options for $300,000 in Project Category

Option A: Maintain “project” account for future requests: Recognizing that WRCOG frequently receives requests from both member agencies and external stakeholders to support, participate in, and/or financially contribute to various initiatives, Option A would maintain $300,000 in a “project” account to allow the Agency to consider funding these types of requests as they emerge. Under this Option, staff would use the following process when such a request is identified: Step 1) evaluate the proposal/request using the Filter; Step 2) present the request and the Filter analysis results to the Administration & Finance Committee for consideration; and Step 3) follow the Committee direction and respond accordingly to the proposer.

The advantages of this Option is that the Agency can be potentially immediately responsive to member needs as they arise, since there is no specific period by which a “call for projects” would be undertaken. The downside of the Option is that some member agencies that have immediate needs could dominate the funding allocation rather quickly, and ideas that arise later on during a particular year could go unfunded.

Option B: Allocate to a specific project, not already identified: If the Committee does not wish to keep these dollars in a “project” account and instead allocate the $300,000 to a specific use, staff proposes Option B to dedicate the funds to a single, definitive project. Staff recommends that under this option, a process be defined to determine this project to provide equitable opportunities for all interested parties to submit proposals. This would typically call for WRCOG to develop a “call for projects,” set parameters and deadlines for submittals, review proposals submitted and then recommend what project(s) should be considered by the Administration & Finance Committee and Executive Committee to go forward.

The advantages of this Option is that creates a more defined, deliberative, and formal process than Option A. The disadvantage is that having this process in place will likely not reduce or eliminate the frequent requests that WRCOG receives for funding, through which Option A addresses. Another disadvantage is that depending on the funding amount offered, it might be too labor-intensive on members to go through the process.

Option C: Allocate to a specific project(s), already identified and vetted through Filter: On November 8, staff presented the Administration & Finance Committee with a list of potential initiatives for WRCOG to consider funding. This list was derived from a variety of sources, including, but not limited to: WRCOG Committee discussions, requests from WRCOG member agencies, WRCOG visioning sessions, review of local and national best practices, dialogue with external stakeholders, and internal staff conversations. Attachment 3 indicates how each of those initiatives scored in the WRCOG Filter.

One problem with this approach—at this time at least—is that some, but not all, of these identified projects really has “official” backing or vetting from member agencies and/or Committees. For example, the many potential ideas that surfaced during the October Visioning Session came from individuals for purposes of potential future discussion. That being said, all of the potential ideas from the above sources have been evaluated through the Filter for purposes of providing an initial assessment of these ideas in order to set the stage for potential further refinement of those proposals that scored well, or those that members might want to evolve further.

Option D: Another option is to not pursue a “Projects” category, for this year at least, and simply allocates these funds to the Agency reserve, or other uses.

Filter Analysis for Evaluating Proposed Initiatives

The Filter includes eleven issues that are considered in reviewing a project proposal:

1. Will the program provide regional benefit – is the issue truly multi-jurisdictional?
2. Does the program show a strong nexus to the Agency’s purpose – to unify Western Riverside County so that it can speak with a collective voice on important issues that affect its members while respecting local control?
3. Will the program complement WRCOG’s existing programs?
4. Is there a high potential to make a difference?
5. Does WRCOG have the resources to be effective?
6. Will WRCOG's involvement provide a strong return on investment or "bang for your buck"?

7. Is this issue already being addressed by any other agency / agencies?
8. Is there something WRCOG can do that no other agency can?
9. Would WRCOG's involvement protect and support quality of life by promoting any one or more of the six quality of life promoting goal areas identified in the Sustainability Framework: economy, health, transportation, water / waste water, energy / environment, and education?
10. Is there a relevant model WRCOG could follow that other regional agencies have found to be effective to address this issue?
11. What other factors are important to consider with this particular issue?

To simplify the analysis, staff assigned a point value to the first ten questions. A "yes" response to a question indicates that a proposal meets that criteria and results in a score of one point, while a "no" response indicates that the proposal does not meet that particular criteria and results in a score of zero points. The attached Filter analysis also includes the estimated cost of each proposal and, for comparison purposes, lists one existing program, the WRCOG Public Service Fellowship.

The Filter results present preliminary findings based on staff's understanding of the potential project and could be modified based on additional information. In several cases reviewed thus far, proposals that are broad do not score well when put through the filter. A more narrowly defined effort might score differently. One example of this is Regional Homelessness. A broadly-defined or described effort geared towards Regional Homelessness generally does not pass several criteria related to the potential to make a difference (#4), return on investment (#6), and whether other agencies address this item (#8). Conversely, a more specifically-defined effort related towards homelessness that is tailored towards efforts which other agencies do not already address would likely score higher in the Filter analysis.

Prior Actions:

<u>December 4, 2017</u>: The Executive Committee approved an increase in funding of up to $500,000 for the Grant Writing Assistance Program to assist member jurisdictions.

<u>November 8, 2017</u>: The Administration & Finance Committee directed staff to allocate $500,000 toward the Grant Writing Program, and $10,000 per year for four years toward the Food Systems Modeling Program, and to continue this discussion on the remaining items at the next meeting.

Fiscal Impact:

$4M are identified in the Agency's Fiscal Year 2016/2017 Budget as carryover revenues.

Attachments:

1. Carryover Revenue for Fiscal Year 2014/2015, 2015/2016, and 2016/2017
2. BEYOND Framework Fund – Overall Program Status
3. Filter Analysis for Potential Initiatives

Item 4.D

Carryover Revenue Proposal for Fiscal Year 2016/2017

Attachment 1

Carryover Revenue Recap for Fiscal Year 2014/2015, 2015/2016, and 2016/2017

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Net PACE Revenues

FY 14/15
$ 3,300,000 Available

		Executive Committee Approved Allocation:		Less Expended		Remaining Balance
$	1,800,000	BEYOND - Round 1	$	879,285		$920,715
	400,000	Fellowship - Round 1		377,585		$22,415
	248,000	CCA - Budgeted		248,000		-
	276,000	Streetlights - Budgeted		276,000		-
	101,000	Gov't Relations - Budgeted		101,000		-
	475,000	Agency - Reserves		475,000		-
$	3,300,000	Total	$	2,356,870	$	943,130

FY 15/16
$ 4,300,000 Available

		Executive Committee Approved Allocation:		Less Expended		Remaining Balance
$	75,000	BEYOND - Health	$	-		75,000
	175,000	BEYOND - Team		-		175,000
	2,052,917	BEYOND - Core		-		2,052,917
	250,000	Economic Development - Transferred to Reserves		250,000		-
	200,000	Agency - Grant Writing		-		200,000
	200,000	Agency - Water Quality		118,837		81,163
	300,000	Agency - Other - Transferred to Reserves		300,000		-
	1,047,083	Agency - Reserves		1,047,083		-
	4,300,000		$	1,715,920	$	2,584,080

Remaining Balances by Category		**Balances**
BEYOND - Round 1	$	920,715
Fellowship - Round 1		22,415
BEYOND - Round 2		2,302,917
Grant Writing		200,000
Water Quality		81,163
Total Unexpended Balance for FY 14/15 & 16/17	***$***	***3,527,210***

WRCOG General Reserve Balance		
FY 14/15 Reserves	$	475,000
FY 15/16 Reserves		1,047,083
Less: Allocation to EXPERIENCE		(249,823)
Agency - Other		300,000
Agency - Economic Development		250,000
Total WRCOG General Reserve Balance	**$**	**1,822,260**

Net PACE Revenues

FY 16/17
$ 4,000,000 Available

	Executive Committee Approved Allocation:	Less Expended	Remaining Balance
$ -	BEYOND	$ -	$ -
700,000	*Fellowship*	-	$700,000
2,000,000	Reserve	-	2,000,000
1,300,000	Projects	-	1,300,000
-		-	-
-		-	-
$ 4,000,000	Total	$ -	$ 4,000,000

WRCOG General Reserve Balance	***$ 3,822,260***
Projects	**1,300,000**
Total Reserves Plus Projects	**$ 5,122,260**

Item 4.D

Carryover Revenue Proposal for Fiscal Year 2016/2017

Attachment 2

BEYOND Framework Fund – Overall Program Status

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BEYOND Framework Fund – Overall Program Status

As of: December 7, 2017

The BEYOND Framework Fund Program is designed to enable member agencies to develop and implement plans and programs aimed at improving quality of life in Western Riverside County by addressing the goal areas outlined in WRCOG's Economic Development and Sustainability Framework.

Background

Piloted in Fiscal Year (FY) 2015/2016, the BEYOND Framework Fund supports development and implementation of local projects aligned with the six goal areas outlined in WRCOG's Economic Development and Sustainability Framework: economy, health, education, energy \ environment, water \ waste water, and transportation. To date, the Executive Committee has allocated a total of $4.1 million through two rounds of funding to BEYOND. The funding for BEYOND comes from FY 2015/2016 and FY 2016/2017 Agency carryover funds.

BEYOND operates approximately 18-24 month, overlapping, project cycles. Projects funded in Round I commenced in January 2016, with scheduled completion by the end of August 2017, while funding of Round II projects commenced in May 2017, with a scheduled completion by the end of November 2018. Below is a summary Program schedule:

BEYOND Program Schedule		
Project Milestone	**Round I**	**Round II**
Approved Projects Begin	1/29/2016	5/12/2017
Projects Completed By	8/31/2017 - 2/28/2017	11/15/2018
Final Progress Reports & Invoices Due	9/30/2017	12/15/2018

Round I of BEYOND provided $1.8 million to member jurisdictions, allocated according to a population-based formula in a single funding stream. Round II is operating three funding streams: 1) BEYOND Core, a central pot of funding allocating $2.05 million to WRCOG member agencies using a population-based formula; 2) BEYOND Team, a competitive fund for collaborative projects between multiple member agencies; and 3) BEYOND Health, a competitive fund for public health promoting projects.

Round I Projects Status

Round I is funding 32 projects, each supporting one or more of the Framework goal areas. The Round I schedule calls for projects to incur all eligible project costs by August 31, 2017, and to submit all requests for reimbursement and progress reports by September 30, 2017; however, WRCOG is granting up to six-month extensions. To date, 18 projects have been completed, 11 projects have requested extensions, and three projects have been approved as multi-year efforts: the Water Task Force project, funded jointly by EMWD and WMWD; and one project each from the Cities of Riverside and Temecula, which are combing Round I and Round II funding for the same project.

Of the $1.8 million allocated through Round I, WRCOG has reimbursed $996,000, leaving $803,000 remaining.

All projects approved for funding through BEYOND Round I are summarized below.

Staff is currently developing resources for those interested in completing projects similar to those included in Round I, using the materials shared with WRCOG staff through the application process and progress reports. These resources are tentatively planned for release beginning in late 2017 and will made available on a rolling basis as projects are completed.

Round II Projects Status

Fifty-one projects are receiving funding through the three Round II funding categories BEYOND Core, BEYOND Team, and BEYOND Health. Thirty-seven project Agreements have been fully executed, seven project Agreements are pending signature, and seven are awaiting additional information from the funded agency. Per the BEYOND Program Guidelines, jurisdictions may begin to incur project costs at any time, and do not need to wait for the Agreement to begin project activities. Once an Agreement has been fully executed, member agencies may request reimbursement for eligible project costs incurred within the current calendar year.

Below is a summary overview of Round II funded projects by funding category:

BEYOND Core: WRCOG is funding 41 projects through BEYOND Core in Round II. Nine member agencies have divided their fixed Core allocation between two or more projects, leveraging the adaptability of the Program to meet a variety of needs with relatively unrestricted usage parameters.

All projects approved for funding through BEYOND Core are summarized below.

BEYOND Team: BEYOND Team is funding three collaborative projects, which include: $17,000 for the City of Perris in partnership with Eastern Municipal Water District and local agencies to augment BEYOND Core support for the City of Perris' HealthyCommunity50 Green City Farm Project; and $79,000 each for two applications submitted in partnership with multiple member agencies to address homelessness, one in the southwest region and the other in the northwest region.

BEYOND Health: BEYOND Health funding is being split between 14 jurisdictions, including nine which are augmenting BEYOND Core funding and three distinct projects. Two BEYOND Health awards were granted to different agencies for the collaborative Regional Cancer Treatment Task Force in Southwest Riverside County.

Future Funding Rounds

The current, 18-month project schedule for BEYOND funding rounds, coupled with the project extensions that have been granted to one-third of Round I projects, means that the majority of the already programmed BEYOND funding is not scheduled to be fully expended until mid- to late-2018. Instead of tying up additional Agency resources in a Third Round of BEYOND immediately, staff recommends deferring discussion of programming Round III funding for one additional year and giving member agencies an opportunity to focus on completing current Round I and II Projects.

City / Agency	Project Name	Funding	Project Description
City of Banning	Park Facilities Improvements	$39,300	The City of Banning has been approved to leverage BEYOND money as matching funds to finance an expansion and facilities update of Lions Park. If no match is available, they have proposed using the funds for smaller park facilities updates.
City of Calimesa	Clean Energy Vehicles for Calimesa	$36,177	The City of Calimesa is utilizing BEYOND funding as a match with AQMD AB 2766 funds to replace two vehicles in the City's hybrid/electric fleet.
City of Canyon Lake	Canyon Lake Water Monitoring	$3,724	The City of Canyon Lake is dedicating BEYOND funds to facilitate more frequent water testing of the Lake as necessitated by anticipated increases of run-off from El Nino storms.
	Economic Development	$32,812	The City of Canyon Lake is spurring economic development by posting monument signs, performing website maintenance, and completing land analysis for future development.
City of Corona	Corona Innovation Center	$147,600	The City of Corona is utilizing BEYOND funds to support improvements to a previously underutilized facility for use as a business development center.
City of Eastvale	SRTS: Radar Display Signs	$83,549	The City of Eastvale is utilizing BEYOND funds to support its Safe Routes to School campaign through the purchase and installation of 12 radar speed display signs.
City of Hemet	Downtown Specific Plan	$86,597	The City of Hemet is applying BEYOND funds, in conjunction with a SCAG planning grant, to support development of the City's updated Specific Plan and related documents.
City of Jurupa Valley	Farmer's Market	$20,000	The City of Jurupa Valley's Farmers' Market BEYOND project is utilizing funds to make requisite updates to the City's zoning code to allow for a Farmers' Market and will also support the establishment of the Farmer's Market.
	Healthy Jurupa Valley Support	$28,842	The City of Jurupa Valley's Healthy Jurupa Valley BEYOND project funds are supporting the initiative's five action teams which work to promote and implement healthy living initiatives in the city.
	Pedestrian and Bicycle Mobility Improvements	$20,000	The City of Jurupa Valley's Pedestrian and Bicycle Mobility Improvements BEYOND project will dedicate funds to identify city arterials appropriate for walking and biking corridors. Funds will then be used to install appropriate signage and perform necessary walkway upgrades.
	Chamber of Commerce Partnership	$20,000	The City of Jurupa Valley's Chamber of Commerce BEYOND project is supporting an initiative to build a partnership with the Chamber of Commerce and to develop educational programs that will promote the City's economic vitality.
	TOTAL FUNDS	$88,842	--

City / Agency	Project Name	Goal Area(s) Supported	Project Description
City of Lake Elsinore	Rosetta Canyon Park - Artificial Turf	$83,238	The City of Lake Elsinore is devoting BEYOND funds to finance a portion of the City's artificial turf installation at Rosetta Canyon Community Park which will include five softball/baseball fields, and one soccer/football field.
City of Menifee	Citywide Branding Effort - An Economic Driver	$87,039	The City of Menifee is dedicating BEYOND funds to support a two-stage economic development project beginning with a comprehensive evaluation of the City's economic environment, Stakeholder attitudes and perceptions, to inform the second stage development of a citywide branding effort.
City of Moreno Valley	Community Enhancement Program	$153,294	The City of Moreno Valley is dividing funds between 12 initiatives including a water station installation, materials and supplies support for three Safe Routes to School events, the replacement of 38 computers at the employment resource center, and bike rack installations.
City of Murrieta	Murrieta Energy Efficiency Project	$140,126	The City of Murrieta is utilizing BEYOND funds to finance energy improvement projects identified utilizing an energy audit under the direction of the Energy Network and the Western Riverside Energy Leadership Partnership (WRELP).
City of Norco	Two-Pronged Economic Development Marketing Strategy	$38,650	The City of Norco is utilizing BEYOND funds to support a two-pronged branding effort highlighting Norco as a dynamic business, and friendly environment; and hospitable destination of choice focusing on equine and related attractions.
City of Perris	Gateway Enhancement Signage Program	$42,640	The City of Perris is dedicating a portion of the City's BEYOND allocation to support the Gateway Enhancement Signage program--an effort to overcome perception challenges faced by the city and to optimize economic opportunities by installing a series of entry, way finding, and branding signs throughout the City's gateway streets and places of interest.
	Green City Farm Program	$42,640	The City of Perris is dedicating a portion of its BEYOND allocation to fund the Green City Farm project which will develop a Community Garden Demonstration Center exhibiting best practices in water-wise gardening, and healthy living opportunities.
	TOTAL FUNDS	$85,280	--
City of Riverside	Marketplace SPOT + TOD	$169,740	The City of Riverside is using BEYOND moneis to fund a SPOT+TOD project which is a community-based development plan and policy framework that will plan for a pedestrian bridge from Metrolink to downtown and development of the Metrolink area as a node of activity.

City / Agency	Project Name	Goal Area(s) Supported	Project Description
City of San Jacinto	Healthy San Jacinto	$41,471	The City of San Jacinto is leveraging BEYOND funding to meet a portion of its required match for its Strategic Growth Council Sustainable Communities Grant, which is funding the development of a comprehensive downtown specific plan. BEYOND funds will be specifically dedicated to the development of a Healthy San Jacinto Coalition which will mobilize community efforts around creating a healthy and sustainable community.
City of Temecula	Global Citizens Special needs Vocation Training (Teen Job Readiness)	$15,000	The City of Temecula is dedicating a portion of its BEYOND allocation to support the Global Citizens Teens with Special Needs program which provides jobs readiness training for adults with special needs. This project includes a comprehensive curriculum training participants for jobs in the viticulture and hospitality industries.
	Sam Hick's Monument Park Sustainable Landscaping Project	$20,000	The City of Temecula is dedicating a portion of its BEYOND allocation to support the Sam Hicks Monument Park Project which will replace existing landscaping with indigenous plants and permeable surfaces and install drip irrigation and interpretive signage.
	Emergency Management - Video Vignette	$2,500	The City of Temecula is requesting to dedicate a portion of its BEYOND allocation to support the production of a video vignette which will educate the public about best practices for local emergency preparedness efforts before, during, and after a catastrophic event.
	TVE2 Stem and Youth Enrichment	$15,000	The City of Temecula is dedicating a portion of its BEYOND allocation to support the TVE2 Stem and Youth Enrichment Program. BEYOND funds are being used to purchase 25 computer stations for the Junior Women's STEM Program , Future Physician Leaders , and Youth Legal Program.
	Grow Temecula Valley	$15,000	The City of Temecula is dedicating a portion of its BEYOND allocation to support the Grow Temecula Valley project's effort to promote buying local food and to highlight the region for tourists.
	Sixth Street Sidewalk Improvements	$72,857	The City of Temecula is dedicating a portion of its BEYOND allocation to support the Sixth Street Sidewalk Improvements project to regrade the sidewalks and install rolled curbs, promoting mobility for all abilities.
	TOTAL Funds	$137,857	--

City / Agency	Project Name	Goal Area(s) Supported	Description
City of Wildomar	Website Improvements Project	$39,814	The City of Wildomar is making improvements to the City website and updating its server to enhance the user interface for business owners and developers utilizing online permitting capabilities and optimized website capabilities.
RCOE	RCOE Foundation Scholars Program	$35,000	With BEYOND funds and an $85,000 grant from SCE, the Riverside County Superintendent of Schools' RCOE Foundation anticipates awarding between 7-14 student scholarships to "opportunity youth"/ at-risk students enrolled in RCOE programs such as Alternative Education, Court and Community Schools, County Foster Youth programs, Come Back Kids Charter and Riverside County Education Academy students. Student scholarships are anticipated to range between $2,500 and $5,000 per student.
Riverside County	County: Riverside County Sustainability Plan	$136,402	The County intends to use $136,000 of its allocation for a Sustainability Plan and/or Sustainability Element of its General Plan, incorporating and building from the WRCOG Economic Development & Sustainability Framework as well as other County-led initiatives. This project is still under development and WRCOG staff is working with County staff to finalize the project concept and scope of work.
	Riverside University Health System - Public Health: Healthy Development Checklist	$25,000	The County has allotted $25,000 of its allocation to the Department of Public Health to support development of a "Healthy Development Checklist" that will serve as a tool for planners to make recommendations to improve County of Riverside's residents' health through community design.
	TOTAL FUNDS	$161,402	--
Eastern Municipal Water District	Diamond Valley Lake & Skinner Lake Trails	$20,000	Eastern Municipal Water District is engaging Fehr & Peers to develop up to five project description sheets and photosimulations for Diamond Valley Lake & Lake Skinner trails or related active transportation facilities which will describe proposed active transportation routes, route segments, or intersections.
Western Municipal Water District	Customer Handbook: Using Water Efficiently in the Landscape	$20,000	WMWD will dedicate funds to support the creation of a water wise Landscaping web-based handbook with engaging written content, photos, links, and embedded videos. WMWD anticipates water savings of 7,240 acre feet and greater per year.

City / Agency	Project Name	Goal Area(s) Supported	Description
Morongo Band of Mission Indians	Dial-A-Ride Expansion	$35,000	The Morongo Band of Mission Indians is utilizing BEYOND funding to purchase an additional vehicle and fund a new full-time employee to operate an expanded Dial-A-Ride route to support transportation to jobs, medical services, education centers and other needs.
EMWD / WMWD	Water Task Force	$30,000	Eastern Municipal Water District and Western Municipal Water District have each dedicated a portion of their BEYOND allocation to fund the ongoing operation of the Water Task Force which may help to cover administrative costs, guest speaker expenses, marketing and meeting expenses.

Jurisdiction	Project Name	Framework Goal(s)	Project Summary
Banning	Lions Park Expansion	Health	The City of Banning is allocating BEYOND Round II Core funding toward design and park improvements for Lions Park. The park is currently 9.12 acres consisting of 3 baseball fields, snack bar, and a playground. The City is working to expand the park to include an additional 7.46 acres, to be used for two multi-purpose fields. Round I funding was applied to a portion of the cost of the requisite CEQA analysis for the park. Additional funding is anticipated to come from the County EDA and the City's Park fund.
Calimesa	Creekside Park Fitness Facilities	Health	The City of Calimesa is allocating BEYOND funding toward transforming Creekside Park into a Fitness Park by installing park grade fitness equipment stations. The installation will require relocation of existing fencing material to expand the park area; installation of rubberized safety surface around each fitness station; replacing existing benches, trash cans, and picnic tables to accommodate and encourage increased park usage.
Canyon Lake	Railroad Canyon Road Mobility Improvement Project	Transportation, Health	The City of Canyon Lake is allocating a portion of BEYOND funding toward the installation of pole-mounted radar speed signs. The project is in response to high auto speeds along Railroad Canyon Road, which connects to Lake Elsinore (west) and Menifee (east) where speed limits are both higher than Canyon Lake.
	Goetz Road Monument Project	Economic Development	The City of Canyon Lake is allocation BEYOND funding to branding and establishing its identity as a municipality amongst its neighboring cities. The City is utilizing a portion of BEYOND funds for a city monument at the entry point along Goetz Road, adjacent to Menifee's Audie Murphy Ranch residential development project.
	City Website	Economic Development	The City of Canyon Lake is allocating a portion of BEYOND funding to perform the annual website update to ensure the site continues to help inform, promote, and describe the City to website visitors.
Corona	Corona Innovation Center	Economic Development	The City of Corona is allocating BEYOND Core Round II funding to continue work on the BEYOND RI funded Corona Innovation Center. RII funds will support physical upgrades and ADA renovations to the economic development resource center.
Eastvale	Bus Shelters & Appurtenances	Transportation	The City of Eastvale is allocation BEYOND Core funding toward the installation of overhead bus shelters, benches, and/or a trash container at its more than 30 bus stops along Route 2 and Route 29.
Hemet	Pending	Pending	Pending

Jurisdiction	Project Name	Framework Goal(s)	Project Summary
Jurupa Valley	JV Chamber of Commerce	Economic Development	The City of Jurupa Valley is utilizing a portion of its BEYOND Core Round II funding to continue developing its partnership with the Jurupa Valley Chamber, focusing on business retention and small business development.
	Farmers Market	Energy and Environment, Health	The City of Jurupa Valley is utilizing a portion of its BEYOND Core Round II funding to support the continued operation and enhancement of the JV Farmers Market through market expansion and establishment of an ongoing marketing campaign.
	Marketing/Branding Program	Economic Development	The City of Jurupa Valley is utilizing a portion of its BEYOND Core funding to initiate a city-wide branding program to include development of a City brochure and other informational marketing.
	Radar Display Signs	Transportation, Health	The City of Jurupa Valley is utilizing a portion of its BEYOND Core funding to install up to 6 solar powered radar speed signs to enhance safety awareness of motorists when approaching school zones.
	Rubidoux Walking Corridor	Transportation, Health	The City of Jurupa Valley is utilizing a portion of its BEYOND Core Round II funding for enhancements to the Rubidoux Walking Corridor, established through BEYOND RI funds. Funding will go toward construction of informational kiosks at each end of the corridor, enhancement of the Edible Path to School, and installation of murals.
Lake Elsinore	Regional Cancer Taskforce + Temecula	Health, Economic Development	The City of Lake Elsinore is allocating a portion of its BEYOND Core funding to contribute toward the efforts of the SW Cities Cancer Services Taskforce. The Taskforce will hire a facilitator and perform a study to identify trends and regional needs in the area of Cancer services. Results of the assessment are intended to be used in planning for and attracting in-demand services to the region.
	Healthy LE Program	Health	The City of Lake Elsinore is allocating a portion of its BEYOND Core funding to support the Healthy LE Program. A majority of funding will be directed to hiring a part-time Graduate Student intern to support program activities. Additional funds will go toward project materials and event programming.
	Fit-Trails Equipment	Health	The City of Lake Elsinore is allocating a portion of its BEYOND Core funding to install fitness equipment stations at four parks throughout the city. The four parks were selected based on current activity and utilization levels, varied user types, disbursement of locations throughout the city, and existing walking path infrastructure.
Menifee	Communicating Menifee's Brand!	Economic Development	The City of Menifee is allocating a portion of its BEYOND Core Round II funding to build off of the RI Re-branding project to develop a marketing communication plan to include creating an independent economic development website and developing marketing materials.

Jurisdiction	Project Name	Framework Goal(s)	Project Summary
	Menifee Homeless Taskforce	Economic Development, Health	The City of Menifee is allocating a portion of its BEYOND Core funding to the Southwest Homeless Alliance Coalition, specifically for creating and printing marketing materials associated with the Coalition.
Moreno Valley	Community Enhancement Program II	Health, Energy & Environment, Transportation	The City of Moreno Valley is utilizing BEYOND funding for a multi-faceted project to promote active transportation, community engagement, and enhanced quality of life through ten tasks: (1) Community Cleanup Event, (2) Cyclocross Race, (3) Ride MoVal Community Bicycle Race, (4) 5K walk / Pet Adoption Fair Events, (5) Healthy Moreno Valley student campaign, (6) Juan Batista de Anza Trail raised crossing / SB821 Bicycle and Pedestrian Facilities from Bay Avenue to Cottonwood Street, (7) Mini-Round About Demonstration, (8) existing conditions Health Impact Assessment, (9) Community Health Element to General Plan, and (10) Exercise Equipment along Juan Bautista De Anza Trail.
Murrieta	Economic Development Site Selector Website	Economic Development	The City of Murrieta is utilizing a portion of BEYOND Core funds to develop a website in coordination with the Chamber of Commerce to provide comprehensive information to help new, expanding, and relocating businesses find the optimal location for success with the City of Murrieta. The website will utilize GIS software, real estate, demographic, workforce, and industry data to create this tool.
	HVAC Replacement at Murrieta Innovation Center	Energy and Environment	The City of Murrieta is utilizing a portion of BEYOND Core funds to replace 11 aging HVAC units and install new Title 24 compliant units. Round I funding had been programmed for this, but was reprogrammed for upgrades to the Police and Fire Department HVAC units.
Norco	Ensuring Safety Through Feedback Signs	Education, Health, Transportation	The City of Norco is utilizing BEYOND Core funding to purchase, install, and program 12-15 permanent speed feedback signs.
Perris	Well One	Health	The City of Perris, in partnership with Loma Linda University Dental School, and Lake Perris SDA Church, are organizing a bi-monthly dental clinic to serve the community to be integrated into an existing community medical and mental health clinic. Perris residents are granted first priority for appointments, but walk-ins from all areas are welcome. Funds will buy equipment and supplies. The clinic will be largely staff by volunteers, including volunteer dental students and professors.
	Perris green City Farm/HealthyCommunity50	Health, Education, Energy & Environment	Perris was one of 50 awardees for the national HealthyCommunity50 Challenge, to compete to develop practical, evidence-based strategies to improve measurable health outcomes and promote health and wellness, equity and social interaction. Perris' strategy focuses on healthy food access and is seeking funding to expand its network of community gardens. Funds will focus on developing a goal of 31 gardens.

Jurisdiction	Project Name	Framework Goal(s)	Project Summary
Riverside	The Marketplace TOD & Mobility Hub Specific Plan Update	Economic Development, Transportation	The City of Riverside is combing its Round I and Round II funding allocation for development of a Marketplace TOD & Mobility Hub Specific Plan in the area around the Downtown Metrolink Station. With BEYOND funds, the City will prepare a two phased plan to (1) develop a baseline infrastructure opportunities and constraints plan, and (2) create an implementable Mobility Hub Specific Plan. The City seeks to collaborate with RTA to plan for the area.
San Jacinto	Pending	Pending	Pending
Temecula	Temecula Youth Project Construct	Economic Development, Education	The City of Temecula is utilizing a portion of its BEYOND Core funding to create the Temecula Youth Construct project which aims to bridge the gap between educational attainment and vocational skills and offer an avenue, for students who do not attend college, to gain skills that will allow them to be successful within the community.
	Regional Cancer Taskforce + Lake Elsinore	Economic Development, Health	The City of Temecula is utilizing a portion of its BEYOND Core funding to contribute toward the efforts of the SW Cities Cancer Services Taskforce. The Taskforce will hire a facilitator and perform a study to identify trends and regional needs in the area of Cancer services. Results of the assessment are intended to be used in planning for and attracting in-demand services to the region both to support health outcomes and economic development.
	Emergency Management System	Health,	The City of Temecula is utilizing a portion of its BEYOND Core funding to host a one-day regional Emergency Management Summit, for the purpose of convening regional first responders, emergency managers, elected officials, businesses, and the general public to discuss emergency preparedness for the region.
	Intergenerational Horticulture Program	Education, Economic Development	The City of Temecula is utilizing a portion of its BEYOND Core funding to support the public-private partnership between the City and Our Nicholas Foundation which offers specialized vocational skill training for teens, adults, and seniors with special needs. Modeled after the RI BEYOND Funded Global Citizens Special Needs project, the Horticulture Program would be designed to teach basic skills that encompass cultivation of plants, vegetable gardening, landscaping, irrigation, and basic business practices for all ages with special needs from several communities in Western Riverside County.
	Bicycle Sharrows	Transportation, Health, Energy & Environment	The City of Temecula is utilizing a portion of its BEYOND Core funding to install 70 sharrows (or shared lane markings) divided between five areas surrounding schools in Temecula providing critical connections between local neighborhoods and schools as identified by the Trails and Bikeways Master Plan.

Jurisdiction	Project Name	Framework Goal(s)	Project Summary
	Industry Sector Promotions/Site Visits & Surveys	Economic Development	The City of Temecula is utilizing a portion of its BEYOND Core funding to create marketing pieces/strategies specific to industry sectors that are growing in Temecula: craft brewing, high tech, advanced manufacturing, and specialty retail. Additionally, the City's Economic Development team will conduct in-depth site visits with existing businesses to better understand their operations and needs.
	Government Leadership Program for Youth (GLPY)	Education	The City of Temecula is utilizing a portion of its BEYOND Core funding to purchase equipment that will support the City's Government Leadership Program for Youth which facilitates interaction and communication between school districts, high school students and City staff in order to foster engagement.
	Sixth Street Sidewalk Improvements	Transportation, Health	The City of Temecula is utilizing a portion of its BEYOND Core funding to design and construct sidewalk improvements on the north side of Sixth Street, between Mercedes Street and the entrance to the Mary Philips Senior Center.
City of Wildomar	Signage Enhancement Program	Economic Development	Pending
	Website Enhancement Part 2	Economic Development	The City of Wildomar will enhance the City website, funded through BEYOND Round I, by purchasing cashiering and business registration modules.
County of Riverside Round I & II	District 1 Homeless Intervention and Mitigation Program	Health, Economy	District One will enter into a partnership with Path of Life to administer a homeless intervention program, providing support services that fill traditional funding gaps in rehousing individuals, including rental deposits, utility payments, and household supplies.
	District 2 TBD		The County of Riverside will be dividing Round I and Round II BEYOND allocations, less a total of $50,000 which has been directed to Public Health, to projects at the supervisorial district level. Each is allocated $72,164.08. The Third District has $52,164 remaining, after allocating $20,000 to the Cancer Taskforce.
	District 3 TBD		The County of Riverside will be dividing Round I and Round II BEYOND allocations, less a total of $50,000 which has been directed to Public Health, to projects at the supervisorial district level. Each is allocated $72,164.08.
	District 5 TBD		The County of Riverside will be dividing Round I and Round II BEYOND allocations, less a total of $50,000 which has been directed to Public Health, to projects at the supervisorial district level. Each is allocated $72,164.08.
Riverside University	Building Capacity for Implementation --	Economic Development, Health	RUHS-PH is using $25,000 from the Round II County BEYOND Core allocation to expand upon and support implementation of the Bi-County Healthy Development Checklist.

Jurisdiction	Project Name	Framework Goal(s)	Project Summary
Health Systems - Public Health	Healthy Development Checklist		
Eastern MWD	EMWD Sustainability Center Feasibility Study	Water, Energy & Environment, Health, Economic Development, Education	EMWD is utilizing BEYOND Core funding to perform a feasibility analysis of siting a Sustainability Center near its Perris office campus.
Western MWD	Water Use Efficiency Master Plan & Conservation Outreach Plan		WMWD is utilizing BEYOND funds to update the Water Use Efficiency Master Plan (Plan) that will guide new customer programs and outreach over the next five years.
Superintendent of Schools	Meta THINK	Education	The Riverside County Office of Education is utilizing BEYOND funding to partner with Meta THINK and local school districts to address chronic absenteeism by working with parents, communities, and school administrators. The Program's aim is to improve student success as chronic absence is a strong indicator of poor performance.
Morongo Band of Mission Indians	Morongo Dial-A-Ride Program	Transportation	The Morongo Band of Mission Indians is utilizing BEYOND Round II funding to support continued operation of the Dial-A-Ride program which was initiated with BEYOND Round I funding. The Program provides access within and from the Reservation to such destinations as employment, educational centers, and health care facilities.
Multiple: Cities of Lake Elsinore, Menifee, Murrieta, Temecula, and the County	Regional Cancer Services Task Force	Education, Economic Development	The Taskforce will hire a facilitator and perform a study to identify trends and regional needs in the area of Cancer services. Results of the assessment are intended to be used in planning for and attracting in-demand services to the region both to support health outcomes and economic development. BEYOND funding comes from Core and Health allocations.
BEYOND Team: City of Perris, Eastern Municipal Water District	Healthy Community 50/Perris Green City Farm	Health, Energy & Environment	The City of Perris was one of 50 awardees for the national HealthyCommunity50 Challenge, competing to develop practical, evidence-based strategies to improve measurable health outcomes and promote health, wellness, equity, and social interaction. Perris' strategy focuses on healthy food access and is seeking funding to expand its network of community gardens. Team funds would support development of 10+ new gardens; the total goal is 31 gardens.

Jurisdiction	Project Name	Framework Goal(s)	Project Summary
BEYOND Team: Cities of Lake Elsinore, Menifee, Murrieta, Wildomar, and Temecula	Regional Homeless Alliance (Southwest Cities)	Economic Development, Education, Health, Transportation, Energy & Environment	The goal of the Regional Homeless Alliance is to achieve functional zero homeless. BEYOND Team funds would support development of a more comprehensive regional program by building on the existing foundation with a focus on immediate needs: beds, outreach, housing options and coordination of services. Specific activities will include (1) development of a Community Asset Assessment and Roadmap to address future needs, (2) development of formal housing navigation process, and (3) development of a replicable, coordinated entry system through outreach, housing navigation and low barrier supportive services. Specific tasks include hiring a part-time homeless outreach coordinator and part-time housing navigator, management of five full-time units for rapid rehousing, and provision of emergency shelter for an average of three individuals/families per night.
BEYOND Team: Cities of Corona, Jurupa Valley and Lake Elsinore, and the County of Riverside	Western Riverside Homeless Alliance	Economic Development, Health, and Education	Western Riverside Homeless Collaborative' s (WRHC) main objective is to stabilize homeless people through the use of shelters, permanent housing, and assistance programs to reduce homelessness in the subregion. The WRHC aims to achieve this objective by adopting a comprehensive regional approach to programming, performing asset mapping, strategic capacity building, and coordinated placement and case management. Specific tasks to be completed include: (1) hiring Homeless Facilitators, (2) creating a subregional Leadership Committee, (3) performing Asset Mapping, (4) assembling a Law Enforcement Case Conferencing Team, (5) identifying faith-based and other access points for a Coordinated Entry System, (6) Responsible Compassion and love Your Neighbor Campaign, and (7) Performance Measurement.

Item 4.D

Carryover Revenue Proposal for Fiscal Year 2016/2017

Attachment 3

Filter Analysis for Potential Initiatives

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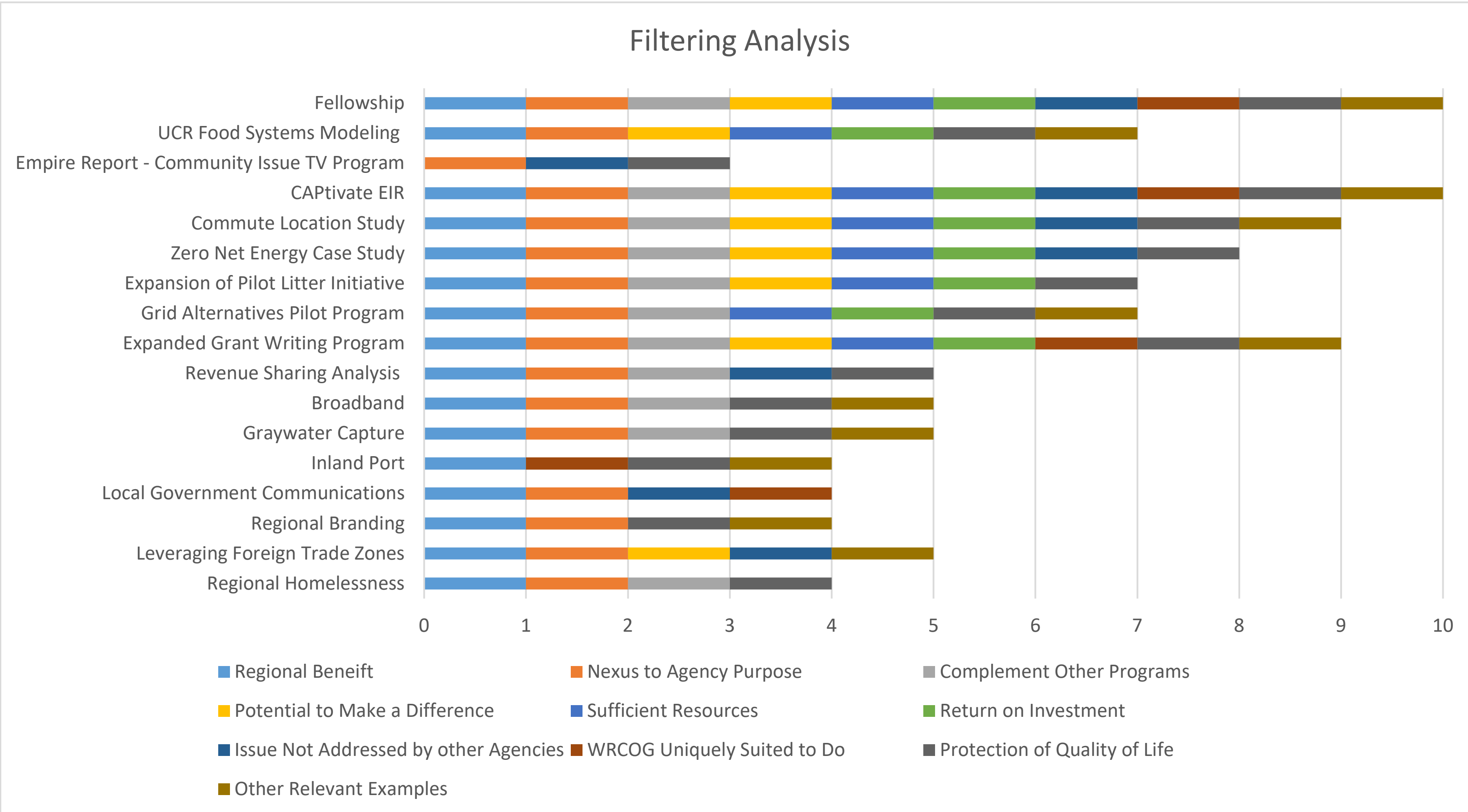
Key	
0 =	"No"
1 =	"Yes"

	Regional Beneift	Nexus to Agency Purpose	Complement Other Programs	Potential to Make a Difference	Sufficient Resources	Return on Investment	Issue Not Addressed by other Agencies	WRCOG Uniquely Suited to Do
Regional Homelessness	1	1	1	0	0	0	0	0
Leveraging Foreign Trade Zones	1	1	0	1	0	0	1	0
Regional Branding	1	1	0	0	0	0	0	0
Local Government Communications	1	1	0	0	0	0	1	1
Inland Port	1	0	0	0	0	0	0	1
Graywater Capture	1	1	1	0	0	0	0	0
Broadband	1	1	1	0	0	0	0	0
Revenue Sharing Analysis	1	1	1	0	0	0	1	0
Expanded Grant Writing Program	1	1	1	1	1	1	0	1
Grid Alternatives Pilot Program	1	1	1	0	1	1	0	0
Expansion of Pilot Litter Initiative	1	1	1	1	1	1	0	0
Zero Net Energy Case Study	1	1	1	1	1	1	1	0
Commute Location Study	1	1	1	1	1	1	1	0
CAPtivate EIR	1	1	1	1	1	1	1	1
Empire Report - Community Issue TV Program	0	1	0	0	0	0	1	0
UCR Food Systems Modeling	1	1	0	1	1	1	0	0
Fellowship	1	1	1	1	1	1	1	1

Key	
0 =	"No"
1 =	"Yes"

	Protection of Quality of Life	Other Relevant Examples	Other factors to consider?	Filter Score	Program/Issue Origin	Estimated Cost
Regional Homelessness	1	0		4	Visioning Session	$ 1,000,000
Leveraging Foreign Trade Zones	0	1		5	Visioning Session	$ 250,000
Regional Branding	1	1		4	Visioning Session	$ 2,000,000
Local Government Communications	0	0		4	Visioning Session	$ 250,000
Inland Port	1	1		4	Visioning Session	$ 1,000,000
Graywater Capture	1	1		5	Visioning Session	$ 250,000
Broadband	1	1		5	Visioning Session	$ 500,000
Revenue Sharing Analysis	1	0		5	Visioning Session	$ 500,000
Expanded Grant Writing Program	1	1		9	Visioning Session	$ 500,000
Grid Alternatives Pilot Program	1	1		7	Staff Proposal	$ 200,000
Expansion of Pilot Litter Initiative	1	0		7	Staff Proposal	$ 150,000
Zero Net Energy Case Study	1	0		8	Staff Proposal	$ 150,000
Commute Location Study	1	1		9	Staff Proposal	$ 250,000
CAPtivate EIR	1	1		10	Staff Proposal	$ 500,000
Empire Report - Community Issue TV Program	1	0		3	Member Agency Request	$ 240,000
UCR Food Systems Modeling	1	1		7	Member Agency Request	$ 40,000
Fellowship	1	1		10	Continuing Program	$ 400,000


Filtering Analysis
Fellowship
UCR Food Systems Modeling
Empire Report - Community Issue TV Program
CAPtivate EIR
Commute Location Study
Zero Net Energy Case Study
Expansion of Pilot Litter Initiative
Grid Alternatives Pilot Program
Expanded Grant Writing Program
Revenue Sharing Analysis
Broadband
Graywater Capture
Inland Port
Local Government Communications
Regional Branding
Leveraging Foreign Trade Zones
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Regional Beneift
Nexus to Agency Purpose
Complement Other Programs
Potential to Make a Difference
Sufficient Resources
Return on Investment
Issue Not Addressed by other Agencies
WRCOG Uniquely Suited to Do
Protection of Quality of Life
Other Relevant Examples

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Item 4.E

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **Local Match for Riverside Food Systems Model Study**

Contact: **Andrea Howard, Senior Analyst, ahoward@wrcog.us, (951) 955-8515**

Date: **December 13, 2017**

***The purpose of this item is to** further discuss the local study, led by the City of Riverside and University of California, Riverside, which is seeking WRCOG financial support in the amount of $40,000 ($10,000 per year over four years), to meet a required community match to complement a grant application to the Foundation for Food and Agriculture Research.*

Requested Action:

1. Discuss and provide direction.

Background on Food Systems

A food system is the path that food travels from field to fork and includes all of the inputs needed and outputs generated at each step of food production. The food system is an integral part of a community and region and is often targeted for change due to its direct connection to health and the economy. The GrowRIVERSIDE Initiative and regional healthy communities' interventions have spurred multiple food system projects, many of which influence one another including access, quality, and affordability of food, and ultimately behavioral changes; these components can drastically impact and be impacted by vital parts of the community including the economy, health, and education.

Food Systems Study

A team representing University of California, Riverside, the City of Riverside, the Riverside Food Systems Alliance, Riverside Unified School District, and Kaiser Permanente are collaborating on a grant application to the Foundation for Food and Agriculture Research to seek funding to increase the understanding of the regional food system in an effort to better promote health, equity, and economic opportunities. The grant would fund development of a dynamic Community, Economic and Resources Evaluation System Model, to leverage knowledge and data gained from a plethora of existing investments in food systems interventions with similar overarching goals in order to:

- Gain insights from these interventions to understand their interdependence and how those relationships may lead to sustainable solutions to promote health and increase economic opportunities;
- To better understand the complexities of the food system, how components of the food system influence one another, and which interventions work best in specific environments;
- Understand how these interventions can be changed or combined to optimize their impact on the food system, overall community health, and the economy;
- Identify the food systems transformations that require additional investments to further impact; and
- Develop a transferable model tool replicable for other communities.

Budget

The total grant application is for a $600,000 grant over four years, which requires a 50% ($300,000) cash match from the community. On November 8, 2017, WRCOG staff presented information on the Study and requested an allocation of $40,000 from Agency carryover funds, to be paid in $10,000 annual installments over the next four years, toward the required community match. The Study team has been successful in raising $240,000 in cash matches so far, and is reaching out to WRCOG and community-based organizations to assist with closing the remaining funding gap of $60,000.

Alignment with Agency

WRCOG staff conducted an assessment of the Study as it aligns with WRCOG's goals and objectives by applying the evaluation framework, or "Filter," that was developed during the Agency's October 2017 Visioning Session. The Filter includes eleven questions. The Filter results present preliminary findings based on staff's understanding of the potential project and could be modified based on additional information. Staff's assessment concluded that the study aligns with seven out of the first ten questions, as indicated below:

- ✓ 1. Will the program provide regional benefit – is the issue truly multi-jurisdictional?
- ✓ 2. Does the program show a strong nexus to the Agency's purpose and mission?
- ☒ 3. Will the program complement WRCOG's existing programs?
- ✓ 4. Is there a high potential to make a difference?
- ✓ 5. Does WRCOG have the resources to be effective?
- ✓ 6. Will WRCOG's involvement provide a strong return on investment or "bang for your buck"?
- ☒ 7. Is this issue not already being addressed by any other agency / agencies?
- ☒ 8. Is there something WRCOG can do that no other agency can?
- ✓ 9. Would WRCOG's involvement protect and support quality of life by promoting any one or more of the six quality of life promoting goal areas identified in the Sustainability Framework: economy, health, transportation, water / waste water, energy / environment, and education?
- ✓ 10. Is there a relevant model WRCOG could follow that other regional agencies have found to be effective to address this issue?

The eleventh and final question, "what other factors are important to consider with this particular issue?" provides an opportunity to make additional considerations as appropriate.

Potential Funding Sources and Options:

At the November 8, 2017, Administration & Finance Committee meeting, the Committee forwarded a recommendation to the Executive Committee to fund the requested community match with the Agency's FY 16/17 Carryover Revenues. On December 4, 2017, the Executive Committee referred the recommendation back to the Administration & Finance Committee for further discussion of the overall process for allocating carryover funds.

Depending on the discussion and any outcomes on Item 4.D. of this Agenda, this proposal could be funded with carryover "Project" funds consistent with Option A as described in that item staff report, or it could be proposed as part of a "call for projects" as described in Option B is the City were to desire to seek the full amount for the project.

As an alternative option, staff has identified available funding within the Agency's sponsorship budget that could support this request. The City has submitted the required Sponsorship Request Form, provided as Attachment 2 along with WRCOG's adopted sponsorship policy.

Prior Actions:

December 4, 2017: The Executive Committee directed the item to return to the Administration & Finance Committee for further discussion.

November 8, 2017: The Administration & Finance Committee recommended funding $40,000 towards the required local match over four years.

Fiscal Impact:

Funding for the requested amount is available in the Agency's FY 17/18 budget.

Attachments:

1. Summary Slide on the Food Systems Study
2. Completed Food Systems Sponsorship Request Form and WRCOG Sponsorship Policy

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Item 4.E

Local Match for Riverside Food Systems Model Study

Attachment 1

Summary Slide on the Food Systems Study

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UCR Food Systems Modeling ($10,000/year for 4 years)

- A food system is the path that food travels from field to fork and includes the inputs needed and outputs generated at each step.
- Various food systems projects have spawned across the subregion
- UCR researchers and regional partners are pursuing grant funding to:
  - Increase understanding of the regional food system and better promote health, equity, and economic opportunities
  - Develop a transferable tool for other communities to use

Consistency with WRCOG Priorities?
- Economic Development
- Health
- Energy / Environment

RFSA RIVERSIDE FOOD SYSTEMS ALLIANCE

FFAR The Foundation for Food and Agriculture Research

GROW LOCAL RIVERSIDE

UCR

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Item 4.E

Local Match for Riverside Food Systems Model Study

Attachment 2

Completed Food Systems Sponsorship Request Form and WRCOG Sponsorship Policy

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SPONSORSHIP REQUEST FORM

Today's Date:	December 7, 2017
Contact person:	Joyce Jong
Organization Name:	City of Riverside, on behalf of the grant team including University of California, Riverside, the City of Riverside, the Riverside Food Systems Alliance, Riverside Unified School District, and Kaiser Permanente
Address:	3900 Main St, Riverside, CA 92501
Phone / Fax / e-mail:	951-826-5265 / jjong@riversideca.gov
Name of event:	Local community match for the Riverside Food Systems Study
Event date, time, and location:	2018-2021, greater Riverside County area

Describe the event / program and who will be directly benefiting from sponsorships/ticket sales:

The requested funding would support a program led by the City of Riverside on behalf of a collection of local and regional agencies, including UC Riverside, the City, the Riverside Food Systems Alliance, Riverside Unified School District, and Kaiser Permanente to study food systems. The food system is an integral part of a community and region and is often targeted for change due to its direct connection to health and the economy. The GrowRIVERSIDE Initiative and regional healthy communities interventions has spurred multiple food system projects, many of which influence one another including access, quality, and affordability of food, and ultimately behavioral changes; these components can drastically impact and be impacted by vital parts of the community including the economy, health, and education.

Describe the desired or expected outcome of the event (amount of money raised, size of audience, # tickets sold, etc.):

The funding would serve to increase our understanding of the regional food system to better promote health, equity, and economic opportunities for all community members. With funding, the team will develop a dynamic model, dubbed CERES Model (Community, Economic and Resources Evaluation System), to leverage knowledge and data gained from a plethora of existing investments in food systems interventions with similar overarching goals in order to:

- gain insights from these interventions to understand their interdependence on each other that may lead to sustainable solutions to promote health and increase economic opportunities;
- to better understand the complexities of the food system, how components of the food system influence one another, which interventions work best in specific environments;
- understand how these interventions can be changed or combined to optimize their impact on the food system and overall community health and the economy;
- identify the food systems transformations that require additional investments to further impact; and
- develop a transferable model tool replicable for other communities.

Describe what level of sponsorship you are requesting (dollar level): $40,000 total ($10,000/year for 4 consecutive years)

What sponsor benefits does the sponsorship include (check all that apply to level indicated above):

__Banner Booth / table # of Comp tickets **Logo in ad / materials** **Other (explain):**

WRCOG would partner with the City to be recognized, through printed material, digital outlets, and other means, as a supporter throughout the duration of the study to advertise WRCOG's commitment to regional health, economic, and quality of life issues and promote WRCOG's leadership in the region.

Who are the other sponsors of the event, at what levels?

The team has been successful in raising $230,00 in cash support from other entities to date, including $200,000 from UC Riverside and $30,000 from the City of Riverside, as well as $500,000 in in-kind support from Kaiser Permanente, the Riverside Food Systems Alliance, and the Riverside Community Healthy Foundation. The team is reaching out to WRCOG and other community-based organizations to support the program and help close the funding gap.

Has your organization received a sponsorship from WRCOG in the past? If so, please indicate the date of the event, level of sponsorship, and outcome: N/A.

Please return this form to the attention of Rick Bishop at rbishop@wrcog.us, or via mail to 4080 Lemon Street, 3rd Floor, MS 1032, Riverside, CA 92501, or via fax to (951) 787-7991.

Notification will be made within 30 days of receipt.

WESTERN RIVERSIDE COUNCIL OF GOVERNEMNTS
SPONSORSHIP POLICY

PURPOSE:

Agency sponsorships are provided for the purpose of aiding organizations in providing worthwhile community events by paying a portion of the costs. The purpose of this Policy is to set forth standardized criteria to be met by the requesting organization / event prior to submittal of a request for sponsorship, and to be followed by WRCOG in acting on the request for sponsorship.

POLICY:

I. Sponsorship

WRCOG receives numerous requests to sponsor or co-sponsor events, activities, individuals or groups. WRCOG has limited resources available for these sponsorship opportunities. Sponsorship is a discretionary act of the Executive Director that confers no legal rights in the sponsorship proceeds or assistance prior to actual delivery by WRCOG. No organization shall receive any sponsorship proceeds or assistance unless and until it meets all of the criteria and satisfies all of the conditions contained within this Policy, and said sponsorship has been approved and authorized by the Executive Director up to a total limit of $2,500 per event. Any sponsorship event or request above that amount will be approved and authorized by the WRCOG Administration & Finance Committee for amounts between $2,500 and $5,000. Any amount over $5,000 would require approval by the WRCOG Executive Committee.

All requestors must submit a *Sponsorship Request Form*.

II. Organization Eligibility

Criteria for organization/event eligibility for sponsorship are as follows:

A. Organization/event must demonstrate a purpose that correlates with/corresponds to activities being undertaken by WRCOG and/or are supportive of priority areas identified in WRCOG's Economic Development and Sustainability Framework; and / or
B. Organization/event is of sufficient educational interest that would be of value for WRCOG members who might consider attending the event.
C. Organization/event must not discriminate on the basis of age, race, sex, national origin, or any other status protected by law, must not primarily promote a specific religious or political organization or campaign and must not promote any unlawful activities.

III. Sponsorship Amounts

The amount of sponsorship proceeds or assistance shall be determined as follows:

4080 Lemon Street, 3rd Floor Annex, MS1032 • Riverside, CA 92501-3609 • (951) 955-7985 • Fax (951) 787-7991 • www.wrcog.cog.ca.us

A. Depending on availability of resources, the WRCOG will establish a budgetary line item per fiscal year to be used for sponsorship opportunities. The amount total amount of the sponsorships shall not exceed the budgeted amount.
B. The maximum sponsorship for any qualified organization and event shall be at the discretion of the Executive Director in amounts up to $2,500. *Requests for between $2,500 and $5,000 will be referred to the Administration & Finance Committee for consideration and requests for over $5,000 will be referred to the Executive Committee for consideration.*

C. Sponsorship amounts or assistance shall not be utilized to cover the cost of insurance.

D. The Executive Director may require the party requesting funds to execute a sponsorship agreement with WRCOG.

IV. Approval

A. No sponsorships shall be funded until approved by the Executive Director, Executive Committee or Administration & Finance Committee, as appropriate.

V. Other Requirements

A. Organization / event shall agree to list WRCOG as an official sponsor of the event in any promotion of the event.
B. Organization / event shall coordinate and work directly with the WRCOG staff to obtain and distribute any materials that might be appropriate for the event.

VI. Exemptions

This Policy shall not apply to events or organizations that are specifically budgeted for in the Agency's Annual Budget.