



Western Riverside Council of Governments WRCOG Executive Committee

AGENDA

**Friday, June 30, 2023
10:00 AM**

**Pechanga Casino Resort
Eagle's View Ball Room
45000 Pechanga Pkwy
Temecula, CA 92592**

1. CALL TO ORDER (Chris Barajas, Chair)

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. PUBLIC COMMENTS

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

5. 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 June 5, 2023, Executive Committee Meeting

Requested Action(s):

1. Approve the Summary Minutes from the June 5, 2023, Executive Committee meeting.

B. Fiscal Year 2021/2022 Annual Comprehensive Financial Report

Requested Action(s):

1. Receive and file.

6. REPORTS / DISCUSSION

Members of the public will have an opportunity to speak on agenda items at the time the item is called for discussion.

A. Follow-up of Operational Review of the Finance Department

Requested Action(s): 1. Receive and file.

B. Cybersecurity Threats to Regional and Local Governments

Requested Action(s): 1. Receive and file.

7. REPORT FROM THE EXECUTIVE COMMITTEE CHAIR

Chris Barajas, City of Jurupa Valley

8. REPORT FROM THE EXECUTIVE DIRECTOR

Dr. Kurt Wilson

9. ITEMS FOR FUTURE AGENDAS

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

10. GENERAL ANNOUNCEMENTS

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

11. NEXT MEETING

The Executive Committee is dark during the month of July. The next Executive Committee meeting is scheduled for Monday, August 5, 2023, at 2:00 p.m., in the County of Riverside Administrative Center, 4080 Lemon Street, 1st Floor, Board Chambers, Riverside.

12. ADJOURNMENT

WRCOG Executive Committee

Minutes

1. CALL TO ORDER

The meeting of the WRCOG Executive Committee was called to order by Chair Crystal Ruiz at 2:00 p.m. on June 5, 2023, at the Riverside County Administrative Center, 4080 Lemon Street, 1st Floor Board Chambers, Riverside.

2. PLEDGE OF ALLEGIANCE

Chair Crystal Ruiz led the Committee members and guests in the Pledge of Allegiance.

3. ROLL CALL

- City of Banning - Sheri Flynn
- City of Beaumont - Mike Lara
- City of Calimesa - Wendy Hewitt
- City of Corona - Jacque Casillas*
- City of Eastvale - Christian Dinco
- City of Hemet - Jackie Peterson
- City of Jurupa Valley - Chris Barajas
- City of Lake Elsinore - Brian Tisdale
- City of Menifee - Bob Karwin*
- City of Moreno Valley - Elena Baca-Santa Cruz
- City of Murrieta - Ron Holliday
- City of Norco - Kevin Bash
- City of Perris - Rita Rogers
- City of Riverside - Ronaldo Fierro
- City of San Jacinto - Crystal Ruiz
- City of Temecula - James Stewart
- City of Wildomar - Joseph Morabito
- County, District 3 - Chuck Washington
- Eastern Municipal Water District (EMWD) - Phil Paule*
- Western Water - Brenda Dennstedt

*Arrived after Roll Call

4. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(1):

1. Logan vs California Statewide Communities Development Authority, et al., Case No. 37-

2022-00003295-CU-MC-NC (San Diego County Superior Court).

2. Cordova, et al. v. Elite Solar Group, LLC, et al., Case No. 37-2021-00000765-CU-BT-CTL (San Diego County Superior Court).

PUBLIC EMPLOYEE PERFORMANCE EVALUATION pursuant to Section 54957

- Title: Executive Director

CONFERENCE WITH LABOR NEGOTIATORS pursuant to Section 54957.6

- Agency designated representatives: Chair and General Counsel
Unrepresented employee: Executive Director

5. OPEN SESSION

Steve DeBaun, WRCOG legal counsel, reported that the matter discussed during Closed Session regarding the Executive Director includes an annual compensation increase to \$299k as of July 1, 2023, and an award bonus of \$39k on or about July 1, 2023. There will be language added to the Executive Director's employment contract indicating that he will be entitled to Consumer Price Index increases consistent with other WRCOG employees, as well as minor language allowing outside activities.

RESULT:	APPROVED AS RECOMMENDED
MOVER:	Murrieta
SECONDER:	EMWD
AYES:	Calimesa, Corona, Eastvale, Hemet, Jurupa Valley, Menifee, Moreno Valley, Murrieta Norco, Perris, Riverside, San Jacinto, Temecula, Wildomar, District 3, EMWD
NAYS:	Beaumont, Banning
ABSTENTIONS:	Lake Elsinore, Western Water

6. SPECIAL RECOGNITION OF ARNOLD SAN MIGUEL

Chair Ruiz thanked Arnold San Miguel from SCAG for his 34 years of service and congratulated him on his retirement.

Arnold San Miguel said he had the option to retire nine years ago, but it has been so great that he chose to stay. Mr. San Miguel thanked the Committee members for their service.

7. PUBLIC COMMENTS

Ivette Macias, SCAG Government Affairs Officer, is temporarily filling in until the position is filled. The California Department of Housing and Community Development is crafting recommendations to reform RHNA. SCAG is seeking input from jurisdictions, stakeholders, and the public through a brief public survey. There will be two public listening sessions, on June 22 and 27, 2023, with the option to attend remotely. Interested parties can register at scag.ca.gov/rhna, and stakeholders can submit comments to housing@scag.ca.gov. All comments and survey responses are due by June 30, 2023, which SCAG will then compile into a report and submit to the California State Legislature by December 31, 2023.

8. CONSENT CALENDAR

RESULT:	APPROVED AS RECOMMENDED
MOVER:	Riverside
SECONDER:	Wildomar
AYES:	Banning, Beaumont, Calimesa, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsin, Menifee, Moreno Valley, Murrieta, Norco, Perris, San Jacinto, Temecula, Wildomar, District 3, EMWD, Western Water
ABSTENTIONS:	Banning

A. Summary Minutes from the May 1 2023, Executive Committee Meeting

Action:

1. Approved the minutes from the May 1, 2023, Executive Committee meeting.

B. Summary Minutes from the June 6, 2022, WRCOG Supporting Foundation Meeting

Action:

1. Approved the Summary Minutes from the June 6, 2022, WRCOG Supporting Foundation meeting.

C. Finance Department Activities Update

Action:

1. Received and filed.

D. WRCOG Committees and Agency Activities Update

Action:

1. Received and filed.

E. Report out of WRCOG Representatives on Various Committees

Action:

1. Received and filed.

F. Approval of Regional Food Rescue and Technical Assistance Agreement

Action:

1. Authorized the Executive Director to execute an Agreement between WRCOG and MSW Consultants.

G. Execution of Professional Services Agreements for On-Call Planning Services

Actions:

1. Authorized the Executive Director to execute a new On-Call Professional Services Agreement between WRCOG and GHD, Inc., for support to WRCOG with transportation planning and staff support activities and services in an amount not-to-exceed \$200,000, for a term through June 30, 2025.
2. Authorize the Executive Director to execute a new On-Call Professional Services Agreement between WRCOG and Atlas Planning Solutions for support to WRCOG with general land use

planning support activities and services in an amount not-to-exceed \$50,000, for a term through June 30, 2025.

H. Annual Used Oil Payment Program Authorization - Cycle 14

Action:

1. Adopted Resolution Number 21-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments to support Regional Application - Used Oil Payment Program - 14.

I. Request to Authorize Annual Levy Assessments related to PACE Programs

Actions:

1. Adopted Resolution Number 05-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in various counties.
2. Adopted Resolution Number 06-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in Amador County.
3. Adopted Resolution Number 07-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in Butte County and certifying to Butte County the validity of the legal process used to place direct charges on the secured tax roll.
4. Adopted Resolution Number 08-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in the Glenn County.
5. Adopted Resolution Number 09-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in Humboldt County.
6. Adopted Resolution Number 10-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in Kern County.
7. Adopted Resolution Number 11-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in Madera County.
8. Adopted Resolution Number 12-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in Mendocino County.
9. Adopted Resolution Number 13-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in Merced County.
10. Adopted Resolution Number 14-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in Monterey County.
11. Adopted Resolution Number 15-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in Nevada County.
12. Adopted Resolution Number 16-23; A Resolution of the Executive Committee of the Western

Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in Nevada County.

13. Adopted Resolution Number 17-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in San Mateo County.
14. Adopted Resolution Number 18-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in Ventura County.
15. Adopted Resolution Number 19-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in Yolo County.
16. Adopted Resolution Number 20-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments making certain representations and authorizing the placement of assessments on the tax roll in Yuba County.

J. Approval of MOU Extension Amendment with SCAG for the Regional Early Action Planning (REAP) grant Subregional Partnership Program

Action:

1. Authorized the Executive Director to execute an amendment to the MOU, substantially as to form, with SCAG for the REAP Subregional Partnership Program to extend the term of the MOU to December 30, 2023.

K. Approval of Fiscal Year 2022/2023 Supporting Foundation Budget Amendment and Adoption of Fiscal Year 2023/2024 Supporting Foundation Budget

Actions:

1. Approved the Fiscal Year 2022/2023 Supporting Foundation Budget Amendment.
2. Adopted Resolution 01-23; A Resolution of the Board of Directors of the Western Riverside Council of Governments Supporting Foundation adopting the Fiscal Year 2023/2024 Supporting Foundation Budget.

L. Recommendation of Executive Committee Chair, Vice-Chair, and 2nd Vice-Chair Positions for Fiscal Year 2023/2024

Action:

1. Recommended that the General Assembly appoint Chris Barajas, Rita Rogers, and Brenda Dennstedt to serve as WRCOG Chair, Vice-Chair, and 2nd Vice-Chair, respectively, for Fiscal Year 2023/2024.

M. Approval of Administration & Finance Committee recommendation to amend Executive Director Employment Agreement and Agency Salary

Actions:

1. Adopted Resolution Number 22-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments adopting the Fiscal Year 2022/2023 publicly available Salary Schedule effective July 1, 2022, through June 30, 2023, as required by the California Public

Employees' Retirement System Rescinding Resolution Number 02-23.

2. Authorized the Executive Committee Chair to execute a 1st contract amendment that incorporates the provisions described in Attachment 2 subject to any non-substantive changes necessary to carry out the purpose and intent of this action.

N. Approval of Fiscal Year 2023/2024 Agency Salary Schedule

Action:

1. Adopted Resolution Number 23-23; A Resolution of the Executive Committee of the Western Riverside Council of Governments adopting the Fiscal Year 2023/2024 publicly available salary schedule effective July 1, 2023, through June 30, 2024, as required by the California Public Employee's Retirement System.

O. 2023 Western Riverside County TUMF Regional Arterial List Update

Actions:

1. Approve the six projects identified for RCTC Regional Arterial TUMF Funding.
2. Recommend that the RCTC Budget and Implementation Committee approve the six projects identified for RCTC Regional Arterial TUMF Funding.

9. REPORTS / DISCUSSION

A. WRCOG 2023 Legislative Platform

Dr. Kurt Wilson, WRCOG Executive Director, reported that one of the items that came forward from the strategic planning session was for WRCOG to take a more active roll, specifically in the state legislative process. The proposed Legislative Platform includes a set of Guiding Principles.

Action:

1. Approved the WRTCOG 2023 Legislative Platform.

RESULT:	APPROVED AS RECOMMENDED
MOVER:	Jurupa Valley
SECONDER:	Lake Elsinore
AYES:	Banning, Beaumont, Calimesa, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, San Jacinto, Temecula, Wildomar, District 3, EMWD, Western Water

B. Guidelines and Framework to Evaluate new WRCOG Programs and Initiatives

Due to time constraints, this item was moved to the August meeting.

C. State Legislative Update from Eastern Municipal Water District and Western Water

Pacal Cornejo-Reynoso from EMWD and Michael Hadley from Western Water gave a presentation on water legislation.

SB 366 (Caballero) builds off of Solve the Water Crisis coalition, and would modernize the California

Water Plan. This would amend the Water Plan to set a state-wide target for water supply development. By 2040, the state will develop a plan to build the infrastructure to add 10M acre-feet of new water supply to the state. The Department of Water Resource will come up with its own 2050 target.

AB 460 (Bauer-Kahan); AB 1337 (Wicks); SB 389 (Allen) attempt to modernize the California water rights system. It expands the State Water Board's authority to enforce curtailment orders, and could potentially hinder the water supply if water agencies are unable to import water under certain conditions.

AB 1205 (Bauer-Kahan) Declares that profiteering by an investment fund in the sale, transfer, or lease of any surface or groundwater right previously used on agricultural lands shall be considered a waste or unreasonable use of water.

Many legislators are upset with how the State Board could not do much to stop Northern California from taking water during severe drought conditions, except impose a fine of \$500/ day. EMWD and Western Water are currently working with authors of these bills to try to get to a better place on the water rights.

AB 1572 (Freidman) bans potable water use on nonfunctional turf at commercial, industrial, institutional, and multi-family residential properties. This does not affect single-family residences, and exclude recycled water, water for trees/plants, and recreational turf.

AB 1573 (Friedman) seeks to update the Model Water Efficient Landscape Ordinance (MWELO). New or renovated non-residential properties will include 75% native plants by 2035, and will prohibit the inclusion of nonfunctional turf in residential landscape projects beginning January 1, 2026.

Bonds are seen as a good way to keep the money flowing to different projects that would benefit California water in the long term.

AB 1567 (Garcia) and SB 867 (Allen) are being developed in tandem with legislative houses. \$15B-\$17B would be allocated for drought contingency measures, flood planning, and water resilience.

AB 305 (Villapudua) will allocate \$4.5B for flood protection projects.

SB 638 (Eggman) will allocate \$6B for flood protection and climate resiliency projects.

AB 1594 (Garcia) deals with medium- and heavy-duty, zero-emission vehicles for public agency utilities, and provides exemptions for water, sewer, and electric utilities.

AB 1637 (Irwin) requires all cities and counties to have a ".ca.gov" or ".gov" website address and email domain by January 1, 2027.

AB 557 (Hart) removes the 2028 sunset date for teleconferencing during statewide emergencies.

Action:

1. Received and filed.

10. REPORT FROM THE TECHNICAL ADVISORY COMMITTEE CHAIR

The Technical Advisory Committee Chair, Rob Johnson, was not present.

11. REPORT FROM COMMITTEE REPRESENTATIVES

There were no reports.

12. REPORT FROM THE EXECUTIVE COMMITTEE CHAIR

Chair Ruiz thanked the Executive Committee and staff for their support over the past year.

13. REPORT FROM THE EXECUTIVE DIRECTOR

Dr. Kurt Wilson reported that due to price increases, a limited number of Budget booklets were printed and placed at each Committee members' seat at the dais; there is an electronic version available. WRCOG Program Manager Daniel Soltero wrote a grant for the Governor's Office of Planning and Research for approximately \$421k. I-REN orientation meetings have begun throughout the subregion. General Assembly fund raising is going very well. One of the sponsors will be offering headshots, free of charge.

14. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

15. GENERAL ANNOUNCEMENTS

Committee member Jackie Peterson extended an invitation to the Arbor Day celebration in Hemet on April 29, 2023. Volunteers will clean up Simpson Park, which was heavily damaged in the Fairview fire last year. This year is the Ramona Pageant's 100th anniversary. It is a historical play on the California valley and Native American Indians, which will be performed on the last two weekends of April 2023 and the first weekend of May 2023.

16. NEXT MEETING

The next Supporting Foundation meeting has yet to be determined. The next Executive Committee meeting is scheduled for Friday, June 30, 2023, at 10:00 a.m., at Pechanga Casino Resort, Eagle's View Ball Room, 45000 Pechanga Pkwy, Temecula.

17. ADJOURNMENT

The meeting was adjourned at 3:36 p.m.



Western Riverside Council of Governments

WRCOG Executive Committee

Staff Report

Subject: Fiscal Year 2021/2022 Annual Comprehensive Financial Report

Contact: Brett Van Lant, Partner, Van Lant & Fankhanel, Bvanlant@vlfcpa.com, (951) 283-4848
 Andrew Ruiz, Chief Financial Officer, WRCOG, aruiz@wrcog.us, (951) 405-6740

Date: June 30, 2023

Requested Action(s):

1. Receive and file.

Purpose:

The purpose of this item is to provide information on WRCOG's Fiscal Year (FY) 2021/2022 Audit.

WRCOG 2022-2027 Strategic Plan Goal:

Goal #3 - Ensure fiscal solvency and stability of the Western Riverside Council of Governments.

Background:

On June 21, 2023, WRCOG's audit for Fiscal Year 2021/2022 was officially completed and its financials were issued. Attached for review is WRCOG's Annual Comprehensive Financial Report (ACFR). The Agency's financials were issued much later than typically expected, primarily due to changes (related to GASB) on how WRCOG presents its TUMF fund and HERO fund. Going forward, staff expect to issue its financials in a more timely manner, usually around five to six months after fiscal year end.

WRCOG's auditors are providing an unmodified opinion on the FY 2021/2022 Annual Comprehensive Financial Report (ACFR). An unmodified opinion is the highest form of assurance an auditing firm can provide to its client and means that the audit and associated Agency financials are both in good form and the accounting practices are solid.

WRCOG has received the distinguished "Certificate of Achievement for Excellence in Financial Report" from the Government Finance Officers Association for eight consecutive years, most recently the Fiscal Year 2020/2021 Award. The Award recognizes that the Agency is transparent, has provided full disclosure of its financial statements, and that the users of the ACFR have all the information needed to draw a financial conclusion of the Agency. WRCOG will once again apply for the award for Fiscal Year 2021/2022.

Prior Action(s):

None.

Fiscal Impact:

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

Attachment(s):

[Attachment 1 - Fiscal Year 2021/2022 Annual Comprehensive Financial Report](#)

Attachment

Fiscal Year 2021/2022
Annual Comprehensive
Financial Report



Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2022

Submitted by:
Fiscal Department
Western Riverside Council of Governments

WESTERN RIVERSIDE COUNTY | CALIFORNIA

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2022

Prepared by
Finance Department

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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Introductory Section



Western Riverside Council of Governments

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

June 21, 2023

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

Letter of Transmittal

The Annual Comprehensive Financial Report for the Western Riverside Council of Governments (WRCOG) for the fiscal year ended June 30, 2022 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.

Van Lant & Fankhanel, LLP has issued an unmodified opinion on WRCOG's financial statements for the year ended June 30, 2022. 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 ACFR for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

Profile of the Government

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

Major Initiatives

Transportation Uniform Mitigation Fee (TUMF) Program: WRCOG developed and administers the TUMF Program, a multi-jurisdictional fee program that ensures that new development in the subregion contributes their “fair share” to the sustaining of the regional transportation system. Over the life of the Program, 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 has contributed to over 112 completed infrastructure projects since inception, with 72 in active development today. The Program also provides more than \$92 million for regional transit improvements, and nearly \$43 million for acquisition of sensitive habitat.

To date, WRCOG has received more than \$1 billion in TUMF revenue since the Program’s inception in 2003. Of the 72 active projects; 15 are under construction; 9 are in right-of-way acquisition; and 47 are in the planning, environmental, or engineering stages. The TUMF Program has helped to fund and deliver more than \$1 billion in critical transportation infrastructure.

Inland Regional Energy Network (I-REN) Program: In 2012, the California Public Utilities Commission (CPUC) authorized a new model for administering energy efficiency programs outside the traditional Investor-Owned Utility (IOU)-administered paradigm. These new models are known as Regional Energy Networks (RENs).

Since 2018 WRCOG has partnered and has been strategizing with the Coachella Valley Association of Governments (CVAG) and San Bernardino Council of Governments (SBCOG) on development of a REN to service the Inland Counties of Riverside and San Bernardino, with WRCOG acting as the lead agency. This tri-COG group hereby collectively referred to as the Inland REN (“I-REN” or “I-REN Team”) for the purposes of this program, has submitted a Business Plan to the CPUC, and has been approved to become a REN Program Administrator (PA), with the desire to address CPUC goals and objectives described in Rulemaking 13-11-005 concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation, and Related Issues. The I-REN Business Plan addresses three sectors – the Public Sector, the Codes & Standards Sector (C&S), and the Workforce, Education & Training Sector (WE&T). Throughout these sectors, there will be a strong focus on hard-to-reach communities and disadvantaged communities within the I-REN territory.

The I-REN Business Plan was approved by the CPUC on November 18, 2021, with a budget of \$65 million to be funded through program years 2022 to 2027.

Public Sector and related subprograms: I-REN plans to implement a Public Sector program and related subprograms for the purpose of achieving local and State Energy Efficiency goals.

Codes & Standards Sector and subprograms: I-REN will implement a dynamic and targeted set of programs to assist local government agencies in better understanding and enforcing energy building codes.

Workforce, Education & Training (WE&T) Sector and subprograms: I-REN will implement programs to ensure there is a trained workforce to support and realize energy efficiency savings goals across sectors.

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

and throughout California. Over 90,000 residential projects have been completed, representing approximately \$2 billion in funding. Since inception, roughly 41 commercial projects have been completed totaling over \$185 million. These completed projects have saved over 3.85 billion kWh, 2.39 billion gallons of water, and over 1.03 million tons of greenhouse gas emissions (GHG) saved.

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

The WRCOG PACE Program has also expanded throughout California. As of 2023, over 388 jurisdictions have joined the statewide Program, continuing to save billions of gallons of water, reducing millions of tons of GHG, and saving billions of kWh. This expansion has allowed commercial PACE to increase its presence and give business owners new financing opportunities, including new construction and retrofitting older buildings. PACE financing continues to offer commercial property owners alternative financing while offering renewable energy, water conservation, seismic strengthening improvements and energy efficient products.

During Fiscal year 20/21, WRCOG's partner in the residential PACE Program (HERO), Renovate America, terminated its PACE product and subsequently filed for Chapter 11 Bankruptcy in December 2020, effectively ending the Program. Additionally, at the December 2020 WRCOG Executive Committee meeting, staff was directed to terminate the remaining residential PACE administration agreements with the two other companies that have partnered with WRCOG, Renew Financial and PACE Funding Group. Going forward, all WRCOG PACE Program updates will be focused solely on the commercial, or C-PACE, element of the Program.

While there are no longer new projects with the PACE residential Programs, WRCOG is still servicing the outstanding assessments (liens) related to the Program in the winddown phase. The Program still generates revenues from refunds, payoffs, delinquency sell-offs, and the annual administrative fee. A majority of the residential revenue was due to early payoffs, as property values increased significantly in FY 21/22, interest rates remained low, so homeowners were taking advantage of this and pulling equity from their home to pay off these higher interest PACE assessments.

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

On May 24, 2021, WCE declared a fiscal emergency, which ultimately led to WCE filing for Chapter 9 bankruptcy protection. Multiple factors led to WCE declaring its fiscal emergency, including increased energy usage due the COVID lockdown, increased energy costs, increased delinquencies due to COVID and record-high heatwaves in the Fall of 2020. While other CCAs and utilities in California experienced similar events and challenges, they were able to draw on reserves that were built up over years of operation to overcome these challenges.

As WCE commenced operation right as these issues started to happen, it did not have the opportunity to build financial reserves and had no cushion to fall back on. WCE has an

Implementation and Management Services Agreement with WRCOG to provide administrative Services to the Agency. WRCOG provided WCE with startup costs to launch the CCA as well as additional amounts to support operations. The amount owed by WCE to WROG at the time of the bankruptcy was approximately \$5 million. As WRCOG is seen as an unsecured creditor in the bankruptcy, approximately 42% was paid out to WRCOG in September 2022 and the remainder was reflected as bad debt expense in FY 21/22

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.

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 the development of alternative fuel infrastructure, technologies, and education. The Coalition hosts educational live webinars and events to bring together groups of leading policymakers, fleets, sustainability directors, and legislators to discuss the importance of clean technology transportation.

Solid Waste Cooperative: California has continued to pass legislation (AB 341, AB 1826, AB 827, and SB 1383) requiring jurisdictions to implement processes that promote business and multi-family complex recycling and organics recycling programs. WRCOG's Solid Waste Committee works with its partners and the California Department of Resources Recycling and Recovery (CalRecycle) to discuss solid waste issues and ways to address mandates.

Streetlight Program: At the direction of the Executive Committee, WRCOG developed a Regional Streetlight Program that assisted 10 member agencies and a Community Services District to purchase streetlights which were previously owned and operated by Southern California Edison (SCE), within their jurisdictional boundaries. Once the streetlights were purchased by the member agency, the lamps were retrofitted to light-emitting diode (LED) technology to provide more economical operations (i.e., lower maintenance costs and reduced energy use). Local control of the streetlight system provides agencies with opportunities for future revenue generation such as digital-ready networks and telecommunications and information technology strategies. In order to identify and elaborate on these new opportunities, WRCOG developed a Smart Streetlights Implementation Plan and Broadband Assessment that could be applicable to all WRCOG member agencies.

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 providing continuous operations & maintenance (O&M) agreement that will enhance the level of service currently provided by SCE, working with agencies to update regional and community-specific streetlight standards, coordinating as-needed retrofits and additional LED conversion work, and are actively seeking and developing smart city opportunities that could be implemented by public agencies.

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 or recent graduates who attend school, live, or work in the Western Riverside region 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. WRCOG is also responsible for soliciting interest from students, reviewing applications and conducting interviews, recommending local government agency placements, and communicating regularly with Fellows. WRCOG also provides ongoing training to Fellows on career readiness and other theoretical topics during regular Networking Sessions to support their hands-on work experience.

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 the expenditures such as rent, legal, consulting, and payroll, and because of this, must charge overhead to offset the difference. The overhead is calculated during the budget process and allocated to each function in the most equitable method possible. This is usually based on the amount of revenue generated as a percentage of the total agency revenue.

The creation of the budget entries is part of the internal control process. One member of the Fiscal staff is to enter the journal, while another member approves. The 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 annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the ninth 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 annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

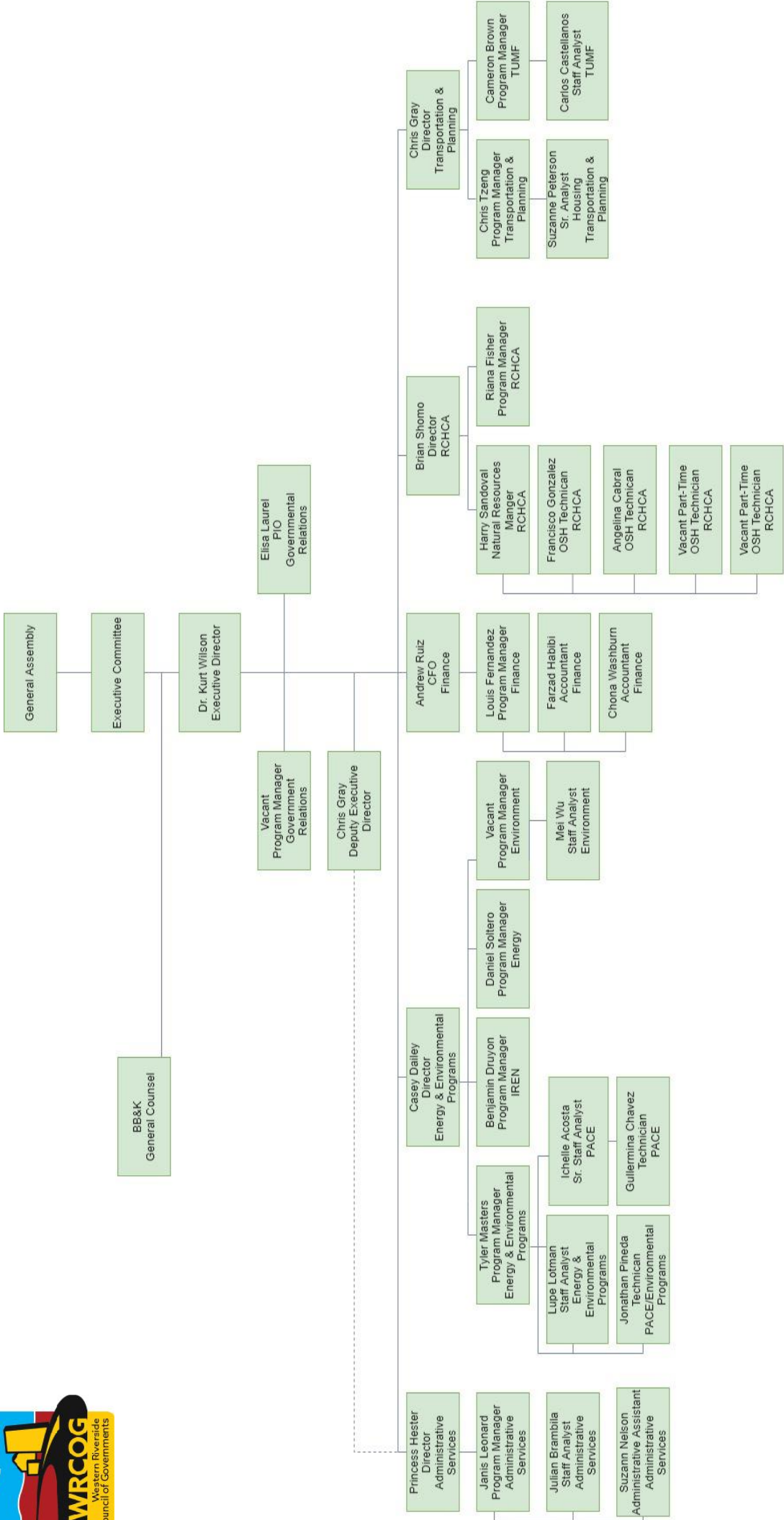
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Sincerely,

A handwritten signature in black ink, appearing to read 'ARj', is positioned above the printed name and title.

Andrew Ruiz
Chief Financial Officer

Western Riverside Council of Governments



Western Riverside Council of Governments

List of Principal Officials
As of June 30, 2022

Executive Committee Members

Name and Position	Title	Agency
Crystal Ruiz	Chair	City of San Jacinto
Chris Barajas	Vice-Chair	City of Jurupa Valley
Rita Rogers	2nd Vice-Chair	City of Perris
David Happe	Member	City of Banning
Mike Lara	Member	City of Beaumont
Wendy Hewitt	Member	City of Calimesa
Jordan Ehrenkranz	Member	City of Canyon Lake
Jacque Casillas	Member	City of Corona
Christian Dinco	Member	City of Eastvale
Russ Brown	Member	City of Hemet
Brian Tisdale	Member	City of Lake Elsinore
Matt Liesemeyer	Member	City of Menifee
Edward Delgado	Member	City of Moreno Valley
Lori Stone	Member	City of Murrieta
Kevin Bash	Member	City of Norco
Ronaldo Fierro	Member	City of Riverside
Maryann Edwards	Member	City of Temecula
Ben Benoit	Member	City of Wildomar
Kevin Jeffries	Member	County of Riverside, District 1
Karen Spiegel	Member	County of Riverside, District 2
Chuck Washington	Member	County of Riverside, District 3
Jeff Hewitt	Member	County of Riverside, District 5
Brenda Dennstedt	Member	Western Municipal Water Dist.
Phil Paule	Member	Eastern Municipal Water Dist.
Dr. Judy White	Member	Riverside County Supt. of Schools

Management Staff

Dr. Kurt Wilson, Executive Director
Chris Gray, Deputy Executive Director
Andrew Ruiz, Chief Financial Officer
Casey Dailey, Director of Energy & Environmental Programs
Princess Hester, Administrative Services Director



Government Finance Officers Association

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in Financial
Reporting

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**Western Riverside Council of Governments
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



Financial Section

Independent Auditor's Report

Executive Committee
Western Riverside Council of Governments
Riverside, California

Report on the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the WRCOG's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of WRCOG, as of June 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WRCOG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, WRCOG adopted new accounting guidance, *GASB Statement No. 87, Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and 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 error or fraud.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WRCOG's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 WRCOG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WRCOG's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise WRCOG's basic financial statements. The accompanying combining statements and budgetary comparison schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 21, 2023, 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 the 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.

Van Lant & Fankhaed, LLP

June 21, 2023

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

**Management's Discussion and Analysis
For the Year Ended June 30, 2022**

This section of the Western Riverside Council of Governments (WRCOG) Annual Comprehensive Financial Report presents a narrative overview and analysis of WRCOG's financial activities for the fiscal year ended June 30, 2022. 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
 - Local Transportation Special Revenue Fund
 - Regional Energy Network Special Revenue Fund
- Schedule of WRCOG's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date
- Schedule of Plan Contributions
- Schedule of Changes in the Net OPEB Liability and Related Ratios
- Schedule of OPEB Contributions

The following other information has been included in this report:

- Supplementary Information
- Custodial Funds
- Statistical Section

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

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

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Management's Discussion and Analysis
For the Year Ended June 30, 2022

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

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

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

WRCOG maintains three 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.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support WRCOG's own programs. The basis of accounting for these funds is much like that used for proprietary funds. WRCOG reports two types of fiduciary funds (OPEB Trust Fund and Custodial Funds). The OPEB trust fund accounts for the activities of the PARS Pension Rate Stabilization Program Section 115 Trust. The custodial funds are used to account for deposits relating to the payoff of Property Assessed Clean Energy (PACE) program loans and Transportation Uniform Mitigation Fees (TUMF) received from developers as part of the fees assessed by member agencies. WRCOG changed the fund reporting type for the TUMF Custodial Fund. In the prior year, this was reported as a special revenue fund.

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

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

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

**Management's Discussion and Analysis
For the Year Ended June 30, 2022**

FINANCIAL HIGHLIGHTS

- Total net position of WRCOG was \$8.9 million and consisted of net investment in capital assets of \$230,209, restricted net position of \$2.9 million, and unrestricted net position of \$5.7 million.
- At June 30, 2022, WRCOG's assets of \$18.3 million plus deferred outflows of resources of \$2.4 million was more than its liability of \$8.4 million and deferred inflows of resources of \$3.4 million resulting in a net position of \$8.9 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 net position, with total assets and deferred outflows of resources more than liabilities and deferred inflows of resources by \$8.9 million.

Net pension liability is the amount needed to fully fund WRCOG's defined benefit plan. The net pension liability at June 30, 2021 was \$3.1 million and decreased to \$1.7 million at June 30, 2022.

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

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

The table below provides summarized data from the Statement of Net Position for WRCOG as of June 30, 2022, as compared to the prior year:

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Management's Discussion and Analysis
For the Year Ended June 30, 2022

Statement of Net Position
As of June 30

	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 15,841,871	\$ 15,576,472
Capital Assets	<u>2,520,373</u>	<u>218,171</u>
Total Assets	<u>18,362,244</u>	<u>15,794,643</u>
Deferred Outflows of Resources	<u>2,449,634</u>	<u>1,676,943</u>
Current and Other Liabilities	2,497,304	1,955,881
Long-term Liabilities	<u>5,920,181</u>	<u>4,589,264</u>
Total Liabilities	<u>8,417,485</u>	<u>6,545,145</u>
Deferred Inflows of Resources	<u>3,447,774</u>	<u>1,418,044</u>
Net Position:		
Net Investment in Capital Assets	230,209	218,171
Restricted	2,963,656	423,657
Unrestricted	<u>5,752,754</u>	<u>8,866,569</u>
Total Net Position	<u>\$ 8,946,619</u>	<u>\$ 9,508,397</u>

WRCOG's total net position decreased by 5.91%, or \$561,778, during fiscal year 2021-2022 compared to the prior year. The decrease in net position was mostly due to an increase in current liabilities. Total liabilities increased 28.61%, or \$1.8 million, during fiscal year 2021-2022 compared to the prior year, mostly due to the implementation of GASB 87 Leases. Total assets increased from \$15.7 million in FY 2020/2021 to \$18.3 million, or 16.26%. This increase in assets is attributable to the implementation of GASB 87 Leases in capital assets. Below are the three components of net position and their respective fiscal year-end balances:

- **Net Investment in Capital Assets** represents 2.57%, or \$230 thousand of WRCOG's total net position for fiscal year 2021-2022 compared to 2.29%, or \$218 thousand, for fiscal year 2020-2021. The increase is attributable to the depreciation of existing capital assets.
- **Restricted net position** accounts 33.13%, or \$2.5 million, of WRCOG's total net position for fiscal year 2021-2022 compared to 4.46%, or \$423 thousand, for fiscal year 2020-2021. 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. The increase is attributable to the creation of the Local Transportation Fund (LTF) own separate fund.

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

**Management's Discussion and Analysis
For the Year Ended June 30, 2022**

- **Unrestricted net position** accounts for 64.30%, or \$5.7 million, of WRCOG's total net position for fiscal year 2021-2022 compared to 93.25%, or \$8.8 million for fiscal year 2020-2021. 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 \$27,101 to negative \$27,181 due to unrealized losses on market value of securities.
- Charges for services are revenues received related to the sponsorship of the PACE Program and TUMF administration fee collection. In addition, the PACE Program recording fees are included in the revenue balance. Charges for services increased by 17.02%, or \$1.08 million from the prior year due to more TUMF revenues collected during the fiscal year.
- 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. Operating grants and contributions increased by \$701 thousand, or 30.14%, from \$2.3 million in fiscal year 2020-2021 to \$3 million in the current fiscal year. This increase was due to the IREN going live during the fiscal year.

Expenses: Total program expenses for governmental activities were \$11 million for the current fiscal year, an increase of 38.68%, or \$3 million compared to the prior fiscal year. The increase in expenses is mostly attributable to the bad debt expense, related to WCE's bankruptcy, recognized during the fiscal year.

The following table provides information from the Statement of Activities for WRCOG for the fiscal year 2021-2022, as compared to the prior year:

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

**Management's Discussion and Analysis
For the Year Ended June 30, 2022**

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30**

	2022	Percent of Total	2021	Increase (Decrease) From 2021	Percent Increase (Decrease)
Revenues					
Program Revenues:					
Charges for Services	\$ 7,487,534	71%	\$ 6,398,741	\$ 1,088,793	17.02%
Operating Grants and Contributions	3,028,003	29%	2,326,754	701,249	30.14%
General Revenues:					
Investment Income	(27,181)	0%	27,101	(54,282)	-200.30%
Total Revenues	<u>10,488,356</u>	<u>100%</u>	<u>8,752,596</u>	<u>1,735,760</u>	19.83%
Expenses					
General Government	4,391,339	40%	4,150,530	(240,809)	5.80%
Energy	6,086,935	55%	3,110,304	(2,976,631)	95.70%
Environmental	559,545	5%	707,125	147,580	-20.87%
Interest on Leases	12,315	0%	-	(12,315)	100.00%
Total Expenses	<u>11,050,134</u>	<u>100%</u>	<u>7,967,959</u>	<u>(3,082,175)</u>	38.68%
Change in Net Position	(561,778)		784,637	(3,082,175)	
Net Position, Beginning of Year, Restated	<u>9,508,397</u>		<u>8,723,760</u>	<u>784,637</u>	
Net Position, End of Year	<u>\$ 8,946,619</u>		<u>\$ 9,508,397</u>	<u>\$ (561,778)</u>	-5.91%

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. The 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 \$10.8 million, as compared to \$11.1 million for the prior fiscal year. The decrease of \$335 thousand, or 3.0%, was mostly a net result of the increased revenues in the TUMF mitigation fees and PACE fees and recognition of bad debt expense from WCE's bankruptcy. As a measure of the General Fund's liquidity, it is useful to compare both total

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fund balance and spendable fund balance to total fund expenditures. The non-spendable portion of fund balance was \$119 thousand; restricted fund balance in the General Fund was \$326 thousand which is funds held in a pension stabilization fund held in Section 115 Trust. WRCOG established the Trust in February 2020 and initially funded the trust in October 2020. The assigned portion was \$218 thousand for the Fellowship Program, and the unassigned portion was \$10.1 million. The current year's unassigned fund balance is 115% of the total General Fund expenditures of \$7.5 million, as compared to 173% of the total General Fund expenditures for fiscal year 2021-2021. The total fund balance of the General fund for the current year is 123% of the total general fund expenditures as compared to 182% for the prior year.

The Local Transportation Fund (LTF) is a Special Revenue Fund for WRCOG. At the end of the current fiscal year, the LTF's total fund balance was \$2.59 million, as compared to \$2.52 million for the prior fiscal year. The increase of \$66,754, or 2.64%, was mostly a net result of the increase in revenues and decrease in expenditures.

The Local Transportation Fund's revenue is derived from ¼ cent of the general sales tax collected statewide, and then allocated by the State Board of Equalization (BOE). The Riverside County Transportation Commission (RCTC) receives an LTF allocation for the entire County, from the BOE, which they then divide among various groups. RCTC then allocates those funds to various projects and programs including an allocation for regional planning efforts. The regional planning efforts receive a small portion of the overall funds. RCTC then allocates those planning dollars among 3 parties (themselves, WRCOG, and CVAG). Per adopted RCTC policy, WRCOG receives 55% of those planning funds. To receive those funds, WRCOG must submit a work plan. The Work Plan is generally accepted by RCTC assuming that WRCOG can demonstrate that the work WRCOG is doing is consistent with regional planning purpose. Once the Work Plan has Staff and Commission approval, WRCOG can invoice RCTC for these funds and they are paid to WRCOG in a lump sum payment. WRCOG is then responsible for managing the LTF budget and the funds are mainly used to pay for staff time, staff benefits, agency overhead expenses, and consultant time.

Inland Regional Energy Network (I-REN) Fund is a Special Revenue Fund for WRCOG. At the end of the current fiscal year, I-REN's total fund balance was zero, as compared to the prior fiscal year. This zero-fund balance is attributed to the I-REN as a reimbursement-based program.

Since 2018 WRCOG has partnered and has been strategizing with the Coachella Valley Association of Governments (CVAG) and San Bernardino Council of Governments (SBCOG) on development of a REN to service the Inland Counties of Riverside and San Bernardino, with WRCOG acting as the lead agency. These partners joined together and submitted a Business Plan to the California Public Utilities Commission (CPUC) to establish locally administered, designed, and delivered energy efficiency programs. I-REN's Business Plan was approved by the CPUC in November 2021 for three sectors: Public, Codes and Standards, and Workforce Education and Training

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The CPUC-approved I-REN Business Plan established the 6-year budgeting parameters (program years 2022 to 2027) of I-REN in terms of the revenue amount and spending categories that can be authorized. As funds from the 6-year authorization (\$65.6m) are drawn down, the remaining funds are spread evenly over the remaining time. Lower spending levels in year one is offset by proportionally higher spending levels in future years. While the pace of spending fluctuates slightly from year to year, the cumulative spending total over the 6-year period is capped at \$65.6m. The annual spending amount is the result of that calculation and is codified through a procedural step with the CPUC (annual Advice Letter) as well as the WRCOG annual budget in which the I-REN funds are embedded because WRCOG serves as the Lead Administrative Agency.

GENERAL FUND FINANCIAL ANALYSIS

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

	<u>2022</u>	<u>Percent of Total</u>	<u>2021</u>	<u>Increase (Decrease) From 2021</u>	<u>Percent Increase (Decrease)</u>
Revenues					
Intergovernmental	\$ 1,801,188	21%	\$ 2,180,668	\$ (379,480)	-17.4%
TUMF Mitigation Fees	3,031,817	35%	2,435,899	595,918	24.5%
PACE Fees	3,713,297	43%	3,194,962	518,335	16.2%
Other Revenues	63,749	1%	81,466	(17,717)	-21.7%
Investment Income	(27,181)	0%	27,101	(54,282)	-200.3%
Total Revenues	<u>\$ 8,582,870</u>	<u>100%</u>	<u>\$ 7,920,096</u>	<u>\$ 662,774</u>	<u>8.4%</u>

Intergovernmental revenues are derived from various grants and member dues. Revenues decreased due to the Streetlight Program receiving additional revenues relating to rebates from Southern California Edison (SCE) in FY 2021 and not in FY 2022. 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 due to an increase in early payoffs. These early payoffs require additional processing and additional fees were collected due to this. Other revenues decreased due to Beaumont TUMF Settlement received in the prior fiscal year and none received in FY 2022. Lastly, investment income decreased in the general fund due to unrealized losses on fair market values on investments.

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

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	<u>2022</u>	<u>Percent of Total</u>	<u>2021</u>	<u>Increase (Decrease) From 2021</u>	<u>Percent Increase (Decrease)</u>
Expenditures					
General Government	\$ 2,465,813	28%	\$ 3,011,135	\$ (545,322)	-18.1%
Energy	5,576,173	63%	3,110,304	2,465,869	79.3%
Environmental	317,661	4%	501,333	(183,672)	-36.6%
Lease Principal	410,505	5%	-	410,505	100.0%
Lease Interest	12,315	0%	-	12,315	100.0%
Total Expenditures	<u>\$ 8,782,467</u>	<u>100%</u>	<u>\$ 6,622,772</u>	<u>\$ 2,159,695</u>	<u>32.6%</u>

Expenditures in the General Government remained mostly stable with a minor decrease. Due to the implementation of GASB 87 Leases in FY 2022, the office lease cost was moved out of General Government and listed under Lease Principal and Lease Interest. Energy expenditures have increased primarily due to the bad debt expense recognized in FY 2022 related to WCE's bankruptcy and the decline of the PACE programs and increased legal fees related to termination of residential PACE. Lastly, the Environmental Department experienced a decrease in expenditures due to less work performed in the Used Oil and Clean Cities programs.

LOCAL TRANSPORTATION FUND FINANCIAL ANALYSIS

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

	<u>2022</u>	<u>Percent of Total</u>	<u>2021</u>	<u>Increase (Decrease) From 2021</u>	<u>Percent Increase (Decrease)</u>
Revenues					
Intergovernmental	\$ 866,250	100%	\$ 676,500	\$ 189,750	28.0%
Total Revenues	<u>\$ 866,250</u>	<u>100%</u>	<u>\$ 676,500</u>	<u>\$ 189,750</u>	<u>28.0%</u>

The Local Transportation Fund's revenue is derived from ¼ cent of the general sales tax collected statewide, and then allocated by the State Board of Equalization. Revenues increased due to more taxes being collected, and a higher allocation compared to the prior year.

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

	<u>2022</u>	<u>Percent of Total</u>	<u>2021</u>	<u>Increase (Decrease) From 2021</u>	<u>Percent Increase (Decrease)</u>
Expenditures					
General Government	\$ 799,496	100%	\$ 887,089	\$ (87,593)	-9.9%
Total Expenditures	<u>\$ 799,496</u>	<u>100%</u>	<u>\$ 887,089</u>	<u>\$ (87,593)</u>	<u>-9.9%</u>

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The decrease in LTF expenditures is due to less work performed in the program. LTF funds are mainly used to pay for staff time, staff benefits, agency overhead expenses, and consultant time.

INLAND REGIONAL ENERGY NETWORK FUND FINANCIAL ANALYSIS

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

The I-REN Fund's revenues are reimbursement based and correspond with the CPUC-approved I-REN Business Plan. As funds from the 6-year authorization \$65.6M are drawn down, the remaining funds are spread evenly over the remaining time. Lower spending levels in year one is offset by proportionally higher spending levels in future years. While the pace of spending fluctuates slightly from year to year, the cumulative spending total over the 6-year period is capped at \$65.6M. Revenues increased due to the program going live during FY 2022.

	2022	Percent of Total	2021	Increase (Decrease) From 2021	Percent Increase (Decrease)
Revenues					
Charges for Services	\$ 510,762	100%	\$ -	\$ 510,762	100.0%
Total Revenues	<u>\$ 510,762</u>	<u>100%</u>	<u>\$ -</u>	<u>\$ 510,762</u>	<u>100.0%</u>

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

	2022	Percent of Total	2021	Increase (Decrease) From 2021	Percent Increase (Decrease)
Expenditures					
Energy	\$ 510,762	100%	\$ -	\$ 510,762	100.0%
Total Expenditures	<u>\$ 510,762</u>	<u>100%</u>	<u>\$ -</u>	<u>\$ 510,762</u>	<u>100.0%</u>

The increase in I-REN expenditures is due to the program going live during FY 2022.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences exist between final budgeted amounts versus actual amounts mostly due to the timing in which the fourth quarter budget amendments are taken to WRCOG's Administration & Finance Committee. To be finalized for the 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 \$9.6 million; however, the actual amount was only \$8.6 million, leaving a variance of \$1 million. This variance

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was primarily due to some multi-year grants (REAP) not having as much activity this year as originally anticipated but will be captured in the forthcoming years.

On the expenditure side for the General Fund, it was anticipated expenditures would be \$9.7 million; however, actual expenditures were only \$8.7 million, leaving a variance of \$1 million. This variance was mostly due from the REAP Consulting Labor being over budgeted by \$1.4 million.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

As of June 30, 2022, WRCOG had capital assets of \$2,520,373, net of accumulated depreciation, invested in mostly office items such as furniture, computers, office improvements, and vehicles; as well as the Right to use Leased Office.

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

Long-term liabilities have decreased from \$7.3 million in FY 2020/2021, to \$6.3 million, including net pension and net OPEB liabilities, in FY 2021/2022, or a decrease of 13%. The decrease in long-term liabilities can mostly be attributed to a decrease in net pension liabilities.

Additional information to WRCOG's long-term liabilities can be found on Note 5, Note 8, and Note 9 to the financial statements.

ECONOMIC FACTORS AND OTHER FACTORS

On June 6, 2022, WRCOG adopted the Fiscal Year 2022/2023 budget. The budget has been completely redesigned in a more date-rich and user-friendly format and is now presented at the fund level rather than the program level, as presented in previous fiscal years.

The WRCOG Budget includes expenditures of \$46 million and revenues of \$75 million, with the discrepancy primarily attributed to the Transportation Uniform Mitigation Fee (TUMF) Program (now a Custodial Fund on FY 22 ACFR) which accrues revenues over multiple years for large transportation projects and is not expected to spend all revenues in the same fiscal year. The General Fund reserve is approximately \$5 million (50%).

The Unfunded Accrued Liability (UAL) is \$3.4 million, the Other Post-Employment Benefits (OPEB) balance is \$1.2 million, and the available balance in WRCOG's Section 115 Trust is \$350,000. In lieu of the traditional inclusion of a Cost-of-Living Adjustment (COLA) and in anticipation of the results from the upcoming Classification and Compensation Study, labor costs are budgeted to increase by 4.5% as reflected in a to-be-allocated formula to be determined upon completion of the Study.

Four Programs from Fiscal Year 2021/2022 will end and were not included in the Fiscal Year 2022/2023 budget: Smart Climate Grant (Caltrans), Western Riverside Energy Partnership (SoCalGas), Household Hazardous Waste (CalRecycle), and the General Assembly & Leadership Address (shifting to the WRCOG Supporting Foundation).

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One new revenue source includes Measure A funds from the City of Beaumont as part of a settlement agreement that includes the transfer of \$9.4 million over a period of several years.

The Inland Regional Energy Network (I-REN) is a new program in partnership with the Coachella Valley Association of Governments (CVAG) and the San Bernardino Council of Governments (SBCOG). WRCOG serves as the lead administrative agency and SoCal Gas serves as the fiscal agent. The I-REN focuses on the energy sector with an emphasis on energy efficiency through efforts related to Codes and Standards, Public Sector, and Workforce, Education and Training. The Program is authorized and fully funded by the California Public Utilities Commission (CPUC) using the statewide public goods surcharge. The combined budget for the three agencies over 6 years is \$65 million.

No changes are proposed to the current member due's structure. They will continue to represent a revenue in the General Fund of approximately \$300,000.

The TUMF Program (now a Custodial Fund on FY 22 ACFR) continues to benefit from high levels of development throughout the subregion. Revenue estimates are increasing from \$48 million to \$55.1 million. The upcoming year will see the implementation of state law changes related to the collection of the fee, the inclusion of vehicle miles traveled (VMT) as an analytical consideration, and a Nexus Study update. The 4% WRCOG Administration Fee remains unchanged.

The Streetlight program is member-based revenues are declining from \$146,000 to \$135,000 to reflect the withdrawal of the City of Temecula from the Maintenance and Operations Program.

Solid Waste revenues and expenditures remain static with the \$0.17 per occupied dwelling unit rate remaining unchanged for more than a decade and generating \$126,000.

Love your neighborhood revenues from the Riverside County Flood Control and Water Conservation District remain the only source of funding for this Program and are increasing from \$35,000 to \$50,000.

Used Motor oil Gas Tax revenues received from CalRecycle remain the only source of funding for this Program and are increasing from \$168,000 to \$198,000.

Local Transportation Funds (LTF) are state funds are allocated to WRCOG through an agreement whose share is expected to increase from \$866,000 to \$1 million in revenue. An additional \$70,000 is partially funding the Clean Cities Program Manager position that will, among other things, seek to bring additional transportation-related grant funds to the subregion. As of the start of Fiscal Year 2021/2022 the LTF fund balance is \$2.6 million.

The Regional early action planning grant (REAP) is non-recurring state revenue comes via the Southern California Association of Governments (SCAG) and ends at the end of Fiscal Year 2022/2023. Approximately \$1 million of the total \$1.76 million will be spent in Fiscal Year 2022/2023 with six member agencies expected to seek services from the on-call planning consultants retained by WRCOG as part of this project.

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The California Resiliency Challenge is a non-recurring \$200,000 grant from the Bay Area Council ends at the end of calendar year 2022. The deliverable is an Energy Resilience Plan and the remaining funds at the end of Fiscal Year 2021/2022 total approximately \$132,000.

The Fellowship Program is operating primarily from a non-recurring funding source, the fund balance for this Program has dwindled from \$1.38 million from Fiscal Year 2014/2015 to \$193,000 at the end of Fiscal Year 2021/2022. With current annual WRCOG costs of approximately \$100,000, the Program will deplete funding by the end of Fiscal Year 2023/2024 at its current pace. Prolonging the Program life would require a new funding source or decreased costs, but no changes were proposed at this time.

The Commercial Property Assessed Clean Energy (C-PACE) Program continues a healthy mix of low-volume high-dollar projects delivered through three providers (Greenworks, Clean Fund, and Twain). Funding is dependent on projects being delivered and is estimated to include expenditures of \$168k against revenues of \$200k.

The HERO residential PACE-financing Program continues the long wind down period. No new assessments have been issued since implementation of the Executive Committee's December 2020 directive to stop issuing new assessments. Existing assessments will need servicing until they are paid off. The last scheduled payoff date for any HERO residential PACE-financing Program assessments is the year 2046; however, early payoffs are common. Revenues from annual administration fees, prepayment fees, and delinquencies are estimated at \$2.7 million. Expenses for legal costs (\$900,000), settlements (\$200,000), salaries and overhead (down 30% to \$900,000) are budgeted for the upcoming year. This budget creates a HERO Reserve fund with an initial level of \$464,000. As the Program winds down, there is no certainty as to the timing of when the final assessments will be paid off. At the same time, there is no certainty as to the amount or timing for resolving legal issues. The Reserve fund is intended to provide a buffer in the event the timing of both events requires additional money.

The Clean Cities program revenues are increasing from \$253,000 to \$270,000. The Program's revenue sources are the U.S. Department of Energy (\$90,000), West Virginia University (\$54,000), and member dues (\$126,000).

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 200, Riverside, California 92501.

BASIC FINANCIAL STATEMENTS

Western Riverside Council of Governments
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Cash and Investments	\$ 10,894,931
Receivables:	
Grants	576,498
Due From Other Governments	2,685,062
Annual PACE Fee Receivable	614,957
Mitigation Fees Receivable	133,253
Accounts	212,384
Leases Receivable	278,740
Restricted Cash and Investments	326,257
Prepaid Items	119,789
Capital Assets, Net of Accumulated Depreciation	2,520,373
Total Assets	<u>18,362,244</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB Related Items	1,528,273
Pension Related Items	921,361
Total Deferred Outflows of Resources	<u>2,449,634</u>
LIABILITIES	
Accounts Payable	938,768
Deposits Payable	1,446
Due to Other Governments	331,201
Accrued Wages Payable	163,910
Unearned Revenue	319,907
Due to Fiduciary Funds	329,081
Noncurrent Liabilities:	
Due Within One Year	412,991
Due in More Than One Year	5,920,181
Total Liabilities	<u>8,417,485</u>
DEFERRED INFLOWS OF RESOURCES	
Lease Related Items	278,740
OPEB Related Items	1,602,470
Pension Related Items	1,566,564
Total Deferred Inflows of Resources	<u>3,447,774</u>
NET POSITION	
Net Investment in Capital Assets	230,209
Restricted for:	
Section 115 Trust	326,257
LTF	2,593,014
AB 2766	32,206
Foundation	12,179
Unrestricted	5,752,754
Total Net Position	<u>\$ 8,946,619</u>

The accompanying notes are an integral part of this statement.

Western Riverside Council of Governments
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 4,391,339	\$ 3,578,374	\$ 1,792,370	\$ -	\$ 979,405
Energy	6,086,935	3,909,160	665,690	-	(1,512,085)
Environmental	559,545	-	569,943	-	10,398
Interest on Leases	12,315	-	-	-	(12,315)
Total Governmental Activities	<u>\$ 11,050,134</u>	<u>\$ 7,487,534</u>	<u>\$ 3,028,003</u>	<u>\$ -</u>	<u>(534,597)</u>
General Revenues:					
Investment Income					<u>(27,181)</u>
Total General Revenues					<u>(27,181)</u>
Change in Net Position					(561,778)
Net Position - Beginning of Year, Restated					<u>9,508,397</u>
Net Position - End of Year					<u>\$ 8,946,619</u>

The accompanying notes are an integral part of this statement.

Western Riverside Council of Governments
Balance Sheet
Governmental Funds
June 30, 2022

		Special Revenue			
	General	Local	Regional Energy	Non-Major	Total
	Fund	Transportation	Network	Funds	Governmental
		Fund			Funds
ASSETS					
Cash and Investments	\$ 8,134,275	\$ 2,632,784	\$ -	\$ 127,872	\$ 10,894,931
Restricted Cash and Investments	326,257	-	-	-	326,257
Receivables:					
Grants	576,498	-	-	-	576,498
Due from Other Governments	2,206,692	-	463,370	15,000	2,685,062
Annual PACE Fee Receivable	614,957	-	-	-	614,957
Mitigation Fees Receivable	133,253	-	-	-	133,253
Accounts	131,071	-	-	81,313	212,384
Leases	278,740	-	-	-	278,740
Due from Other Funds	466,620	-	-	-	466,620
Prepaid Items	119,789	-	-	-	119,789
Total Assets	\$ 12,988,152	\$ 2,632,784	\$ 463,370	\$ 224,185	\$ 16,308,491
LIABILITIES					
Accounts Payable	\$ 827,615	\$ 39,770	\$ -	\$ 71,383	\$ 938,768
Deposits Payable	1,446	-	-	-	1,446
Due to Other Governments	226,034	-	-	105,167	331,201
Accrued Wages Payable	163,910	-	-	-	163,910
Unearned Revenue	319,907	-	-	-	319,907
Due to Custodial Funds	329,081	-	-	-	329,081
Due to Other Funds	-	-	463,370	3,250	466,620
Total Liabilities	1,867,993	39,770	463,370	179,800	2,550,933
DEFERRED INFLOWS OF RESOURCES					
Lease Related	278,740	-	-	-	278,740
Unavailable Revenue	39,928	-	-	15,000	54,928
Total Deferred Inflows of Resources	318,668	-	-	15,000	333,668
FUND BALANCES					
Nonspendable:					
Prepaid Items	119,789	-	-	-	119,789
Restricted:					
Section 115 Trust	326,257	-	-	-	326,257
LTF	-	2,593,014	-	-	2,593,014
AB 2766	-	-	-	17,206	17,206
Foundation	-	-	-	12,179	12,179
Committed	-	-	-	-	-
Assigned:					
Fellowship	218,375	-	-	-	218,375
Unassigned	10,137,070	-	-	-	10,137,070
Total Fund Balances	10,801,491	2,593,014	-	29,385	13,423,890
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,988,152	\$ 2,632,784	\$ 463,370	\$ 224,185	\$ 16,308,491

The accompanying notes are an integral part of this statement.

**Western Riverside Council of Governments
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2022**

Fund balances of governmental funds	\$ 13,423,890
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds:	
Capital Assets Being Depreciated	3,781,621
Accumulated Depreciation	(1,261,248)
Long-term debt obligations are not due and payable in the current period and, therefore, are not reported in the funds:	
Lease Payable	(2,290,164)
Compensated Absences	(423,620)
Net Pension Liability	(1,760,940)
Net OPEB Liability	(1,858,448)
Amounts for deferred inflows and deferred outflows related to the City's Pension and OPEB Liabilities are not reported in the funds:	
Deferred Outflows Related to Pensions	921,361
Deferred Inflows Related to Pensions	(1,566,564)
Deferred Outflows Related to OPEB	1,528,273
Deferred Inflows Related to OPEB	(1,602,470)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	54,928
Net position of governmental activities	<u>\$ 8,946,619</u>

The accompanying notes are an integral part of this statement.

Western Riverside Council of Governments
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2022

		Special Revenue			
	General Fund	Local Transportation Fund	Regional Energy Network	Non-Major Funds	Total Governmental Funds
REVENUES					
Intergovernmental	\$ 1,801,188	\$ 866,250	\$ -	\$ 213,765	\$ 2,881,203
TUMF Mitigation Fees	3,031,817	-	-	-	3,031,817
PACE Fees	3,713,297	-	-	-	3,713,297
Other Revenues	63,749	-	-	259,781	323,530
Investment Income	(27,181)	-	-	-	(27,181)
Charges for Services	-	-	510,762	-	510,762
Total Revenues	8,582,870	866,250	510,762	473,546	10,433,428
EXPENDITURES					
Current:					
General Government	2,465,813	799,496	-	259,323	3,524,632
Energy	5,576,173	-	510,762	-	6,086,935
Environmental	317,661	-	-	241,884	559,545
Debt Service:					
Lease Principal	410,505	-	-	-	410,505
Lease Interest	12,315	-	-	-	12,315
Total Expenditures	8,782,467	799,496	510,762	501,207	10,593,932
Net Change in Fund Balances	(199,597)	66,754	-	(27,661)	(160,504)
Fund Balances, Beginning of Year	11,136,501	2,526,260	-	57,046	13,719,807
Restatement	(135,413)	-	-	-	(135,413)
Fund Balances, End of Year	\$ 10,801,491	\$ 2,593,014	\$ -	\$ 29,385	\$ 13,423,890

The accompanying notes are an integral part of this statement.

Western Riverside Council of Governments
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances - Governmental Funds to the Statement of Activities
Year Ended June 30, 2022

Net change in fund balances - total governmental funds	\$	(160,504)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense:

Capital Additions		-
Depreciation		(434,664)
Disposals		-

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change in unavailable revenue for the current period.		54,928
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Amounts for deferred inflows and deferred outflows related to WRCOG's Pension and OPEB Liabilities are not reported in the funds. This is the net change in deferred inflows and outflows related to these liabilities:

Deferred Outflows Related to Pensions		5,329
Deferred Inflows Related to Pensions		(1,478,189)
Deferred Outflows Related to Total OPEB Liability		767,362
Deferred Inflows Related to Total OPEB Liability		(272,801)

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.

Principal Paid on Leases		410,505
Compensated Absences		(146,518)
Net Pension Liability		1,368,835
Net OPEB Liability		(676,061)

Change in net position of governmental activities	\$	<u>(561,778)</u>
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The accompanying notes are an integral part of this statement.

Western Riverside Council of Governments
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	OPEB Trust Fund	Custodial Funds
ASSETS		
Cash and Investments	\$ 1,819,239	\$ 97,826,575
Cash and Investments with Fiscal Agents	-	61,763,697
Due from Other Governments	-	3,209,662
Assessments Receivable	-	97,315
Due from WRCOG	-	329,081
Total Assets	1,819,239	163,226,330
LIABILITIES		
Accounts Payable	-	10,207,042
Refunds Payable	-	1,440,747
Due to WRCOG	-	-
Long-term Liabilities		
Due to City of Moreno Valley	-	3,493,500
Refund Liability	-	6,318,427
Total Liabilities	-	21,459,716
NET POSITION		
Held in Trust for OPEB Benefits	1,819,239	-
Restricted for other Organizations or Agencies	-	141,766,614
Total Net Position	\$ 1,819,239	\$ 141,766,614

The accompanying notes are an integral part of this statement.

Western Riverside Council of Governments
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2022

	OPEB Trust Fund	Custodial Funds
ADDITIONS		
Assessments Collected for Others	\$ -	\$ 217,649,237
Contributions:		
Employer Contributions	-	
Investment Income	(196,492)	(1,442,663)
	<u>(196,492)</u>	<u>(1,442,663)</u>
Total Additions	<u>(196,492)</u>	<u>216,206,574</u>
DEDUCTIONS		
General and Administrative	28,446	753,149
Payments to TUMF Members	-	50,309,511
Benefit Distributions	53,842	-
Distributions to Shareholders	-	184,625,137
	<u>82,288</u>	<u>235,687,797</u>
Total Deductions	<u>82,288</u>	<u>235,687,797</u>
Change in Net Position	(278,780)	(19,481,223)
Net Position - Beginning	-	3,284,485
Restatement of Net Position	<u>2,098,019</u>	<u>157,963,352</u>
Net Position - Ending	<u>\$ 1,819,239</u>	<u>\$ 141,766,614</u>

The accompanying notes are an integral part of this statement.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Western Riverside Council of Governments (WRCOG) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of WRCOG's accounting policies are described below.

A) Reporting Entity

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

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

Blended Component Unit

WRCOG Supporting Foundation (the Foundation). WRCOG has created a foundation to support its mission and objectives under IRC 509(a)(3) as an organization that is supervised and controlled in connection with a publicly supported organization. All contributions to the Foundation are exempt under section 501(c)(3) of the Internal Revenue Code. WRCOG executive committee members are the governing board of the Foundation, and management of WRCOG has operational responsibility for the component unit. The Foundation is reported as a separate nonmajor fund in these financial statements. Separate financial statements are not prepared for the Foundation.

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.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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.

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.

Fund Financial Statements

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

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.

C) 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.

Local Transportation (LTF) Special Revenue Fund. This fund is used to account for the proceeds of the LTF funds which are legally restricted to expenditures for specified purposes.

Regional Energy Network (IREN) Special Revenue Fund. This fund is used to account for the proceeds of the Regional Energy funds which are legally restricted to expenditures for specified purposes.

Additionally, WRCOG reports the following fiduciary funds:

OPEB Trust Fund. Accounts for the prefunding of post-employment retirement benefits other than pensions.

Custodial Funds. WRCOG's custodial funds are used to account for deposits relating to the payoff of Property Assessed Clean Energy (PACE) program loans and Transportation Uniform Mitigation Fees (TUMF) received from developers as part of the fees assessed by member agencies.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Cash and Investments

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

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

Restricted Cash and Investments

In February 2020, WRCOG established a funding policy for a Section 115 Pension Rate Stabilization Trust Fund (Pension Trust) to achieve long-term pension sustainability. The purpose of the Pension Trust is to generate a reasonable level of investment growth to responsibly manage pension costs and fund present and future pension obligations. As required, amounts are set aside in the General Fund. See Note 2(I) for additional information on the Pension Trust.

E) Interfund Balances and Transfers

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

F) Capital Assets

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

G) Compensated Absences

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

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

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

H) 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.

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.

I) Use of Estimates

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

J) Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets describes the portion of net position which is represented by the current net book value of WRCOG's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulation, laws, or other restrictions which WRCOG cannot unilaterally alter.

Unrestricted describes the portion of net position which is not restricted to use.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. WRCOG reports deferred outflows of resources relating to the Net Pension Liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. WRCOG has certain items, which arise only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from various receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, WRCOG reports deferred inflows relating to the Net Pension Liability.

L) Net Position Flow Assumption

Sometimes WRCOG will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is WRCOG's policy to consider restricted net position to have been depleted before unrestricted net position.

M) Governmental Accounting Standards Board (GASB) Pronouncements

The Governmental Accounting Standards Board has issued the following Statements, which may affect WRCOG's financial reporting requirements in the future:

GASB 96 – Subscription-Based Information Technology Arrangements: The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

N) Pensions

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

O) Other Postemployment Benefits (OPEB)

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

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

P) Leases

Lessee: WRCOG is a lessee for noncancellable leases of office space. WRCOG recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. WRCOG recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, WRCOG initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how WRCOG determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- WRCOG uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, WRCOG generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that WRCOG is reasonably certain to exercise.

WRCOG monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: WRCOG is a lessor for noncancellable leases of office space leased by WRCOG. WRCOG recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, WRCOG initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially the same amount as the beginning lease receivable. The deferred inflow of resources is reduced as revenue on a straight-line basis over the life of the lease term.

Key estimates and judgments include how WRCOG determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- WRCOG uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

WRCOG monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

2) CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 10,894,931
Restricted Cash and Investments	326,257
Statement of Fiduciary Net Position:	
Cash and Investments	99,645,814
Cash and Investments with Fiscal Agent	61,763,697
Total Cash and Investments	<u>\$ 172,630,699</u>

Cash and Investments consist of the following:

Cash on Hand	\$ 350
Deposits with Financial Institutions	23,505,502
Investments	149,124,847
Total Cash and Investments	<u>\$ 172,630,699</u>

Investments Authorized by WRCOG's Investment Policy

The table below identifies the investment types that are authorized for WRCOG by the California Government Code (or WRCOG's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or WRCOG's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of fiscal agent accounts held by bond trustee that are governed by the provisions of debt agreements of WRCOG, rather than the general provisions of the California Government Code or the WRCOG's investment policy.

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

*Based on state law requirements or investment policy requirements, whichever is more restrictive.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of WRCOG's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of WRCOG's investment by maturity:

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	1 to 2 Years	2 to 5+ Years
U.S. Treasury Obligations	\$ 15,667,511	\$ -	\$ 7,013,531	\$ 8,653,980
U.S. Agency Securities	15,135,818	6,024,771	8,656,013	455,034
Supranational Agency Securities	4,927,658	-	4,927,658	-
Municipal Bonds	1,676,373	217,475	1,238,885	220,013
Corporate Note	8,682,249	416,999	3,588,863	4,676,387
Negotiable CD's	284,354	284,354	-	-
Asset Backed Securities	5,665,138	-	936,105	4,729,033
LAIF	849,870	849,870	-	-
CAMP	32,183,473	32,183,473	-	-
Money Market Mutual Funds	143,210	143,210	-	-
Restricted Section 115 Trust:				
U.S. Treasury Obligations	395,198	-	-	395,198
Corporate Note	731,512	142,500	-	589,012
Corporate Stock	523,734	523,734	-	-
Mutual Funds	364,939	364,939	-	-
Money Market Fund	130,113	130,113	-	-
Held by Bond Trustee:				
Money Market Mutual Funds	61,763,697	61,763,697	-	-
Total Pooled Investments	<u>\$ 149,124,847</u>	<u>\$ 103,045,135</u>	<u>\$ 26,361,055</u>	<u>\$ 19,718,657</u>

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.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

2) CASH AND INVESTMENTS - Continued

Investment Type	Total	Minimum Legal Rating	AAA	A/AA	BBB	Rating not Required
U.S. Treasury Obligations	\$ 15,667,511	N/A	\$ -	\$ 15,667,511	\$ -	\$ -
U.S. Agency Securities	15,135,818	N/A	-	15,135,818	-	-
Supranational Agency Securities	4,927,658	AA	4,927,658	-	-	-
Municipal Bonds	1,676,373	A	800,088	876,285	-	-
Corporate Note	8,682,249	A	184,587	7,701,555	796,107	-
Negotiable CD's	284,354	N/A	-	-	-	284,354
Asset Backed Securities	5,665,138	AA	5,665,138	-	-	-
LAIF	849,870	N/A	-	-	-	849,870
CAMP	32,183,473	N/A	-	-	-	32,183,473
Money Market Mutual Funds	143,210	N/A	-	-	-	143,210
Restricted Section 115 Trust:						
U.S. Treasury Obligations	395,198	N/A	194,278	-	-	200,920
Corporate Note	731,512	A	-	553,182	81,629	96,701
Corporate Stock	523,734	N/A	-	-	-	523,734
Mutual Funds	364,939	N/A	-	-	-	364,939
Money Market Fund	130,113	N/A	-	-	-	130,113
Held by Bond Trustee:						
Money Market Mutual Funds	61,763,697	N/A	-	-	-	61,763,697
Total Pooled Investments	<u>\$ 149,124,847</u>		<u>\$ 11,771,749</u>	<u>\$ 39,934,351</u>	<u>\$ 877,736</u>	<u>\$ 96,541,011</u>

Concentration of Credit Risk

At June 30, 2022, WRCOG has no investments in any one issuer (other than U.S. Treasury securities and external investment pools) that represent 5% or more of WRCOG's total investments.

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.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). As of June 30, 2022, none of WRCOG's investments were held by the broker-dealer (counterparty) that was used by the City to purchase the securities. For investments identified herein as held by bond trustee, the bond trustee selects the investments under terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

2) CASH AND INVESTMENTS - Continued

Fair Value

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

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

Fair value measurements for investments are as follows as of June 30, 2022:

Investment Type	Total	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
U.S. Treasury Obligations	\$ 15,667,511	\$ 15,667,511	\$ -	\$ -
U.S. Agency Securities	15,135,818	-	15,135,818	-
Supranational Agency Securities	4,927,658	-	4,927,658	-
Municipal Bonds	1,676,373	-	1,676,373	-
Corporate Note	8,682,249	-	8,682,249	-
Negotiable CD's	284,354	-	284,354	-
Asset Backed Securities	5,665,138	-	5,665,138	-
Restricted Section 115 Trust:				
U.S. Treasury Obligations	395,198	-	395,198	-
Corporate Note	731,512	-	731,512	-
Total Investments at Fair Value Level	<u>\$ 53,165,811</u>	<u>\$ 15,667,511</u>	<u>\$ 37,498,300</u>	<u>\$ -</u>

Investments not subject to fair value hierarchy

LAIF	\$ 849,870
CAMP	32,183,473
Money Market Fund	143,210
Restricted Section 115 Trust:	
Corporate Stocks	523,734
Mutual Funds	364,939
Money Market Fund	130,113
Held by Bond Trustee:	
Money Market Mutual Funds	61,763,697
Total Investments	<u>\$ 95,959,036</u>

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

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

2) CASH AND INVESTMENTS - Continued

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.

Investment in JPA Pool/CAMP

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

Section 115 Trust

In February 2020, WRCOG's board authorized participation in the PARS Pension Rate Stabilization Program Section 115 Trust in order to mitigate rising pension costs through CalPERS and to set aside funding for the OPEB Plan. The initial funding amount was \$350,000 for the pension trust and \$1,920,000 for the OPEB trust. The program has been established as a multiple employer trust so that public agencies regardless of size can join the program and receive the necessary economies of scale to keep administrative fees low and avoid any setup costs. The trust permits WRCOG, under Federal and State law, to invest in a more diversified array of investments to maximize investment returns long term. The balance of the Trust at June 30, 2022 is \$2,145,496 and is reported as restricted cash and investments.

3) INTERFUND RECEIVABLES AND PAYABLES

Due To/From Other Funds

Interfund receivables and payables at June 30, 2022 are as follows:

Due From (Receivable)	Due To (Payable)	Amount
General Fund	Regional Energy Network	\$ 463,370
	Non-major Governmental Funds	3,250
Total		<u>\$ 466,620</u>

The outstanding short-term loans between funds are a result of lag between the dates that reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Due to/From Custodial Funds

The \$329,081 due to the Fiduciary Funds from WRCOG is the result of a lag between when funds are collected on behalf of the custodial funds and when they are remitted to those funds.

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 is as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Furniture and Computer Equipment	\$ 829,260	\$ -	\$ -	\$ 829,260
Other Capital Assets	33,037	-	-	33,037
Right-to-use Leased Office	2,919,324	-	-	2,919,324
Total Depreciable Capital Assets	3,781,621	-	-	3,781,621
Less Accumulated Depreciation:				
Furniture and Computer Equipment	(611,090)	(69,749)	-	(680,839)
Other Capital Assets	(33,036)	-	-	(33,036)
Right-to-use Leased Office	(182,458)	(364,915)	-	(547,373)
Total Accumulated Depreciation	(826,584)	(434,664)	-	(1,261,248)
Capital Assets, Net of Accumulated Depreciation	\$ 2,955,037	\$ (434,664)	\$ -	\$ 2,520,373

Depreciation expense of \$434,664 was charged to the general government function of the governmental activities.

The beginning balance of the Right-to-use Leased Office was increased by \$2,919,324 and (\$182,458) for both capital assets being depreciated and accumulated depreciation as a result of the implementation of GASB 87, *Leases*. See Restatement of Net Position Note 16 for more information.

5) LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2022:

Governmental Activities:	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Net OPEB Liability	\$ 1,182,387	\$ 676,061	\$ -	\$ 1,858,448	\$ -
Net Pension Liability	3,129,775	-	1,368,835	1,760,940	-
Compensated Absences	277,102	202,494	55,976	423,620	42,362
Lease Payable	2,700,669	-	410,505	2,290,164	370,629
Total	\$ 7,289,933	\$ 878,555	\$ 1,835,316	\$ 6,333,172	\$ 412,991

Compensated absences will be liquidated primarily by the General Fund.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

5) LONG-TERM LIABILITIES - Continued

Lease Payable

WRCOG, in a prior year, entered into lease agreement as lessee for office space for its administrative office. The lease terms are 8 years as of the inception date of the lease of January 1, 2021. As of June 30, 2022, the value of the lease liability was \$2,290,164, which is the present value of the future minimum lease payments. WRCOG is required to make monthly lease payments ranging from \$36,442 to \$35,455 through December 31, 2028. The amount of the right-to-use asset as of June 30, 2022 was \$2,919,324 and had accumulated depreciation of \$547,373.

The following represents the future lease payments to be made:

Fiscal Year Ending June 30,	Lease Principal	Interest	Total
2023	\$ 370,629	\$ 22,571	\$ 393,200
2024	351,288	32,574	383,862
2025	351,349	44,097	395,446
2026	351,563	55,995	407,558
2027	351,466	68,203	419,669
2028	345,938	79,522	425,460
2029	167,931	44,799	212,730
Totals	<u>\$ 2,290,164</u>	<u>\$ 347,761</u>	<u>\$ 2,637,925</u>

6) FIDUCIARY FUND LONG-TERM DEBT

The following is a summary of long-term debt activity for WRCOG's fiduciary fund for the year ended June 30, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year	Due Beyond One Year
Refund Liability	\$ 8,953,587	\$ 3,056,669	\$ 5,691,829	\$ 6,318,427	\$ -	\$ 6,318,427
City of Moreno Valley Agreement	3,493,500	-	-	3,493,500	-	3,493,500
Total	<u>\$ 12,447,087</u>	<u>\$ 3,056,669</u>	<u>\$ 5,691,829</u>	<u>\$ 9,811,927</u>	<u>\$ -</u>	<u>\$ 9,811,927</u>

Refund Liability

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

**Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022**

6) FIDUCIARY FUND LONG-TERM DEBT - Continued

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, 2022, the remaining amount to be reimbursed to the City is \$3,493,500. The liability will be liquidated from the TUMF Custodial Fund.

7) TRANSPORTATION UNIFORM MITIGATION FEES (TUMF)

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

WRCOG is entitled to an administration fee of up to 4% annually of TUMF revenues collected, with a maximum of 1% that can be used to offset salaries and benefits related to TUMF administration. In 2022, the total administration fee collected was 4%. Riverside Conservation Agency (RCA) also receives a percentage of the TUMF revenues collected of 1.47%, which is included as a deduction in the TUMF Fund.

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

8) PENSION PLAN

General Information about the Defined Benefit Pension Plan

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 or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. 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 generally accepted accounting principles. 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.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

8) PENSION PLAN – Continued

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.

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, 2022, are summarized as follows:

	Miscellaneous	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	7.75%
Required employer contribution rates	15.18% + \$246,872	7.54% + \$11,025

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.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis.

WRCOG's required contribution for the unfunded liability was \$257,897 in fiscal year 2022. WRCOG's contributions to the Plan for the year ended June 30, 2022 were \$577,461.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

8) PENSION PLAN - Continued

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

As of June 30, 2022, WRCOG reported a net pension liability for its proportionate shares of the net pension liability of the Plan of \$1,760,940. 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, 2021, 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, 2020 rolled forward to June 30, 2021 using standard update procedures. WRCOG's proportion of the net pension liability was based on a projection of WRCOG's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

WRCOG's proportionate share of the net pension liability as of June 30, 2020, and 2021 was as follows:

Proportion - June 30, 2020	0.02877%
Proportion - June 30, 2021	0.03256%
Change - Increase (Decrease)	0.00379%

At June 30, 2022, WRCOG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 577,461	\$ -
Differences between actual and expected experience	197,470	-
Changes in assumptions	-	-
Change in employer's proportion	74,617	-
Differences between employer's contributions and employer's proportionate share of contributions	71,813	29,357
Net differences between projected and actual earnings on plan investments	-	1,537,207
Total	<u>\$ 921,361</u>	<u>\$ 1,566,564</u>

\$577,461 reported as deferred outflows related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2023	\$ (230,899)
2024	(245,204)
2025	(321,757)
2026	(424,804)
2027	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

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Notes to Financial Statements
Year Ended June 30, 2022

8) PENSION PLAN - Continued

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Projected salary increase	(1)
Investment rate of return	7.15%
Mortality	(2)

(1) Depending on age, service and type of employment

(2) Derived using CalPERS' Membership Data for all Funds.

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

Long-term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

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

(1) An expected inflation of 2.0% used for this period.

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

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

8) PENSION PLAN - Continued

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

Subsequent Events - On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date, which will be used in WRCOG's June 30, 2023 financial statements.

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

1% Decrease		6.15%
Net Pension Liability/(Asset)	\$	3,513,315
Current Discount Rate		7.15%
Net Pension Liability/(Asset)	\$	1,760,940
1% Increase		8.15%
Net Pension Liability/(Asset)	\$	312,276

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

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

9) OTHER POSTEMPLOYMENT BENEFITS

General Information About the OPEB Plan

Plan Description - WRCOG has established an agent multiple employer plan that 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% weighted average of 4 top plans + 40% of weighted average for 1 dep. for top plans. Vesting is 50% of premium at 10 years graded to 100% at 20 years.

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

Employees Covered by Benefit Terms – As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	28
Inactive employees or beneficiaries current receiving benefits	11
Inactive employees entitled to, but not yet receiving benefits	1
	40

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

Net OPEB Liability - WRCOG's total OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age, Level Percent of Pay
Asset Valuation Method	Market Value
Mortality	MacLeod Watts Scale 2022
Age at Retirement	50 to 75
Health Care Trend Rate	5.40% for 2021; 5.80% for 2022, ultimate rate of 4.80% by 2076
Inflation Rate	2.50%
Salary Changes	3.00%
Discount Rate	3.40%

Discount Rate – A discount rate of 3.40% was used in the valuation. This discount rate assumes the WRCOG continues to fully fund for its retiree health benefits.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

9) OTHER POSTEMPLOYMENT BENEFITS - Continued

Changes in the Net OPEB Liability

	Total OPEB Liability (TOL)	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2021 (June 30, 2020 measurement date)	\$ 3,088,811	\$ 1,906,424	\$ 1,182,387
Changes in the year:			
Service cost	197,412	-	197,412
Interest on the total OPEB liability	174,529	-	174,529
Expected Investment Income	-	104,490	(104,490)
WRCOG Contributions	-	47,459	(47,459)
Changes in assumptions or other inputs	934,215	-	934,215
Difference between expected and actual experience, changes of assumptions	(313,855)	-	(313,855)
Change due to Plan Experience	-	190,565	(190,565)
Administrative Expenses	-	(26,274)	26,274
Benefit payments	(167,719)	(167,719)	-
Net changes	824,582	148,521	676,061
Balance at June 30, 2022 (June 30, 2021 measurement date)	\$ 3,913,393	\$ 2,054,945	\$ 1,858,448

Changes of Assumptions

The discount rate decreased from 5.45% to 3.40%.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate - The following presents the total OPEB liability of WRCOG if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.40%)	Discount Rate (3.40%)	1% Increase (4.40%)
Net OPEB liability	\$ 2,470,686	\$ 1,858,448	\$ 1,402,414

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of WRCOG, as well as what WRCOG's Net OPEB would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Rates	1% Increase
Net OPEB liability	\$ 1,247,690	\$ 1,858,448	\$ 2,659,110

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2022, WRCOG recognized OPEB expense of \$238,747. WRCOG reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

9) OTHER POSTEMPLOYMENT BENEFITS - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to the Measurement Date	\$ 57,247	\$ -
Differences Between Expected and Actual Experience	-	1,446,191
Net Difference Between Projected and Actuarial Earnings	-	156,279
Changes of Assumptions	1,471,026	-
Total	<u>\$ 1,528,273</u>	<u>\$ 1,602,470</u>

The \$57,247 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ending June 30,	Amount
2023	\$ (54,976)
2024	(26,155)
2025	(28,902)
2026	(35,402)
2027	2,711
Thereafter	11,280

OPEB Plan Fiduciary Net Position

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

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.

10) 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.

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.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

11) PROPERTY ASSESSED CLEAN ENERGY PROGRAM – Continued

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; over 380 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 Fiscal year 20/21, WRCOG's partner in the residential HERO Program, Renovate America, terminated its HERO product and subsequently filed for Chapter 11 Bankruptcy in December 2020, effectively ending the Program. Additionally, at the December 2020 WRCOG Executive Committee meeting, staff was directed to terminate the remaining residential PACE administration agreements with the two other companies that have partnered with WRCOG, Renew Financial and PACE Funding Group. Going forward, all WRCOG PACE Program updates will be focused solely on the commercial, or C-PACE, element of the Program.

While there are no longer new projects with the PACE residential Programs, WRCOG is still servicing the outstanding assessments (liens) related to the Program in the winddown phase. The Program still generates revenues from refunds, payoffs, delinquency sell-offs, and the annual administrative fee. For FY 21/22, PACE commercial program revenue totaled \$421,301 while residential revenue totaled \$3,292,010. A majority of the residential revenue was due to early payoffs, as property values increased significantly in FY 21/22, interest rates remained low, so homeowners were taking advantage of this and pulling equity from their home to pay off these higher interest PACE assessments.

12) 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, but also works with other schools in Southern California. 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 was historically funded by net PACE Program revenues, however in FY 20/21, WRCOG began to request a Member contribution to offset the Programs costs, as its funding source is no longer available. Additionally, as previously disclosed in FY 19/20, the BEYOND Program, which was also funded by net PACE revenues, ceased to operate and an unspent portion of BEYOND was re-assigned to the Fellowship Program. In the fiscal year ended June 30, 2022. Fellowship Program expenses incurred by WRCOG totaled to \$204,833.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

13) 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, 2022, WRCOG's insurance policies are as follows:

- Errors & Omission/ Employment Practices Liability: WRCOG is insured up to \$2,000,000 per occurrence and \$10,000 deductible per occurrence.
- Office Equipment: WRCOG is insured up to \$1,000,000 per occurrence and \$122,000 personal property and \$1,000 deductible per occurrence.
- Crime Insurance: WRCOG is insured up to \$5,000,000 per occurrence and \$25,000 deductible per occurrence.
- Excess Liability: WRCOG is insured up to \$4,000,000 per occurrence.
- Workers Compensation: WRCOG is insured up to \$1,000,000 per occurrence.
- Employee Dishonest Bond: WRCOG is insured up to \$25,000 bond limit.
- Business Auto Policy: WRCOG is insured up to \$1,000,000 liability limit with a \$1,000 deductible.
- Commercial Cyber Insurance: WRCOG is insured up to \$1,000,000 per occurrence and a \$5,000 deductible.

There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

14) WESTERN COMMUNITY ENERGY (WCE)

Western Community Energy ("WCE") was organized on August 23, 2018 pursuant to the Joint Exercise of Powers Agreement by City of Canyon Lake, City of Eastvale, City of Hemet, City of Jurupa Valley, City of Perris, and City of Wildomar ("Member Agencies"). In 2002, AB 117 was signed into law allowing public agencies to aggregate the electrical load of interested consumers within their jurisdictional boundaries and purchase electricity on behalf of those consumers. The WCE was formed with the purpose and intent to collectively study, promote, develop, conduct, operate and manage energy, energy efficiency and conservation, and other energy related and climate change programs related to a Community Choice Aggregation program ("CCA Program"), and exercise all other powers necessary and incidental to accomplishing this purpose. The Member Agencies each adopted an ordinance electing to implement through the Authority a community choice aggregation program pursuant to California Public Utilities Code § 3 66.2.

On May 24, 2021, WCE declared a fiscal emergency, which ultimately led to WCE filing for Chapter 9 bankruptcy protection. Multiple factors led to WCE declaring its fiscal emergency, including increased energy usage due the COVID lockdown, increased energy costs, increased delinquencies due to COVID and record high heatwaves in the Fall of 2020. While other CCAs and utilities in California experienced similar events and challenges, they were able to draw on reserves that were built up over years of operation to overcome these challenges.

As WCE commenced operation right as these issues started to happen, it did not have the opportunity to build financial reserves and had no cushion to fall back on. WCE has an Implementation and Management Services Agreement with WRCOG to provide administrative services to the Agency. WRCOG provided WCE with start-up costs to launch the CCA as well as additional amounts to support operations. The amount owed by WCE to WRCOG at the time of the bankruptcy was approximately \$5 million. As WRCOG is seen as an unsecured creditor in the bankruptcy, approximately 42% was paid out to WRCOG in September 2022 and the remainder was reflected as bad debt expense, \$2,127,764 and included as Energy expenditures in FY 21/22.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2022

15) LEASES

Lease Receivable - In prior fiscal years, WRCOG entered into a sublease agreement with a third party to lease office space under a WRCOG lease. The lease term ranged of the sublease was 8 years. WRCOG currently receives monthly payments from all leases of \$5,076. WRCOG recognized \$55,748 in lease revenue and \$5,169 in interest revenue during the current fiscal year related to the various leases. As of June 30, 2022, WRCOG's receivable for the sublease payments was \$278,740. Also, WRCOG has a deferred inflow of resources associated with leases that will be recognized as revenue over the lease terms. As of June 30, 2022, the balance of the deferred inflow of resources was \$278,740.

16) RESTATEMENT OF NET POSITION/FUND BALANCE

The details of the restatements to the beginning fund balance/net position in fiscal year June 30, 2022 are listed below:

	General Fund	Governmental Activities	Custodial Funds
Fund Balance/Net Position - beginning, as previously reported	\$ 11,136,501	\$ 14,348,015	\$ 3,284,485
Additional accounts payable not reported in prior year	(135,413)	(135,413)	(522,153)
Net result of the implementation of GASB 87, <i>Leases</i>	-	36,197	-
Fiscal agent account balances not previously reported	-	-	98,215,626
Adjustment for change in reporting*	-	(4,740,402)	60,269,879
Total Adjustments	(135,413)	(4,839,618)	157,963,352
Fund Balance/Net Position - beginning, as restated	\$ 11,001,088	\$ 9,508,397	\$ 161,247,837

WRCOG implemented GASB Statements No. 87, *Leases* in the current fiscal year. Accordingly, the beginning net position for the Governmental Activities has been restated as shown above.

*WRCOG changed the fund reporting type for the TUMF Custodial Fund. In the prior year, this was reported as a special revenue fund and included as part of the governmental activities. The amounts shown in the above adjustments represent the change in the fund reporting type.

REQUIRED SUPPLEMENTARY INFORMATION

Western Riverside Council of Governments
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,732,358	\$ 2,802,060	\$ 1,801,188	\$ (1,000,872)
TUMF Mitigation Fees	1,920,000	3,078,316	3,031,817	(46,499)
PACE Fees	2,650,000	3,623,018	3,713,297	90,279
Other Revenues	108,400	108,400	63,749	(44,651)
Investment Income	17,500	17,500	(27,181)	(44,681)
	<u>7,428,258</u>	<u>9,629,294</u>	<u>8,582,870</u>	<u>(1,046,424)</u>
Total Revenues				
EXPENDITURES				
Current:				
General Government	5,138,851	5,143,365	2,465,813	2,677,552
Energy	3,183,385	3,880,619	5,576,173	(1,695,554)
Environmental	320,992	322,281	317,661	4,620
Debt Service:				
Lease Principal	350,000	350,000	410,505	(60,505)
Lease Interest	-	-	12,315	(12,315)
	<u>8,993,228</u>	<u>9,696,265</u>	<u>8,782,467</u>	<u>913,798</u>
Total Expenditures				
Net Change in Fund Balances	(1,564,970)	(66,971)	(199,597)	(132,626)
Fund Balances, Beginning of Year	11,001,088	11,001,088	11,001,088	-
Fund Balances, End of Year	<u>\$ 9,436,118</u>	<u>\$ 10,934,117</u>	<u>\$ 10,801,491</u>	<u>\$ (132,626)</u>

Western Riverside Council of Governments
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Local Transportation Special Revenue Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 750,000	\$ 866,250	\$ 866,250	\$ -
Total Revenues	750,000	866,250	866,250	-
EXPENDITURES				
Current:				
General Government	850,000	850,000	799,496	50,504
Total Expenditures	850,000	850,000	799,496	50,504
Net Change in Fund Balances	(100,000)	16,250	66,754	50,504
Fund Balances, Beginning of Year	2,526,260	2,526,260	2,526,260	-
Fund Balances, End of Year	<u>\$ 2,426,260</u>	<u>\$ 2,542,510</u>	<u>\$ 2,593,014</u>	<u>\$ 50,504</u>

Western Riverside Council of Governments
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Regional Energy Network Special Revenue Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ -	\$ 769,092	\$ 510,762	\$ (258,330)
Total Revenues	-	769,092	510,762	(258,330)
EXPENDITURES				
Current:				
Energy	-	766,092	510,762	255,330
Total Expenditures	-	766,092	510,762	255,330
Net Change in Fund Balances	-	3,000	-	(3,000)
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ 3,000	\$ -	\$ (3,000)

**Western Riverside Council of Governments
Required Supplementary Information
Year Ended June 30, 2022**

**Schedule of WRCOG's Proportionate Share of the Net Pension Liability
Last 10 Years***

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2021	0.03256%	\$ 1,760,940	\$ 2,610,410	67.46%	86.73%
2020	0.02880%	3,129,775	2,504,167	124.98%	62.87%
2019	0.02800%	2,873,074	2,530,409	113.54%	75.21%
2018	0.02720%	2,621,376	2,413,255	108.62%	75.93%
2017	0.02710%	2,689,185	2,062,647	130.38%	74.33%
2016	0.02650%	2,297,048	1,760,643	130.47%	78.40%
2015	0.02630%	1,808,565	1,616,828	111.86%	78.40%
2014	0.02290%	1,421,911	1,422,424	99.96%	79.82%

Notes to the Schedule of the City's Proportionate Share of the Net Pension Liability

Benefit Changes: None

Changes in Assumptions: For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

*Fiscal year 2015 was the first year of implementation, therefore, 10 years of information are not yet available.

**Western Riverside Council of Governments
Required Supplementary Information
Year Ended June 30, 2022**

**Schedule of Plan Contributions
Last 10 Years***

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2022	\$ 577,461	\$ (577,461)	\$ -	\$ 2,591,751	22.28%
2021	523,824	(523,824)	-	2,610,410	20.07%
2020	466,492	(466,492)	-	2,504,167	18.63%
2019	236,092	(236,092)	-	2,530,409	9.33%
2018	345,428	(345,428)	-	2,413,255	14.31%
2017	323,200	(323,200)	-	2,062,647	15.67%
2016	305,212	(305,212)	-	1,760,643	17.34%
2015	294,471	(294,471)	-	1,616,828	18.21%

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2013, 6/30/2014, 6/30/2015, 6/30/2016, 6/30/2017, 6/30/2018, 6/30/2019, 6/30/2020

*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information are available.

Western Riverside Council of Governments
Required Supplementary Information
Year Ended June 30, 2022

Schedule of Changes in the Net OPEB Liability and Related Ratios
for the Measurement Periods Ended June 30
Last 10 Years*

	Measurement Period		
	2021	2020	2019
Total OPEB Liability			
Service cost	\$ 197,412	\$ 180,222	\$ 150,146
Interest on total OPEB liability	174,529	165,457	173,314
Changes in assumptions	934,215	105,642	763,070
Changes in benefits	-	-	-
Differences between expected and actual experience	(313,855)	-	(836,051)
Benefit payments, including refunds	(167,719)	(170,086)	(131,557)
Net change in total OPEB liability	824,582	281,235	118,922
Total OPEB liability - beginning	3,088,811	2,807,576	2,688,654
Total OPEB liability - ending (a)	<u>\$ 3,913,393</u>	<u>\$ 3,088,811</u>	<u>\$ 2,807,576</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 47,459	\$ 140,657	\$ 106,392
Net Investment Income	295,055	72,852	97,620
Benefit payments	(167,719)	(170,086)	(131,557)
Administrative Expense	(26,274)	-	(7,570)
Net change in plan fiduciary net position	148,521	43,423	64,885
Plan fiduciary net position - beginning	1,906,424	1,863,001	1,798,116
Plan fiduciary net position - ending (b)	<u>\$ 2,054,945</u>	<u>\$ 1,906,424</u>	<u>\$ 1,863,001</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 1,858,448</u>	<u>\$ 1,182,387</u>	<u>\$ 944,575</u>
Plan fiduciary net position as a percentage of the total OPEB liability	52.5%	61.7%	66.4%
Covered - employee payroll	2,794,918	2,664,693	2,817,402
Net OPEB liability as a percentage of covered-employee payroll	66.49%	44.37%	33.53%

Notes to Schedule of Changes

The discount rate from the 2019 Actuarial Valuation to the 2021 Actuarial Valuation changed from 5.45% to 3.40%

*OPEB schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

Western Riverside Council of Governments
Required Supplementary Information
Year Ended June 30, 2022

Measurement Period	
2018	2017
\$ 171,367	\$ 108,879
160,645	159,498
-	-
-	-
-	(156,922)
(84,617)	(113,278)
247,395	(1,823)
2,441,259	2,443,082
<u>\$ 2,688,654</u>	<u>\$ 2,441,259</u>

\$ 120,000	\$ -
(5,368)	104,450
(84,617)	(105,916)
(6,574)	(7,361)
23,441	(8,827)
1,774,675	1,783,502
<u>\$ 1,798,116</u>	<u>\$ 1,774,675</u>
<u>\$ 890,538</u>	<u>\$ 666,584</u>

66.9%	72.7%
2,617,222	2,211,299
34.03%	30.14%

**Western Riverside Council of Governments
Required Supplementary Information
Year Ended June 30, 2022**

**Schedule of Plan Contributions
for WRCOG's OPEB Plan
Last 10 Years***

<u>Fiscal Year</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions in Relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2022	\$ 280,846	\$ (57,247)	\$ 223,599	\$ 3,188,032	1.80%
2021	274,960	(47,459)	227,501	2,974,918	1.60%
2020	256,928	(140,657)	116,271	2,664,693	5.28%
2019	202,857	(202,857)	-	2,817,402	7.20%
2018	185,075	(185,075)	-	2,617,222	7.07%

Notes to the Schedule: None

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

**Western Riverside Council of Governments
Notes to Required Supplementary Information
Year Ended June 30, 2022**

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 2022, the total administration fee collected was 4%. Riverside Conservation Agency (RCA) also receives a percentage of the TUMF revenues collected of 1.47%, which is included as an expense in the TUMF Fund.

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

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

Western Riverside Council of Governments
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2022

	Special Revenue		Total Nonmajor Governmental Funds
	Clean Cities	WRCOG Foundation	
ASSETS			
Cash and Investments	\$ 31,185	\$ 96,687	\$ 127,872
Receivables:			
Accounts	-	81,313	81,313
Due From Other Governments	15,000	-	15,000
Total Assets	<u>\$ 46,185</u>	<u>\$ 178,000</u>	<u>\$ 224,185</u>
LIABILITIES			
Accounts Payable	\$ 13,979	\$ 57,404	\$ 71,383
Due to Other Governments	-	105,167	105,167
Due to Other Funds	-	3,250	3,250
Total Liabilities	<u>13,979</u>	<u>165,821</u>	<u>179,800</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total Deferred Inflows of Resources	<u>15,000</u>	<u>-</u>	<u>15,000</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	<u>17,206</u>	<u>12,179</u>	<u>29,385</u>
Total Fund Balances	<u>17,206</u>	<u>12,179</u>	<u>29,385</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 31,185</u>	<u>\$ 178,000</u>	<u>\$ 224,185</u>

Western Riverside Council of Governments
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2022

	Special Revenue		Total Nonmajor Governmental Funds
	Clean Cities	WRCOG Foundation	
REVENUES			
Intergovernmental	\$ 213,765	\$ -	\$ 213,765
Other Revenues	-	259,781	259,781
Charges for Services	-	-	-
Total Revenues	213,765	259,781	473,546
EXPENDITURES			
Current:			
General Government	-	259,323	259,323
Energy	-	-	-
Environmental	241,884	-	241,884
Total Expenditures	241,884	259,323	501,207
Net Change in Fund Balances	(28,119)	458	(27,661)
Fund Balances (Deficit), Beginning of Year	45,325	11,721	57,046
Fund Balances (Deficit), End of Year	\$ 17,206	\$ 12,179	\$ 29,385

Western Riverside Council of Governments
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Clean Cities Special Revenue Fund
Year Ended June 30, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 253,765	\$ 213,765	\$ (40,000)
Other Revenues	-	-	-
Total Revenues	<u>253,765</u>	<u>213,765</u>	<u>(40,000)</u>
EXPENDITURES			
Current:			
Environmental	<u>244,674</u>	<u>241,884</u>	<u>2,790</u>
Total Expenditures	<u>244,674</u>	<u>241,884</u>	<u>2,790</u>
Net Change in Fund Balance	9,091	(28,119)	(37,210)
Fund Balance, Beginning of Year	<u>45,325</u>	<u>45,325</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 54,416</u></u>	<u><u>\$ 17,206</u></u>	<u><u>\$ (37,210)</u></u>

Western Riverside Council of Governments
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - WRCOG Foundation Special Revenue Fund
Year Ended June 30, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Other Revenues	339,000	259,781	(79,219)
Total Revenues	339,000	259,781	(79,219)
EXPENDITURES			
Current:			
General Government	321,122	259,323	61,799
Total Expenditures	321,122	259,323	61,799
Net Change in Fund Balance	17,878	458	(17,420)
Fund Balance, Beginning of Year	11,721	11,721	-
Fund Balance, End of Year	<u>\$ 29,599</u>	<u>\$ 12,179</u>	<u>\$ (17,420)</u>

CUSTODIAL FUNDS

Western Riverside Council of Governments
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2022

	Custodial Funds		
	PACE	TUMF	Totals
ASSETS			
Cash and Investments	\$ 2,970,979	\$ 94,855,596	\$ 97,826,575
Cash and Investments with Fiscal Agents	61,763,697	-	61,763,697
Due from Other Governments	-	3,209,662	3,209,662
Assessments Receivable	97,315	-	97,315
Due from WRCOG	150,332	178,749	329,081
Total Assets	64,982,323	98,244,007	163,226,330
LIABILITIES			
Accounts Payable	1,777,878	8,429,164	10,207,042
Refunds Payable	1,440,747	-	1,440,747
Long-term Liabilities			
Due to City of Moreno Valley	-	3,493,500	3,493,500
Refund Liability	-	6,318,427	6,318,427
Total Liabilities	3,218,625	18,241,091	9,811,927
NET POSITION			
Restricted for other Organizations or Agencies	61,763,698	80,002,916	141,766,614
Total Net Position	\$ 61,763,698	\$ 80,002,916	\$ 141,766,614

Western Riverside Council of Governments
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended June 30, 2022

	Custodial Funds		
	PACE	TUMF	Totals
ADDITIONS			
Assessments Collected for Others	\$ 144,874,022	\$ 72,775,215	\$ 217,649,237
Investment Income	14,702	(1,457,365)	(1,442,663)
Total Additions	144,888,724	71,317,850	216,206,574
DEDUCTIONS			
General and Administrative	-	753,149	753,149
Payments to TUMF Members	-	50,309,511	50,309,511
Distributions to Shareholders	184,625,137	-	184,625,137
Total Deductions	184,625,137	51,062,660	235,687,797
Net Change in Fiduciary Net Position	(39,736,413)	20,255,190	(19,481,223)
Net Position, Beginning of Year	3,284,485	-	3,284,485
Restatement of Net Position	98,215,626	59,747,726	157,963,352
Net Position, End of Year	\$ 61,763,698	\$ 80,002,916	\$ 141,766,614



Statistical Section

STATISTICAL SECTION

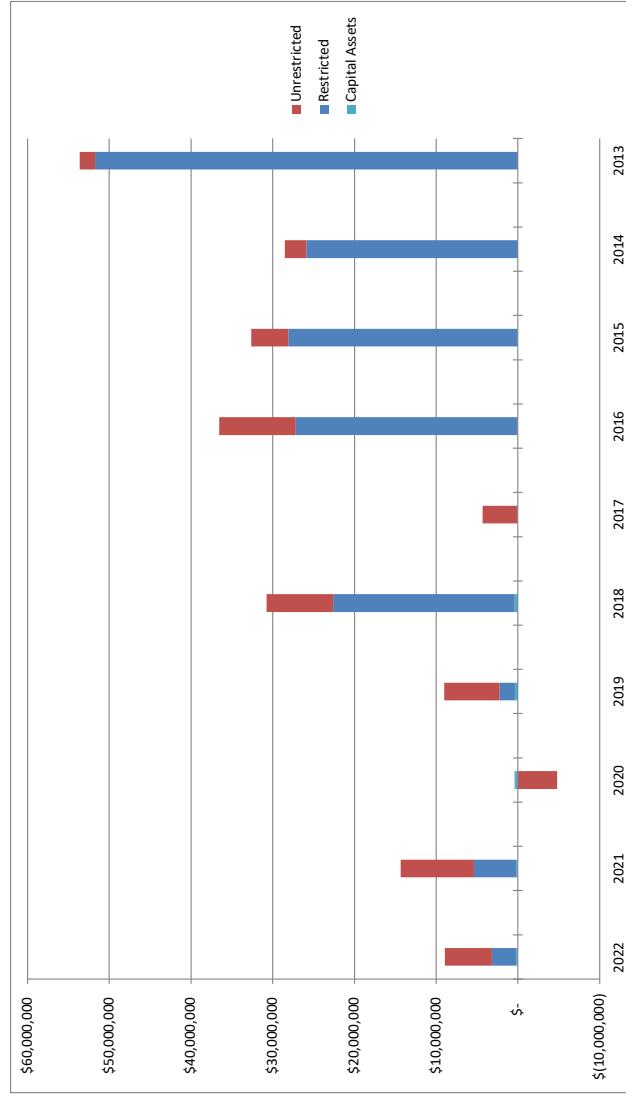
This section of the Western Riverside Council of Government's Annual Comprehensive Financial Report presents additional detail, historical perspective, and context to assist annual financial report users in understanding the financial statements, note disclosures, required supplementary information,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

CONTENTS	PAGE
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	65
Revenue Capacity These schedules contain information to help the reader assess WRCOG's most significant local revenue source, Member Dues and Mitigation Fees.	69
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.	70
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.	72

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

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities:										
Net investment in										
Capital Assets	\$ 230,209	\$ 218,171	\$ 293,345	\$ 362,054	\$ 413,343	\$ 93,875	\$ 100,296	\$ 54,038	\$ 30,021	\$ 20,735
Restricted	2,963,656	5,164,059	111,838	1,907,303	22,211,582	11,702	27,079,334	28,033,173	25,869,263	51,733,864
Unrestricted	5,752,754	8,965,785	(4,815,321)	6,771,505	8,130,795	4,232,803	9,385,943	4,556,290	2,632,813	1,880,401
Total governmental activities net position/(deficit)	\$ 8,946,619	\$ 14,348,015	\$ (4,410,138)	\$ 9,040,862	\$ 30,755,720	\$ 4,338,380	\$ 36,565,573	\$ 32,643,501	\$ 28,532,097	\$ 53,635,000



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,									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses										
Governmental activities:										
General government	\$ 4,391,339	\$ 4,150,530	\$ 3,674,580	\$ 6,966,676	\$ 5,416,418	\$ 4,028,482	\$ 2,520,688	\$ 2,031,313	\$ 2,245,634	\$ 2,401,116
Transportation	-	42,583,401	63,456,285	85,033,676	34,971,790	74,542,061	41,631,788	33,114,224	54,779,449	50,187,717
Energy	6,086,935	3,110,304	2,349,851	2,779,274	6,333,946	5,622,980	5,629,560	4,926,278	2,445,533	1,603,694
Environmental	559,545	707,125	704,465	533,897	570,687	513,137	423,667	531,945	647,781	576,600
Interest on Lease	12,315									
Total primary government expenses	<u>11,050,134</u>	<u>50,551,360</u>	<u>70,185,181</u>	<u>95,313,523</u>	<u>47,292,841</u>	<u>84,706,660</u>	<u>50,205,703</u>	<u>40,603,760</u>	<u>60,118,397</u>	<u>54,774,127</u>
Program Revenues										
Governmental activities:										
General government	5,370,744	447,393	341,563	569,301	567,640	512,876	513,188	349,268	420,810	528,756
Transportation	-	63,706,655	50,389,714	66,842,236	67,483,341	42,731,611	43,508,868	37,430,113	24,905,073	25,968,400
Energy	4,574,850	3,962,842	2,966,193	3,364,946	6,003,534	9,316,452	9,779,134	7,473,816	3,198,814	1,482,940
Environmental	569,943	673,823	758,394	542,592	515,141	528,775	464,885	620,836	618,415	619,388
Total primary government program revenues	<u>10,515,537</u>	<u>68,790,713</u>	<u>54,455,864</u>	<u>71,319,075</u>	<u>74,568,656</u>	<u>53,089,714</u>	<u>54,266,095</u>	<u>45,874,033</u>	<u>29,143,112</u>	<u>28,597,484</u>
Net (Expense)/Revenue										
Total primary government net expense	<u>(534,597)</u>	<u>18,239,353</u>	<u>(15,729,317)</u>	<u>(23,994,448)</u>	<u>27,276,815</u>	<u>(31,616,946)</u>	<u>4,060,392</u>	<u>5,270,273</u>	<u>(30,975,285)</u>	<u>(26,176,643)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Other revenues		-	-	-	-	-	36,112	241,763	259,349	308,294
Investment income	(27,181)	(243,696)	2,356,692	2,262,464	273,559	(12,645)	509,228	552,021	706,876	(285,642)
Loss on sale of capital assets			(78,375)	-	-	-	-	-	-	-
Total primary government	<u>(27,181)</u>	<u>(243,696)</u>	<u>2,278,317</u>	<u>2,262,464</u>	<u>273,559</u>	<u>(12,645)</u>	<u>545,340</u>	<u>793,784</u>	<u>966,225</u>	<u>22,652</u>
Changes in Net Position										
Total primary government	<u>\$ (561,778)</u>	<u>\$ 17,995,657</u>	<u>\$ (13,451,000)</u>	<u>\$ (21,731,984)</u>	<u>\$ 27,550,374</u>	<u>\$ (31,629,591)</u>	<u>\$ 4,605,732</u>	<u>\$ 6,064,057</u>	<u>\$ (30,009,060)</u>	<u>\$ (26,153,991)</u>

Source: Finance Department

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GENERAL FUND										
General fund:										
Nonspendable										
Prepaid Expenses	\$ 119,789	\$ 61,060	\$ 209,708	\$ 96,486	\$ 43,859	\$ 167,212	\$ 90,762	\$ 82,987	\$ 70,111	\$ 67,357
Restricted										
Section 115 Pension Trust	326,257	366,611	-	-	-	-	-	-	-	-
LTF										
Assigned										
BEYOND Program										
Fellowship Program	218,375	219,839	702,559	702,559	2,533,866	11,702,000	1,556,763.00	-	581,358	578,909
Unassigned	10,137,070	13,015,251	609,412	304,733	514,732	121,272.00	400,000.00	-	-	-
			10,291,851	9,613,033	8,233,431	8,988,826	7,888,825	5,415,947	1,275,895	456,939
Total general fund	\$ 10,801,491	\$ 13,662,761	\$ 11,813,530	\$ 10,716,811	\$ 11,325,886	\$ 12,594,431	\$ 9,936,350	\$ 5,498,934	\$ 1,927,364	\$ 1,103,205

ALL OTHER GOVERNMENTAL FUNDS

All other governmental funds:

Restricted										
Transportation										
AB 2766	17,206	17,187,489	2,483,852	15,073,913	38,098,604	9,373,801	51,540,293	53,379,614	49,094,887	65,104,205
Foundation	12,179	45,325	-	-	-	-	-	-	-	-
LTF	2,593,014	11,721	111,838	72,145.00	11,733	-	11,690	11,695	11,604	20,550
Total all other governmental funds	\$ 2,622,399	\$ 17,244,535	\$ 2,595,690	\$ 15,146,058	\$ 38,110,337	\$ 9,373,801	\$ 51,551,983	\$ 53,391,309	\$ 49,106,491	\$ 65,124,755

Source: Finance Department

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

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

	Fiscal Year									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues										
Intergovernmental	\$ 2,881,203	\$ 1,504,000	\$ 1,068,020	\$ 967,270	\$ 931,500	\$ 1,145,570	\$ 1,058,265	\$ 1,461,999	\$ 1,350,596	\$ 1,830,454
TUMF Mitigation fees	3,031,817	60,897,468	48,850,599	63,686,091	51,305,031	42,239,340	42,615,158	36,507,739	24,306,973	25,361,053
Pace fees	3,713,297	3,340,417	2,512,229	2,752,932	5,684,817	9,028,003	9,562,139	7,159,144	2,197,585	-
Other revenues	323,530	3,048,828	2,085,571	3,852,228	16,648,307	894,488	848,957	986,914	1,547,307	1,714,271
Investment income (loss)	(27,181)	(243,696)	2,356,691	2,262,464	273,560	(12,645)	509,229	552,021	420,526	(285,642)
Charges for Services	510,762									
Total revenues	10,433,428	68,547,017	56,873,110	73,520,965	74,843,215	53,294,756	54,583,748	46,667,817	29,822,987	28,620,136
Expenditures										
Current:										
General Government	3,524,632	3,903,224	3,531,873	6,039,994	4,493,570	3,965,880	2,681,489	2,070,885	2,191,112	2,321,713
Programs:										
Transportation		45,090,784	61,740,570	87,741,176	35,974,673	82,703,352	44,125,019	30,998,608	44,901,088	52,612,593
Energy	6,086,935	3,110,304	2,349,851	2,779,274	6,336,292	5,632,488	5,647,563	4,929,398	2,431,687	1,589,887
Environmental	559,545	707,125	704,465	533,897	570,687	513,137	435,670	534,027	636,549	564,061
Debt service	422,820									1,500,000
Total expenditures	10,593,932	52,811,437	68,326,759	97,094,341	47,375,222	92,814,857	52,889,741	38,532,918	50,162,436	58,588,254
Excess (deficiency) of revenues over (under) expenditures	(160,504)	15,735,580	(11,453,649)	(23,573,356)	27,467,993	(39,520,101)	1,704,007	8,134,899	(20,339,449)	(29,968,118)
Other financing sources (uses):										
Loan proceeds	-	-	-	-	-	-	-	-	1,500,000	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	1,500,000	-
Net change in fund balances	\$ (160,504)	\$ 15,735,580	\$ (11,453,649)	\$ (23,573,356)	\$ 27,467,993	\$ (39,520,101)	\$ 1,704,007	\$ 8,134,899	\$ (18,839,449)	\$ (29,968,118)
Debt service as a percentage of noncapital expenditures	3.99%									

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GENERAL FUND:										
Member dues:										
Banning	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,957	\$ 3,957	\$ 3,957
Beaumont	\$ 5,000	\$ 5,000	5,000	5,000	-	-	-	5,255	5,255	5,255
Calimesa	\$ 1,049	\$ 1,049	1,049	1,049	1,049	1,049	1,049	1,102	1,102	1,102
Canyon Lake	\$ 1,406	\$ 1,406	1,406	1,406	1,406	1,406	1,406	2,256	2,256	2,256
Corona	\$ 20,290	\$ 20,290	20,290	20,290	20,290	20,290	20,290	25,886	25,886	25,886
Eastvale	\$ 7,171	\$ 7,171.06	7,171	7,171	7,171	7,171	7,171	-	-	-
Hemet	\$ 9,797	\$ 7,425	9,797	9,797	9,797	9,797	9,797	10,386	10,386	10,386
Jurupa Valley	\$ 12,710	\$ 12,710	12,710	12,710	12,710	12,710	12,710	-	-	-
Lake Elsinore	\$ 6,933	\$ 6,933	6,933	6,933	6,933	6,933	6,933	7,904	7,904	7,904
Menifee	\$ 10,491	\$ 10,491	10,491	10,491	10,491	10,491	10,491	10,147	10,147	10,147
Moreno Valley	\$ 25,780	\$ 25,780	25,780	25,780	25,780	25,780	25,780	25,413	25,413	25,413
Murrieta	\$ 13,794	\$ 13,794.48	13,794	13,794	13,794	13,794	13,794	17,954	17,954	17,954
Norco	\$ 3,573	\$ 3,573.45	3,573	3,573	3,573	3,573	3,573	4,482	4,482	4,482
Perris	\$ 9,215	\$ 9,215	9,215	9,215	9,215	9,215	9,215	8,173	8,173	8,173
Riverside	\$ 40,512	\$ 40,512	40,512	40,512	40,512	40,512	40,512	42,894	42,894	42,894
San Jacinto	\$ 5,889	\$ 5,889	5,889	5,889	5,889	5,889	5,889	5,504	5,504	5,504
Temecula	\$ 13,424	\$ 13,424	13,424	13,424	13,424	13,424	13,424	18,714	18,714	18,714
Wildomar	\$ 4,298	\$ 4,298	4,298	4,298	4,298	4,298	4,298	4,863	4,863	4,863
County of Riverside	\$ 48,136	\$ 48,135.73	48,136	48,136	48,136	48,136	48,136	43,520	43,520	43,520
County of Riverside - Office of Superintendent	\$ 17,000	\$ 17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Eastern Municipal Water District	\$ 17,000	\$ 17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Western Municipal Water District	\$ 17,000	\$ 17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Morongo Band of Mission Indians			-	17,000	17,000	17,000	9,500	10,000	10,000	-
Total Member dues	\$ 294,410	\$ 292,038	\$ 294,410	\$ 311,410	\$ 306,410	\$ 306,410	\$ 298,910	\$ 299,410	\$ 299,410	\$ 289,410
	\$ 7,424.57									
ALL OTHER GOVERNMENTAL FUNDS										
Transportation Uniform Mitigation Fee (TUMF):										
Banning	1,061,580	90,905	16,719	12,165	\$ 16,040	\$ 40,930	\$ 6,326	\$ 54,738	\$ 4,116	\$ -
Beaumont	7,010,745	1,044,450	661,889	1,133,974	514,351	-	-	-	-	-
Calimesa	35,902	84,328	357,530	188,577	4,055	103,835	10,359	133,217	65,387	1,310
Canyon Lake	40,416	35,410	41,949	44,805	38,832	18,525	20,583	27,055	22,642	4,117
Corona	3,188,478	766,323	500,855	2,589,705	140,921	1,153,262	2,743,488	1,989,728	114,644	104,773
Eastvale	285,044	988,078	819,704	660,354	1,735,201	1,249,621	1,705,338	1,241,685	1,438,152	1,478,348
Hemet	6,278,812	938,306	200,532	247,002	217,626	52,392	351,010	545,597	736,612	531,470
Jurupa Valley	4,675,452	629,122	1,707,104	1,919,323	995,072	2,400,109	2,302,649	1,738,387	242,216	112,044
Lake Elsinore	3,526,850	1,564,641	1,588,824	912,194	56,629	800,725	969,533	898,098	868,004	646,241
March JPA	1,538,527	222,156	1,503,832	1,196,382	1,668,406	765,627	222,482	239,874	-	227,695
Menifee	12,348,549	6,129,067	2,369,260	2,589,565	1,944,365	1,374,603	1,203,549	909,230	1,665,304	821,673
Moreno Valley	5,044,629	2,962,390	1,861,624	4,400,523	300,521	883,562	1,356,327	2,343,895	1,138,394	693,588
Murrieta	3,051,055	1,121,883	667,417	1,115,593	2,585,547	884,391	1,452,155	1,496,315	70,944	81,192
Norco	1,912,486	4,483	136,181	523,643	1,867,071	304,411	100,355	101,444	11,288	8,232
Perris	2,908,125	1,198,867	726,994	789,812	918,236	1,235,325	1,167,113	1,069,887	1,498,823	320,608
Riverside	3,079,636	823,662	1,928,733	3,018,415	1,484,544	3,113,205	1,852,839	1,461,429	594,363	1,365,025
San Jacinto	1,301,744	1,024,429	784,469	984,137	3,212,024	843,818	698,893	259,021	200,630	70,674
Temecula	2,783,627	445,363	676,132	646,123	1,448,549	810,938	809,664	679,386	227,028	1,772,534
Wildomar	714,129	170,292	316,900	134,061	87,114	826,659	384,865	83,178	219,772	1,032,017
County - Northwest	6,721,922	3,573,018	3,237,826	998,669	272,790	569,203	414,258	216,343	183,616	189,161
County - Southwest	3,824,734	2,576,214	1,421,458	730,000	1,643,915	863,473	636,493	1,529,926	1,288,379	1,622,276
County - Central	289,194	96,255	189,085	1,403,293	1,125,077	911,716	1,040,489	593,671	46,173	434,159
County - Pass	79,133	52,888	37,617	64,879	815,242	12,349	20,581	16,502	4,116	431,198
County - Hemet/San Jacinto	5,256,153	1,287,613	946,277	2,254,436	538,809	376,151	299,821	91,090	82,324	30,103
Regional Transit Authority	2,408,783	1,906,091	1,554,652	1,956,588	1,203,022	692,725	698,889	314,621	367,630	423,339
Riverside County Transportation Commission	35,169,770	27,830,143	22,698,912	28,567,429	23,630,936	19,594,830	19,769,172	17,480,991	10,899,357	11,978,440
WRCOG	3,078,317	2,435,899	1,986,776	2,500,431	2,056,290	1,689,574	1,704,607	2,076,008	974,049	1,027,871
MSHCP	1,131,282	895,193	730,140	918,909	783,850	667,382	673,319	602,662	369,011	407,929
Total TUMF	118,746,075	60,897,467	\$ 49,669,391	\$ 62,510,785	\$ 51,305,034	\$ 42,239,340	\$ 42,615,159	\$ 38,193,977	\$ 23,332,924	\$ 25,816,019

Source: Fiscal Department

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

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2022	2,473,902	188,179,830	76,066	4.10%
2021	2,454,453	114,090,413	45,834	6.30%
2020	2,442,304	104,794,676	42,418	14.90%
2019	2,440,124	95,140,992	39,261	4.60%
2018	2,415,955	87,827,068	36,782	4.70%
2017	2,390,702	88,000,000	35,883	5.80%
2016	2,317,924	89,500,000	31,762	6.90%
2015	2,329,271	83,500,000	31,344	8.40%
2014	2,292,507	76,289,477	30,815	9.80%
2013	2,227,577	70,376,019	29,986	11.50%

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

Represents most recent data available
 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 2021 and Ten Calendar Years**

Industry Type	2021	% of Total Employment	2012	% of Total Employment
Agricultural service	14,900	0.9%	12,000	1.7%
Mining and logging	1,300	0.1%	400	0.1%
Construction	105,600	6.4%	66,600	9.2%
Manufacturing	96,200	5.8%	42,400	5.9%
Transportation, warehousing, and public utilities	222,500	13.5%	61,500	8.5%
Wholesale trade	67,600	4.1%	24,300	3.4%
Retail trade	187,800	11.4%	86,800	12.0%
Information	9,900	0.6%	5,300	0.7%
Finance and insurance	24,500	1.5%	11,200	1.5%
Real estate and rental and leasing	21,400	1.3%	9,600	1.3%
Professional & business services	170,900	10.4%	70,500	9.7%
Education & health services	254,300	15.4%	112,300	15.5%
Leisure and hospitality	172,900	10.5%	76,300	10.6%
Other services	43,900	2.7%	19,600	2.7%
Federal government, civilian	21,100	1.3%	7,600	1.1%
State government	33,000	2.0%	17,600	2.4%
Local government	199,600	12.1%	99,200	13.7%
Total	<u>1,647,400</u>	<u>100.0%</u>	<u>723,200</u>	<u>100.0%</u>

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>

2021 Source

[https://labormarketinfo.edd.ca.gov/file/lfmonth/rive\\$pds.pdf](https://labormarketinfo.edd.ca.gov/file/lfmonth/rive$pds.pdf)

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

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

Function/Program	As of June 30									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Management services and administration	10	9	7	7	7	9	7.8	7.2	5.5	5.9
Transportation & Planning	4	6	6	7	4	3.5	5.5	4.9	4.9	5.8
Energy	3	11	11	7	14	15.3	8.3	7.2	4.6	3.1
Environmental	8	2	2	3	4.5	2.3	1.3	3.4	3.0	3.0
RCHCA	6	4	5	-	-	-	-	-	-	-
Total full time equivalents	31	32	31	24.0	29.5	30.1	22.8	22.7	18.0	17.8

Source: Fiscal Department

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

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Property Assessed Clean Energy Programs										
Energy Efficiency Products Installed	41	88	7,437	15,700	51,700	92,300	80,300	48,100	23,400	12,700
Solar Products Installed	3	50	2,049	6,543	23,500	28,900	36,000	27,000	11,300	5,712
Water Efficiency Products Installed	8	10	471	1,263	4,131	8,655	7,284	2,526	417	30
Energy Savings Programs										
Energy Savings (kWh)	n/a	n/a	n/a	14,443,467	2,534,586	152,304	n/a	n/a	n/a	1,380,809
Gas Savings (Therms)	n/a	4,000	n/a	52,547	n/a	9,862	n/a	n/a	n/a	n/a
Environmental Programs										
Gallons of Gasoline Equivalent Reduced	4,185,750	n/a	4,206,956	9,688,567	9,630,272	9,747,951	9,730,702	8,963,115	10,376,763	8,399,294
Tons Greenhouse Gas Emissions Reduced	7,440	n/a	6,728	16,730	15,703	15,610	15,255	12,829	25,146	21,818
Used Oil Gallons Recycled	350,515	n/a	391,902	390,453	207,996	230,000	328,686	157,556	213,140	148,959
Used Oil Filters Recycled	1,747	n/a	1,229	1,435	1,036	1,428	1,418	194	250	28,000
Solid Waste - Disposal Amount (tons):	2,249,971	n/a	1,327,618	786,538	723,493	708,996	637,811	617,666	584,569	533,829
Transportation Programs										
Single Family Home Permits Issued	5,118	4,604	3,150	3,659	3,580	3,179	2,916	2,360	1,821	2,453
Multi-family Home Permits Issued	984	958	1,044	1,990	557	450	1,032	1,199	281	1,375
New Retail Construction (square foot)	592,410	220,143	618,445	428,260	622,387	479,982	366,654	265,173	396,902	292,879
New Commercial Construction (square foot)	195,787	426,595	461,103	482,308	613,916	512,886	691,077	269,918	85,772	328,923
New Industrial Construction (square foot)	7,115,390	3,156,026	4,254,754	7,540,010	6,083,631	4,089,710	2,906,471	3,045,491	1,242,931	3,860,571

Source: Finance Department



Western Riverside Council of Governments

WRCOG Executive Committee

Staff Report

Subject: Follow-up of Operational Review of the Finance Department

Contact: Andy Green, Senior Associate, Citygate Associates, LLC,
Agreen@citygateassociates.com, (916) 458-5100
 Dr. Kurt Wilson, Executive Director, kwilson@wrcog.us, (951) 405-6701

Date: June 30, 2023

Requested Action(s):

1. Receive and file.

Purpose:

The purpose of this item is to provide a briefing of the operational review of the Finance Department.

WRCOG 2022-2027 Strategic Plan Goal:

Goal #3 - Ensure fiscal solvency and stability of the Western Riverside Council of Governments.

Background:

In January 2022, Citygate Associates was engaged to conduct an independent, third-party operational review of WRCOG's Finance Department.

This operational review included examination of the Department's operational structure, review of existing financial policies, procedures, and practices to determine compliance with best practices, and to identify potential financial issues. It also included a review of the Department's operational functions, workflow processes, and documents to identify overall strengths and weaknesses, and a recommendation for streamlining procedures and processes.

The review was completed in March 2022, and the results and recommendations of the review were presented in June 2022 by Andrew Green, Senior Associate of Citygate Associates. A follow-up review was conducted in 2023 based on the recommendations made by Citygate. The results of the follow-up will be presented to this Committee.

Prior Action(s):

June 24, 2022: The Executive Committee received and filed.

Fiscal Impact:

The costs of the operational review is a not-to-exceed amount of \$10,000. Funding for this review is included in the Adopted Fiscal Year 2022/2023 Agency Budget in the Administration Department (Fund

110).

Attachment(s):

None.



Western Riverside Council of Governments

WRCOG Executive Committee

Staff Report

Subject: Cybersecurity Threats to Regional and Local Governments
Contact: Dr. Kurt Wilson, Executive Director, kwilson@wrcog.us, (951) 405-6701
Date: June 30, 2023

Requested Action(s):

1. Receive and file.
-

Purpose:

The purpose of this item is to share information regarding cybersecurity issues as it relates to WRCOG member agencies.

WRCOG 2022-2027 Strategic Plan Goal:

Goal #5 - Develop projects and programs that improve infrastructure and sustainable development in our subregion.

Background:

Over the past decade, regional and local governments have increasingly become the target of cybercriminals and victims of ransomware attacks. These agencies are targeted for a variety of reasons. One main reason is that government agencies may store resident information such as names, addresses, drivers licenses, credit card numbers, and other information that is valuable to cybercriminals. Additionally, these agencies also store financial and contractual information that are eagerly sought by parties seeking to exploit that information for their benefit.

Given the potential threat, regional and local governments invest significant resources to secure their networks against intrusions. Unfortunately, these costs are only likely to increase as cybercriminals develop new capabilities. This item includes a presentation on this issue for benefit of our member agencies.

Prior Action(s):

None.

Fiscal Impact:

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

Attachment(s):

None.