Western Riverside Council of Governments
Finance Directors Committee

AGENDA

Thursday, January 27, 2022
1:00 PM

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

WRCOG'S OFFICE IS CURRENTLY CLOSED TO THE PUBLIC DUE TO COVID-19

Join Zoom Meeting
Meeting ID: 852 4890 9872
Password: 012722
Dial in: (669) 900 9128 U.S.

SPECIAL NOTICE – COVID-19 RELATED PROCEDURES IN EFFECT

Due to the State or local recommendations for social distancing resulting from the threat of Novel Coronavirus (COVID-19), this meeting is being held via Zoom under Assembly Bill 361 (Government Code Section 54953) (AB 361). Pursuant to AB 361, WRCOG does not need to make a physical location available for members of the public to observe a public meeting and offer public comment. AB 361 allows WRCOG to hold Committee meetings via teleconferencing or other electronic means and allows for members of the public to observe and address the committee telephonically or electronically.

In addition to commenting at the Committee meeting, members of the public may also submit written comments before or during the meeting, prior to the close of public comment to snelson@wrcog.us.

Any member of the public requiring a reasonable accommodation to participate in this meeting in light of this announcement shall contact Suzy Nelson 72 hours prior to the meeting at (951) 405-6703 or snelson@wrcog.us. Later requests accommodated to the extent feasible.

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

1. CALL TO ORDER (Javier Carcamo, 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 agendized items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Committee in writing and only pertinent points presented orally.

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 October 28, 2021, Finance Directors Committee Meeting

Requested Action(s): 1. Approve the Summary Minutes from the October 28, 2021, Finance Directors Committee meeting.

B. Finance Department Activities Update

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

6. **REPORTS / DISCUSSION**
Members of the public will have an opportunity to speak on agendized items at the time the item is called for discussion.

A. Fiscal Year 2020/2021 Audit

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

B. Inland Regional Energy Network Activities Update

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

C. 2nd Quarter Draft Budget Amendment for Fiscal Year 2021/2022

Requested Action(s): 1. Recommend that the Executive Committee approve the 2nd Quarter draft Budget Amendment for Fiscal Year 2021/2022.

D. The Economy and Financial Markets

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

7. **REPORT FROM THE CHIEF FINANCIAL OFFICER**
Andrew Ruiz

8. **ITEMS FOR FUTURE AGENDAS ~ Members**
Members are invited to suggest additional items to be brought forward for discussion at future Committee meetings.

9. **GENERAL ANNOUNCEMENTS ~ Members**
Members are invited to announce items / activities which may be of general interest to the Committee.

10. NEXT MEETING

The next Finance Directors Committee meeting is scheduled for Thursday, April 28, 2022, at 1:00 p.m., on the Zoom platform.

11. ADJOURNMENT

Finance Directors Committee

Minutes

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1. CALL TO ORDER

The meeting of the WRCOG Finance Directors Committee was called to order on July 29, 2021, at 1:00 p.m. by Chair Javier Carcamo on the Zoom platform.

2. PLEDGE OF ALLEGIANCE

Chair Carcamo led members and guests in the Pledge of Allegiance.

3. ROLL CALL

- City of Beaumont - Jennifer Ustation
- City of Calimesa - Celeste Reid
- City of Canyon Lake - Terry Shea
- City of Eastvale - Amanda Wells
- City of Jurupa Valley - Connie Cardenas
- City of Lake Elsinore - Brendan Rafferty
- City of Moreno Valley - Brian Mohan
- City of Murrieta - Javier Carcamo (Chair)
- City of Perris - Ernie Reyna
- City of Riverside - Edward Enriquez*
- City of San Jacinto - Erika Gomez
- City of Temecula - Jennifer Hennessy*
- City of Wildomar - Bob Howell
- Eastern Municipal Water District (EMWD) - John Adams
- March Joint Powers Authority - Matt Schenk

*Arrived after Roll Call

4. PUBLIC COMMENTS

There were no public comments.

5. CONSENT CALENDAR – (Wildomar / Moreno Valley) 12 yes; 0 no; 0 abstention. Items 5.A through 5.C were approved. The City of San Jacinto did not vote.

A. Summary Minutes from the July 29, 2021, Finance Directors Committee Meeting

Action:

1. Approved the Summary Minutes from the July 29, 2021, Finance Directors Committee meeting.

B. Finance Department Activities Update

Action:

1. Received and filed.

C. Approval of Finance Directors Committee 2022 Meeting Schedule

Action:

1. Approved the Schedule of Finance Directors Committee meetings for 2022.

6. REPORTS / DISCUSSION

A. Regional Streetlight Program Activities Update

Daniel Soltero, WRCOG Program Manager, reported that in 2016, the Regional Streetlight Program developed a financing structure with Bank of America as the capital provider for agencies interested in financing the streetlight acquisition and LED retrofit project. By June 2019, eight participating agencies had completed a financing transaction with Bank of America. As of September 2021, the Cities of Lake Elsinore, Menifee, Moreno Valley, and Murrieta have refinanced their Equipment Lease / Purchase Agreements in order to benefit from low interest rates. Given the low interest rate environment and possibility of significant savings, WRCOG staff will coordinate with the remaining participating agencies to explore refinancing options.

The Regional Streetlight Program provides administration services to 10 of the 11 participating agencies, which are invoiced on a semi-annual basis each June 1 and December 1 through the life of the Program. The invoices typically include debt service, paying agent fees, administrative fees, streetlight operations and maintenance costs, and re-lamp reserve fees. The agencies that utilized the financing structure submit their semi-annual payments to the paying agent, whereas agencies that self-funded the project submit their semi-annual payments directly to WRCOG.

Action:

1. Received and filed.

B. Presentation by CalPERS

Kurt Schneider, Supervising Pension Actuary with CalPERS, presented an overview of what has currently been happening with CalPERS, where employer contributions are potentially heading, a summary of how investments have performed during the pandemic, and what agencies can do to manage costs. During Fiscal Year 2019/2020, the original discount rate for the June 30, 2020, valuation was 7%; however, it was reduced to 6.8%. The investment return during the fiscal year was 21.3%, which should be sufficient to pay for the increased employer costs.

Local jurisdictions face challenges when it comes to managing their Unfunded Accrued Liability (UAL) payments in the short- and long-term; however, through additional discretionary payments, by making adjustments to the amortization schedule of payments and opening up a Section 115 Trust, these tools can aide jurisdictions to reduce their long-term UAL costs and potentially accelerate funding.

Action:

1. Received and filed.

C. The Economy and Financial Markets

Mike Gardner and Dick McDonald with CitizensTrust, provided an overview of the economic prospects as of September 30, 2021, as well as potential future fiscal policy changes. According to Bloomberg, more than 80% of S&P 500 firms have exceeded estimates this season. The Gross Domestic Product, which was running strong, is now starting to decline, which is being driven by the COVID-19 Delta variant. The projections for the next quarter are expected to rise. The job market is very high. There are a lot of job openings and not enough people to fill those jobs. The inflation is running high at almost 4%.

There are over 100 cargo vessels sitting off-shore containing goods that are waiting to be unloaded and delivered. The ports are being ordered to work 24/7 to get these ships unloaded and out of the port.

The Bond yields remain volatile, with the yield curve at 119.63. The 2-year Treasury Yield are at a high of 50 today. The Federal Reserve Board balance sheet is nearing $9 trillion.

WRCOG's portfolio as of September 30, 2021, has an average duration of 1.86 years. The total market value of the portfolio is $15,173,803. The yield at cost is now 0.211, compared to 0.191 as of June 30, 2021, and 0.186 as of March 31, 2021. Expectation is for the yield to increase as maturities occur in early 2022.

Action:

1. Received and filed.

7. REPORT FROM THE CHIEF FINANCIAL OFFICER

Andrew Ruiz shared that the next Committee meeting is anticipated to be held virtually; however, due to evolving legislation, there is a possibility that the meeting could be held in person.

8. ITEMS FOR FUTURE AGENDAS

Committee members requested a presentation from the Riverside County Sheriff to discuss the increase in contracted service rates.

9. GENERAL ANNOUNCEMENTS

There were no general announcements.

10. NEXT MEETING

The next Finance Directors Committee meeting is scheduled for Thursday, January 27, 2022, at 1:00 p.m., on the Zoom platform.

11. ADJOURNMENT

The meeting of the Finance Directors Committee adjourned at 2:30 p.m.

Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: **Finance Department Activities Update**

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

Date: **January 27, 2022**

Requested Action(s):

1. Receive and file.

Purpose:

The purpose of this item is to provide an update on the Agency Audit for Fiscal Year (FY) 2020/2021, 2nd Quarter Agency amendment, FY 2022/2023 Agency budget, and financials through December 2021.

Background:

Fiscal Year 2020/2021 Agency Audit

WRCOG's annual Agency audit has been completed and its financials have been issued. A presentation to the Finance Directors will be made in the meeting to review the Agency's audit. WRCOG has applied for the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for FY 2020/2021; WRCOG has received this award for the past seven years.

Additionally, WRCOG will be releasing a Request for Proposal for financial audit services. WRCOG has utilized the services of the audit firm Rogers, Anderson, Malody, and Scott, LLC, for the past five years to conduct its financial audit.

WRCOG Strategic Plan

On January 12, 2022, the Executive Committee adopted a new Strategic Plan with specific fiscal-related goals. They are as follows:

1. Maintain sound, responsible fiscal policies.
2. Develop a process to vet fiscal impact(s) and potential risk(s) for all new programs and projects.
3. Provide detailed financial statements for public review online.

As staff begin to work on meeting these goals, they will seek input through its various committee structures for updates and to ensure these goals are being met.

Fiscal Year 2022/2023 Agency Budget Development Process

Staff has begun the process of the FY 2022/2023 Agency Budget and will begin presentations to the various WRCOG committees in March 2022.

Financial Report Summary Through December 2021

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

Prior Action(s):
None.

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

Attachment(s):
Attachment 1 - December 2021 Financials

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

Total Agency

	Approved Budget 6/30/2022	Actual Thru 12/31/2021	Remaining Budget 6/30/2022
Revenues			
Member Dues	286,640	294,410	(7,770)
Interest Revenue - Other	17,500	1,300	16,200
Overhead Transfer In	2,000,000	841,229	1,158,771
TUMF Commercial	4,800,000	386,238	4,413,762
TUMF Retail	4,800,000	1,167,171	3,632,829
TUMF Industrial	7,680,000	6,274,674	1,405,326
TUMF Single Family	19,200,000	18,399,551	800,449
TUMF Multi Family	9,600,000	1,556,363	8,043,637
TUMF Commerical - Admin Fee	200,000	16,093	183,907
TUMF Retail - Admin Fee	200,000	48,632	151,368
TUMF Industrial - Admin Fee	320,000	261,445	58,555
TUMF Single Family - Admin Fee	800,000	766,648	33,352
TUMF Multi-Family - Admin	400,000	64,848	335,152
Grant Revenue	1,663,000	418,295	1,244,705
RIVTAM	50,000	25,000	25,000
General Assembly Revenue	300,000	12,500	287,500
Fellowship Revenue	100,000	30,000	70,000
HERO Admin Revenue	2,250,000	1,198,995	1,051,005
Clean Cities Revenue	240,000	151,000	89,000
Solid Waste Revenue	112,970	125,202	(12,232)
Used Oil Grants	168,023	168,023	-
Regional Streetlights Revenue	211,725	79,352	132,373
PACE Commercial Sponsor Revenue	400,000	38,348	361,652
Total Revenues	**$ 57,669,021**	**$ 32,325,317**	**$ 25,343,704**
Expenses			
Salaries & Wages - Fulltime	2,745,899	1,163,988	1,581,911
Fringe Benefits	1,319,884	523,795	796,089
Overhead Allocation	1,682,458	841,229	841,229
General Legal Services	968,100	1,071,858	(103,758)
Bank Fees	33,885	11,947	21,938
Commissioners Per Diem	57,500	30,650	26,850
Parking Cost	20,000	14,059	5,941
Office Lease	350,000	202,309	147,691
Fuel Expense	1,500	123	1,377
General Assembly Expense	300,000	24,010	275,990
Parking Validations	15,450	3,111	12,339
Staff Recognition	1,000	1,052	(52)
Coffee and Supplies	3,000	1,869	1,131
Event Support	95,737	25,882	69,855
Meeting Support Services	5,250	137	5,113
Program/Office Supplies	13,700	11,172	2,528
Misc. Office Equipment	1,000	3,718	(2,718)
Supplies/Materials	33,540	8,943	24,597
Computer Equipment/Supplies	2,000	3,265	(1,265)
Computer Software	102,000	4,249	97,751
Rent/Lease Equipment	15,000	4,409	10,591
Membership Dues	31,750	3,579	28,171
Subscriptions/Publications	4,250	1,195	3,055
Postage	5,350	2,409	2,941
Other Household Expenses	3,250	1,156	2,094

Western Riverside Council of Governments

Budget to Actuals

For Month Ending December 31, 2021

	Approved Budget 6/30/2022	Actual Thru 12/31/2021	Remaining Budget 6/30/2022
Total Agency			
Storage	5,000	3,154	1,846
Recording Fee	10,000	10,907	(907)
Computer Hardware	16,500	551	15,949
Communications - Regular Phone	16,000	7,464	8,536
Communications - Cellular Phones	13,500	7,045	6,455
Communications - Computer Services	53,000	15,298	37,702
Communications - Web Site	8,000	2,052	5,948
Insurance - Errors & Omissions	15,000	9,335	5,665
Insurance - Gen/Busi Liab/Auto	99,500	64,454	35,046
TUMF Project Reimbursement	46,080,000	5,560,143	40,519,857
Seminars/Conferences	9,650	4,769	4,881
Travel - Mileage Reimbursement	9,500	1,691	7,809
Travel - Ground Transportation	2,300	1,040	1,260
Travel - Airfare	4,250	1,510	2,740
Lodging	3,800	1,107	2,693
Meals	7,400	1,437	5,963
Other Incidentals	5,000	55	4,945
Training	7,500	3,050	4,450
Consulting Labor	2,924,616	890,561	2,034,055
Total Expenses	**$ 57,513,228**	**$ 10,687,492**	**$ 46,967,491**

Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: **Fiscal Year 2020/2021 Audit**

Contact: **Terry Shea, Partner, Rogers, Anderson, Malody, and Scott, LLP, Terry@ramscpa.net, (909) 889-0871**

Date: **January 27, 2022**

Requested Action(s):

1. Receive and file.

Purpose:
The purpose of this item is to provide information on WRCOG's Fiscal Year (FY) 2020/2021 Audit.

Background:
WRCOG's auditors are providing an unmodified opinion on the FY 2020/2021 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 received the distinguished "Certificate of Achievement for Excellence in Financial Report" from the Government Finance Officers Association for seven consecutive years, most recently the FY 2019/2020 Award. The Award recognizes that the Agency is transparent, has provided full disclosure of its financial statements, and that the users of the ACFR have all the information needed to draw a financial conclusion of the Agency.

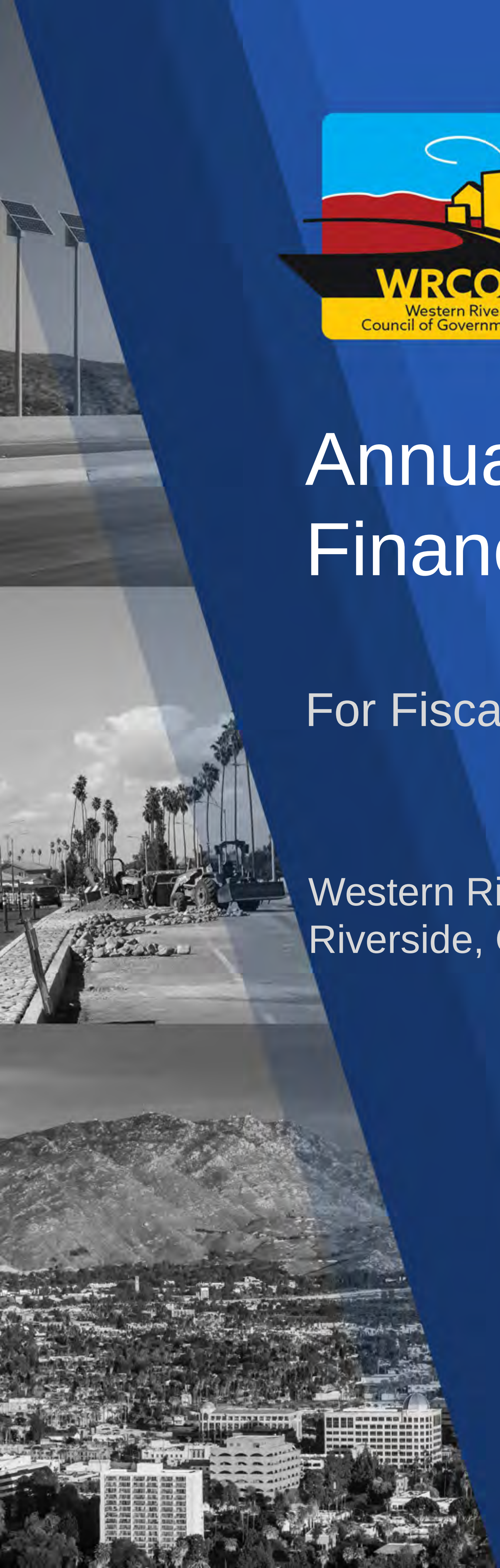
Prior Action(s):
None.

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

Attachment(s):
Attachment 1 - FY 20-21 Annual Comprehensive Financial Report
Attachment 2 - Internal Control Report
Attachment 3 - SAS114 Letter

Attachment

FY 2020/2021 Annual
Comprehensive Financial Report



Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2021

Western Riverside Council of Governments
Riverside, CA

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

JUNE 30, 2021
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Introductory Section

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January 18, 2022

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, 2021 is hereby submitted in accordance with the provision of Section 6505 of the Government Code of the State of California (the State). The reportcontains financial statements that have prepared in conformity with generally accepted accounting principles (GAAP) in the United States prescribed for governmental entities. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Western Riverside Council of Governments (WRCOG). To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the various funds of WRCOG. All disclosure necessary to enable the reader to gain an understanding of WRCOG's financial activities have been included. Because the cost of an internal control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of material misstatements.

Rogers, Anderson, Malody & Scott, LLP has issued an unmodified opinion on WRCOG's financial statements for the year ended June 30, 2021. 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 an 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, 2020.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 WesternRiverside County so that it can speak with a collective voice on important issues that affect its members. Representatives from 17 cities, the County of Riverside, the Eastern and Western Municipal Water Districts, the Riverside County Superintendent of Schools and the Morongo Band of Mission Indians have seats on WRCOG Executive Committee, the group that sets policy for the Agency. WRCOG's many areas of activity cover such programs as transportation, energy, community growth and development, and environment.

Major Initiatives

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

To date, WRCOG has received more than $950 million in TUMF revenue since program inception in 2003. Over 110 TUMF-funded projects have been completed; 22 are under construction; 9 are in right-of-way acquisition; and 38 are in the planning, environmental, or engineering stages. The TUMF Program has funded and delivered more than $1 billion in transportation projects since it began in 2003.

Property Assessed Clean Energy Program (PACE) Program: In 2011, WRCOG launched the 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 2020, roughly 15 commercial projects have been completed totaling over $95 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).

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

The HERO Program has also expanded throughout California. As of 2020, over 380 jurisdictions have joined the statewide Program, continuing to save billions of gallons of water, reducing millions of tons of GHG, and saving billions of kWh. This expansion has allowed commercial PACE to increase its presence and give business owners new financing opportunities, including new construction and retrofitting older buildings. PACE financing continues to offer homeowners and businesses with alternative financing while offering renewable energy, water conservation, and energy efficient products.

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.

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.

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 isa great venue for educating the DIYer. In addition to promoting used oil / oil filter recycling, WRCOG staff informs the DIYer about the County-wide HHW Collection Program where residents can drop- off other automotive and household hazardous products for free.

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

Clean Cities Coalition (Coalition): WRCOG's Clean Cities Coalition is nationally-recognized for its efforts to promote clean air by encouraging the use of alternative fuel vehicles and 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 will allow jurisdictions (and Community Service Districts) to purchase streetlights within their boundaries that are currently owned and operated by SCE. Once the streetlights are owned by the member jurisdiction, the lamps will be retrofitted to Light Emitting Diode (LED) technology to provide more economical operations (i.e., lower maintenance costs, reduced energy use, and improvements in public safety). Local control of the streetlight system provides jurisdictions with opportunities for future revenue generation such as digital-ready networks, and telecommunications and information technology strategies.

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

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

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

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

Financial Planning

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

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

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

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

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

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

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Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded aCertificate 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, 2020.This was the fifth 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.

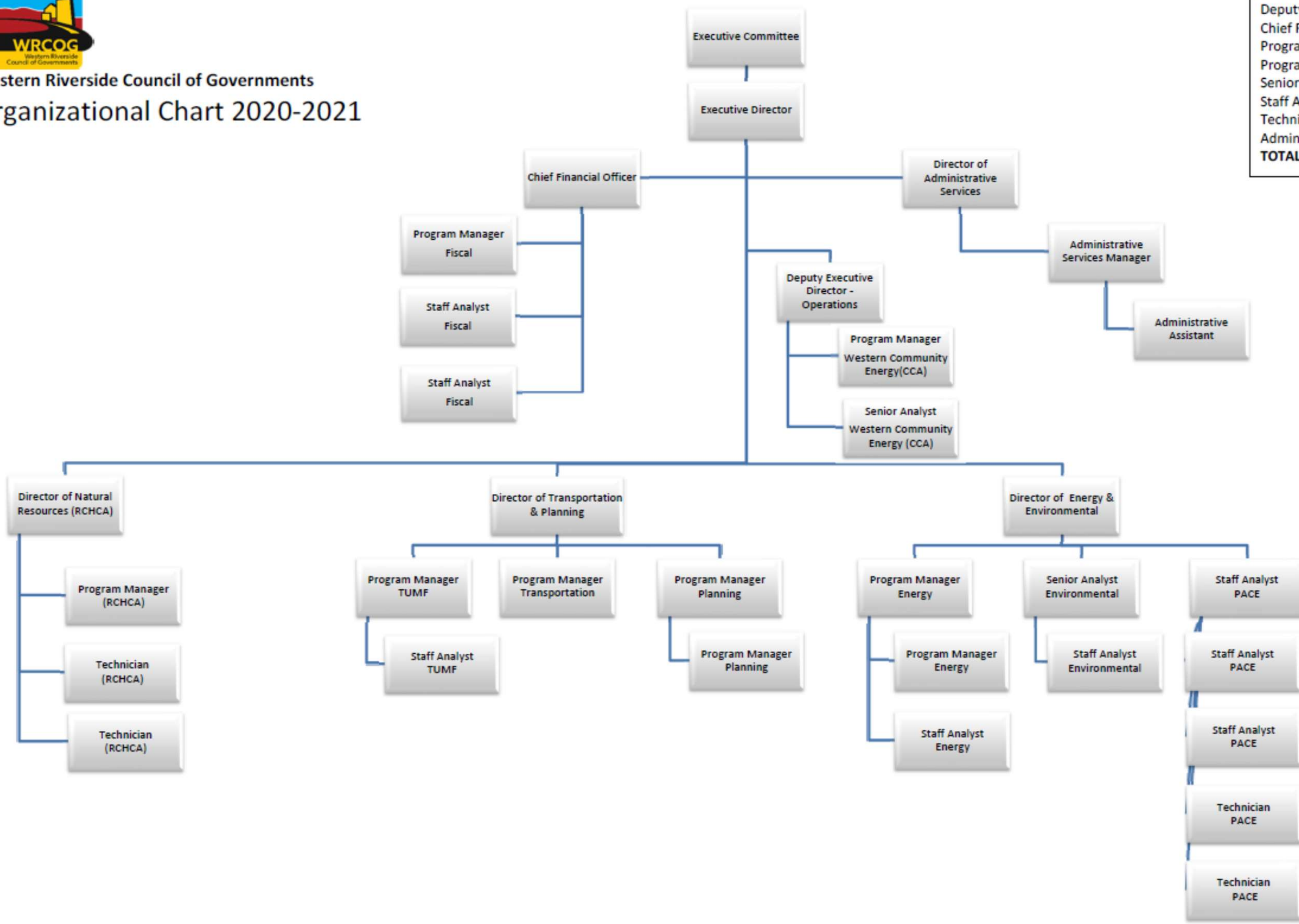
Sincerely,

Andrew Ruiz
Chief Financial Officer

Western Riverside Council of Governments

Organizational Chart 2020-2021

Executive Director – 1
Deputy Executive Director – 1
Chief Financial Officer - 1
Program Director – 4
Program Manager – 10
Senior Analyst – 2
Staff Analyst - 8
Technician – 4
Administrative Assistant – 1
TOTAL: 32



Western Riverside Council of Governments

List of Principal Officials
As of June 30, 2021

Executive Committee Members

Name and position	Title	Agency
Kevin Bash	Chair	City of Norco
Karen Spiegel	Vice-Chair	County of Riverside, District 2
Crystal Ruiz	2nd Vice-Chair	City of San Jacinto
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
Ike Bootsma	Member	City of Eastvale
Russ Brown	Member	City of Hemet
Chris Barajas	Member	City of Jurupa Valley
Brian Tisdale	Member	City of Lake Elsinore
Matt Liesemeyer	Member	City of Menifee
Victoria Baca	Member	City of Moreno Valley
Lori Stone	Member	City of Murrieta
Rita Rogers	Member	City of Perris
Rusty Bailey	Member	City of Riverside
Maryann Edwards	Member	City of Temecula
Ben Benoit	Member	City of Wildomar
Kevin Jeffries	Member	County of Riverside, District 1
Chuck Washington	Member	County of Riverside, District 3
Jeff Hewitt	Member	County of Riverside, District 5
Brenda Dennstedt	Member	Western Municipal Water District
Ronald Sullivan	Member	Eastern Municipal Water District
Dr. Judy White	Member	Riverside County Superintendent of Schools

Management Staff

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Western Riverside Council of Governments
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

Financial Section

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

735 E. Carnegie Dr. Suite 100
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ramscpa.net

Independent Auditor's Report

Executive Committee
Western Riverside Council of Governments
Riverside, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Riverside Council of Governments (WRCOG), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise WRCOG's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of WRCOG, as of June 30, 2021, 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 (GAAS) 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.

Responsibility of Management for the Financial Statements

WRCOG's management is responsible for the preparation and fair presentation of the 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 fraud or error.

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 one year after the date that the financial statements are issued.

Auditor's Responsibility 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 GAAS 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 GAAS, 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 required supplementary information, such as management's discussion and analysis and budgetary comparison information 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.

Other Information Included in the Annual Report

Management is responsible for the other information as listed in the introduction section and statistical section of the table of contents included in the annual report. The other information comprises the information included in the Annual Comprehensive Financial Report but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 our report dated January 18, 2022 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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WRCOG's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 18, 2022

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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, 2021. Management encourages readers to consider the information presented here in conjunction with the Letter of Transmittal.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The following other information has been included in this report:

- 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).

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

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

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

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

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

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

FINANCIAL HIGHLIGHTS

- Total net position of WRCOG was $14.3 million and consisted of net investment in capital assets of $218,171, restricted net position of $5.2 million, and unrestricted net position of $9 million.

- At June 30, 2021, WRCOG's assets of $101 million plus deferred outflows of resources of $1.7 million was more than its liability of $87 million and deferred inflows of resources of $1.4 million resulting in a net position of $14.3 million.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position – Net Position may serve as a useful indicator of a government's financial position. At the end of the current fiscal year, WRCOG reported net position, with total assets and deferred outflows of resources more than liabilities and deferred inflows of resources by $14.3 million.

Net pension liability is the amount needed to fully fund WRCOG's defined benefit plan. The net pension liability at June 30, 2020 was $2.9 million and increased to $3.1 million at June 30, 2021.

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, 2021, as compared to the prior year:

Statement of Net Position
As of June 30

	2021	2020
Current and other assets	$ 100,908,454	$ 91,034,114
Capital assets being depreciated	218,171	293,345
Total Assets	101,126,625	91,327,459
Deferred Outflows of Resources	1,676,943	1,743,482
Current and other liabilities	70,001,158	75,862,398
Long-term obligations	17,036,351	19,115,080
Total Liabilities	87,037,509	94,977,478
Total Deferred Inflows or Resources	1,418,044	1,741,105
Net Position:		
Net investment in capital assets	218,171	293,345
Restricted	5,164,059	111,838
Unrestricted	8,965,785	(4,052,825)
Total Net Position	$ 14,348,015	$ (3,647,642)

WRCOG's total net position increased by 493.4%, or $18 million, during fiscal year 2020-2021 compared to the prior year's decrease of $12.7 million. The increase in net position was mostly due to a decrease in TUMF reimbursements. Total liabilities decreased 8.4%, or $7.9 million, during fiscal year 2020-2021 compared to the prior year, mostly due to the decrease in TUMF reimbursements. TUMF project liabilities are programmed according to the anticipated revenue on the Transportation Improvement Program (TIP). Current assets increased from $91 million in FY 2019/2020 to $100.1 million, or 10.8%. This increase in current assets is attributable to the difference in TUMF revenues received over projects completed and paid out.. Below are the three components of net position and their respective fiscal year-end balances:

- Net Investment in Capital Assets represents 1.5%, or $218 thousand of WRCOG's total net position for fiscal year 2020-2021 compared to -8%, or $293 thousand, for fiscal year 2019-2020. The decrease is attributable to the depreciation of existing capital assets and write-offs due to WRCOG moving its offices.

- Restricted net position accounts for 36%, or $5.2 million, of WRCOG's total net position for fiscal year 2020-2021 compared to -3.1%, or $112 thousand, for fiscal year 2019-2020. 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. Restricted net position applies to TUMF as the administration plan requires that WRCOG hold the funds until a Zone has an opportunity to claim use of the funds through the Transportation Improvement Program (TIP). The jurisdiction located within that particular zone must demonstrate it has expended its own funds and is requesting reimbursement and has provided the appropriate supporting documentation.

- Unrestricted net position accounts for 62.5%, or $9 million, of WRCOG's total net position for fiscal year 2020-2021 compared to 111.1%, or negative $4.1 million for fiscal year 2019-2020. 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 $2.3 million to negative $244 thousand due to unrealized losses on market value of securities.

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

- Operating grants and contributions increased by $13.3 million, or 25.9%, from $51.5 million in fiscal year 2019-2020 to $64.8 million in the current fiscal year. This decrease was due to more TUMF revenues collected during the fiscal year. Total expenses decreased from $69.9 million to $50.6 million due to a decreased amount of TUMF project reimbursements paid out.

- Operating Grants and Contributions are revenues received from parties outside of WRCOG, such as state agencies, and are generally restricted to one or more specific programs. TUMF revenue is the largest governmental activities program revenue with $63.7 million recognized during the year, as compared to $50.4 million for fiscal year 2019-2020, which represents an increase of 26.4% or $13.3 million.

Expenses: Total program expenses for governmental activities were $50.6 million for the current fiscal year, a decrease of 27.7%, or $19.4 million compared to prior fiscal year increase of $69.8 million. The decrease in expenses is mostly attributable to a lesser amount of TUMF Projects that were reimbursed during the fiscal year.

The following table provides information from the Statement of Activities for WRCOG for the fiscal year 2020-2021, as compared to the prior year:

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30

	2021	Percent of Total	2020	Increase (Decrease) From 2020	Percent Increase (Decrease)
Revenues					
Program revenues:					
Charges for services	$ 3,962,842	5.8%	$ 3,377,638	$ 585,204	17.3%
Operating grants and contributions	64,827,871	94.6%	51,489,400	13,338,471	25.9%
General revenues:				-	
Investment earnings	(243,696)	-0.4%	2,356,692	(2,600,388)	-110.3%
Total revenues	68,547,017	100.0%	57,223,730	11,323,287	**19.8%**
Expenses					
General government	4,150,530	8.2%	3,667,073	$ 483,457	13.2%
Transportation	42,583,401	84.2%	63,456,285	(20,872,884)	-32.9%
Energy	3,110,304	6.2%	2,006,036	1,104,268	55.0%
Environmental	707,125	1.4%	704,465	2,660	0.4%
Loss on disposal of capital assets	-	0.0%	78,375	(78,375)	-100.0%
Total expenses	50,551,360	100.0%	69,912,234	(19,360,874)	**-27.7%**
Change in Net Position	17,995,657		(12,688,504)	30,684,161	
Net Position, Beginning of Year as restated (Note 16)	(3,647,642)		9,040,862	(12,688,504)	
Net Position, End of Year	$ 14,348,015		$ (3,647,642)	$ 17,995,657	**-493.4%**

FINANCIAL ANALYSIS OF FUND STATEMENTS

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

Governmental Funds

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

<u>The General Fund</u> is the chief operating fund for WRCOG. At the end of the current fiscal year, the General Fund's total fund balance was $13.7 million, as compared to $12.6 million for the prior fiscal year. The increase of $1.1 million, or 8.6%, was mostly a result of the increased revenues in the TUMF mitigation fees and PACE fees. As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures. The non-spendable portion of fund balance was $61 thousand; restricted fund balance in the General Fund was $366,611 which is funds held in a pension stabilization fund held in Section 115 Trust. The City established the Trust on February 2020 and initially funded the trust in October 2020. The assigned portion was $220 thousand for the Fellowship Program, and the unassigned portion at $13 million. The current year's unassigned fund balance is 173% of the total General Fund expenditures of $7.5 million, as compared to 173% of the total General Fund expenditures for fiscal year 2019-2020. The total fund balance of the General fund for the current year is 182% of the total general fund expenditures as compared to 186% for the prior year.

The TUMF Fund is a Special Revenue Fund for WRCOG. At the end of the current fiscal year, the TUMF Fund's total fund balance was $17.2 million, as compared to $2.5 million for the prior fiscal year. The increase of $14.7 million, or 592%, was mostly a result of the decrease in TUMF projects that were reimbursed during the fiscal year and less TUMF project liabilities booked in FY 20/21. TUMF project liabilities are programmed according to the anticipated revenues on a five-year budget known as the Transportation Improvement Program (TIP). At the end of each fiscal year, the unexpended projects are rolled over on the TIP into the next fiscal year and the unexpended, current year projects on the TIP, are booked into the current fiscal year. As such, the TIP assumed less projects to be programmed into the current fiscal year, which resulted in a lower liability, and in combination with increased revenues, increased the TUMF fund's net position.

GENERAL FUND FINANCIAL ANALYSIS

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

	2021	Percent of Total	2020	Increase (Decrease) From 2020	Percent Increase (Decrease)
Revenues					
Intergovernmental	$ 676,500	7.9%	$ 800,250	$ (123,750)	-15.5%
TUMF mitigation fees	2,435,899	28.3%	1,954,024	481,875	24.7%
PACE fees	3,194,962	37.2%	2,512,229	682,733	27.2%
Other revenues	2,262,134	26.3%	2,060,571	201,563	9.8%
Investment income	27,101	0.3%	127,757	(100,656)	-78.8%
Total revenues	$ 8,596,596	100%	$ 7,454,831	$ 1,141,765	**15.3%**

Intergovernmental revenues are derived from the Local Transportation Fund, which is derived from ¼ cent of the general sales tax collected statewide, and then allocated by the State Board of Equalization. Revenues decreased due to less taxes being collected, and a lower allocation compared to the prior year. TUMF mitigation fees were higher because more permits were issued during the fiscal year resulting in an increased amount of revenue from the TUMF program. PACE fees increased significantly due to a significant increase in early payoffs. These early payoffs require additional processing and additional fees were collected due to this. 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:

	2021	Percent of Total	2020	Increase (Decrease) From 2020	Percent Increase (Decrease)
Expenditures					
General government	$ 3,898,224	51.9%	$ 3,531,873	$ 366,351	10.4%
Energy	3,110,304	41.4%	2,349,851	760,453	32.4%
Environmental	501,333	6.7%	476,388	24,945	5.2%
Total expenditures	$ 7,509,861	100.0%	$ 6,358,112	$ 1,151,749	**18.1%**

Expenditures in the General Government remained mostly stable with a minor increase. Energy expenditures have increased primarily due to the decline of the PACE programs and legal fees related to termination of residential PACE. Lastly, the Environmental Department experienced an increase in expenditures due to additional work performed in the Used Oil and Clean Cities programs.

TUMF FUND FINANCIAL ANALYSIS

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

	2021	Percent of Total	2020	Increase (Decrease) From 2020	Percent Increase (Decrease)
Revenues					
TUMF mitigation fees	$ 58,461,569	97.8%	$ 46,896,575	$ 11,564,994	24.7%
Other revenues	1,603,649	2.7%	25,000	1,578,649	6314.6%
Investment income	(270,797)	-0.5%	2,228,934	(2,499,731)	-112.1%
Total revenues	$ 59,794,421	100%	$ 49,150,509	$ 10,643,912	**21.66%**

The increase in TUMF mitigation revenues is due to higher collection of fees in the current fiscal year. This is primarily attributable to a significant increase in single family and multi family home construction happening in Western Riverside County. The increase in other TUMF revenues is related to revenue recovery associated with WRCOG's TUMF dispute with the City of Beaumont, where more revenues were recovered in the current fiscal year than the prior year. Lastly, investment income decreased in the TUMF Fund due to unrealized losses on fair market values on investments.

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

	2021	Percent of Total	2020	Increase (Decrease) From 2020	Percent Increase (Decrease)
Expenditures					
Transportation	$ 45,090,784	100.0%	$ 61,740,570	$ (16,649,786)	-27.0%
Total expenditures	$ 45,090,784	100.0%	$ 61,740,570	$ (16,649,786)	**-27.0%**

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Because of this timing, each category of the budget for revenue has some variation with the largest occurring with the intergovernmental revenues. When the final budget was presented to the Executive Committee, it was anticipated revenues in the General Fund would be $9.5 million; however, the actual amount was only $8.6 million, leaving a variance of $861 thousand. This variance was primarily due to WRCOG not having its regular General Assembly and not actualizing nearly $300 thousand in revenue as well as some multi-year grants not having as much activity this year as originally anticipated.

On the expenditure side for the General Fund, it was anticipated expenditures would be $12.9 million; however, actual expenditures were only $7.5 million, leaving a variance of $5.4 million. This was mostly due because overhead is budgeted as a transfer-in, rather than a reduction of expenditures, which accounts for $4.3 million of the variance. The remaining variance is due to WRCOG no longer hosting its General Assembly, which accounts for $300 thousand.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

As of June 30, 2021, WRCOG had capital assets of $218,171, net of accumulated depreciation, invested in mostly office items such as furniture, computers, office improvements, and vehicles.

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

Long-term liabilities have decreased from $19.1 million in FY 2019/2020, to $17 million, including net pension and net OPEB liabilities, in FY 2020/2021, or an decrease of 11%. The decrease in long-term liabilities can mostly be attributed to a decrease in TUMF liabilities.

Additional information to WRCOG's long-term liabilities can be found on Note 5, Note 7, and Note 8 to the financial statements.

ECONOMIC FACTORS AND OTHER FACTORS

On June 7, 2021 WRCOG adopted the Fiscal Year 2021/2022 budget. The budget is presented by function, which includes: Administration, Transportation, Energy, and Environmental. The majority of budgeted expenditures are in the Transportation category because of the TUMF program and the size of the program relative to all of WRCOG's other programs. The TUMF program, saw an increase in revenues of 24.7% in Fiscal Year 2020/2021. This increase is primarily attributable to the significant increase in new home construction in Western Riverside County. This trend is expected to continue in Fiscal Year 2021/2022.

Although the national and state economies have been significantly impacted since the COVID-19 pandemic, WRCOG continues to base its budget on its financial strategic plan and remains conservative moving forward due to the uncertain economic growth. While the pandemic was originally thought to have a negative impact on WRCOG's largest program, TUMF, it has actually had the opposite effect and has helped maintain stability in the Agency while other programs ended or saw decreases. WRCOG's Executive Committee has been responsive to changes made over the past several years and has continued to ensure WRCOG's fiscal sustainability, proceeding into the next fiscal year with a structurally balanced budget.

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. The initial funding amount made in December 2020 was $350,000. 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 as of June 30, 2021 is $366,611 and is reported as restricted cash and investments.

CONTACTING WRCOG'S MANAGEMENT

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Cash and investments	$ 86,934,324
Restricted cash and investments	366,611
Receivables:	
Grants	654,335
Interest	692
Annual PACE fee receivable	412,710
Mitigation fees receivable	6,327,927
Due from other governments	5,489,520
Due from PACE Program	661,275
Prepaid items	61,060
Capital assets, net of accumulated depreciation	218,171
Total Assets	101,126,625
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	916,032
Deferred amounts related to OPEB	760,911
Total Deferred Outflows of Resources	1,676,943
LIABILITIES	
Accounts payable	13,131,531
Deposits payable	14,479
Due to other governments	55,655,007
Accrued wages and benefits	261,966
Unearned revenue	938,175
Non-current liabilities:	
Due within one year	27,710
Due in more than one year:	
Compensated absences	249,392
TUMF liabilities	12,447,087
Net pension liability	3,129,775
Net OPEB liability	1,182,387
Total Liabilities	87,037,509
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	88,375
Deferred amounts related to OPEB	1,329,669
Total Deferred Inflows of Resources	1,418,044
NET POSITION	
Net investment in capital assets	218,171
Restricted for:	
TUMF program	4,740,402
Section 115 Pension Trust	366,611
AB 2766	45,325
Foundation	11,721
Unrestricted	8,965,785
Total Net Position	$ 14,348,015

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary Government:				
Governmental activities:				
General government	$ 4,150,530	$ -	$ 447,393	$ (3,703,137)
Transportation	42,583,401	-	63,706,655	21,123,254
Energy	3,110,304	3,962,842	-	852,538
Environmental	707,125	-	673,823	(33,302)
Total Governmental Activities	$50,551,360	$ 3,962,842	$ 64,827,871	$ 18,239,353
General Revenues:				
Investment income				(243,696)
Total General Revenues				(243,696)
Change in Net Position				17,995,657
Net Position, Beginning of Year, as restated, (Note 16)				(3,647,642)
Net Position, End of Year				$ 14,348,015

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Balance Sheet – Governmental Funds
June 30, 2021

	Major Funds		Non Major Funds	
	General Fund	Special Revenue TUMF	Clean Cities/ WRCOG Foundation	Total Governmental Funds
ASSETS				
Cash and investments	$ 7,925,842	$ 78,924,899	$ 83,583	$ 86,934,324
Restricted cash and investments:				
Investment in Section 115 Pension Trust	366,611	-	-	366,611
Receivables:				
Grants	654,335	-	-	654,335
Interest	-	692	-	692
Annual PACE fee receivable	412,710	-	-	412,710
Mitigation fees receivable	253,117	6,074,810	-	6,327,927
Due from other governments	5,489,520	-	-	5,489,520
Prepaid items	61,060	-	-	61,060
Due from PACE Program	661,275	-	-	661,275
Advances to other funds	-	331,581	-	331,581
Due from other funds	66,724	-	-	66,724
Total Assets	$ 15,891,194	$ 85,331,982	$ 83,583	$ 101,306,759
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 583,239	$ 12,548,292	$ -	$ 13,131,531
Deposits payable	14,479	-	-	14,479
Due to other governments	98,993	55,529,477	26,537	55,655,007
Accrued wages and benefits	261,966	-	-	261,966
Unearned revenue	938,175	-	-	938,175
Advances from other funds	331,581	-		331,581
Due to other funds	-	66,724	-	66,724
Total Liabilities	2,228,433	68,144,493	26,537	70,399,463
Fund Balances				
Nonspendable:				
Prepaid items	61,060	-	-	61,060
Restricted:				
Transportation projects	-	17,187,489	-	17,187,489
Section 115 Pension Trust	366,611	-	-	366,611
AB 2766	-	-	45,325	45,325
Foundation	-	-	11,721	11,721
Assigned:				
Fellowship Program	219,839	-	-	219,839
Unassigned	13,015,251	-	-	13,015,251
Total Fund Balances	13,662,761	17,187,489	57,046	30,907,296
Total Liabilities and Fund Balances	$ 15,891,194	$ 85,331,982	$ 83,583	$ 101,306,759

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

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2021

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

Total fund balances - Governmental Funds	$ 30,907,296
Capital assets, net of accumulated depreciation used in governmental activities, are not current financial resources and therefore are not reported in the funds.	218,171
Non-current liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(277,102)
TUMF liabilities	(12,447,087)
Net pension liability	(3,129,775)
Net OPEB liability	(1,182,387)
Deferred outflows and inflows of resources related to pension and OPEB are not reported in the governmental funds:	
Pension and OPEB related deferred outflows of resources	1,676,943
Pension and OPEB related deferred inflows of resources	(1,418,044)
Net Position of Governmental Activities	$ 14,348,015

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2021

	Major Funds		Non Major Funds	
	General Fund	Special Revenue TUMF	Clean Cities/ WRCOG Foundation	Total Governmental Funds
REVENUES				
Intergovernmental	$ 676,500	$ -	$ 151,000	$ 827,500
TUMF mitigation fees	2,435,899	58,461,569	-	60,897,468
PACE fees	3,194,962	-	-	3,194,962
Other revenues	2,262,134	1,603,649	5,000	3,870,783
Investment income	27,101	(270,797)	-	(243,696)
Total Revenues	8,596,596	59,794,421	156,000	68,547,017
EXPENDITURES				
Current:				
General government	3,898,224	-	5,000	3,903,224
Transportation	-	45,090,784	-	45,090,784
Energy	3,110,304	-	-	3,110,304
Environmental	501,333	-	205,792	707,125
Total Expenditures	7,509,861	45,090,784	210,792	52,811,437
Net Change in Fund Balances	1,086,735	14,703,637	(54,792)	15,735,580
Fund Balances, Beginning of Year, as Restated	12,576,026	2,483,852	111,838	15,171,716
Fund Balances, End of Year	$ 13,662,761	$ 17,187,489	$ 57,046	$ 30,907,296

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	$ 15,735,580
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is activity is reconciled as follows:	
Cost of assets capitalized, less disposals	18,830
Depreciation expense	(94,004)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Net change in compensated absenses	65,859
Pension expense net adjustment	(124,398)
Net OPEB liability net adjustment	(113,593)
Net change in TUMF liabilities	2,507,383
Change in Net Position of Governmental Activities	$ 17,995,657

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	PACE Custodial Fund
ASSETS	
Cash and investments	$ 9,215,511
Assessments receivable	1,261,658
Total Assets	10,477,169
LIABILITIES	
Accounts payable	6,452,979
Due to other agencies	78,430
Due to WRCOG	661,275
Total Liabilities	7,192,684
NET POSITION	
Restricted for other agencies	3,284,485
Total Net Position	$ 3,284,485

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	PACE Custodial Fund
ADDITIONS	
Assessment collections for other agencies	$ 39,946,706
Total additions	39,946,706
DEDUCTIONS	
Payments of assessments for other agencies	43,201,167
Administrative expense	1,664,536
Total deductions	44,865,703
Change in fiduciary net position	(4,918,997)
Net Position, Beginning of Year, as Restated (Note 16)	8,203,482
Net Position, End of Year	$ 3,284,485

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

Blended Component Unit

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

B. Basis of Presentation

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

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

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

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

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

B. Basis of Presentation, Continued

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

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

C. Measurement Focus and Basis of Accounting

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

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

D. Fund Classifications

WRCOG reports the following major governmental funds:

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

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

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

D. Fund Classifications, Continued

Additionally, WRCOG reports the following fiduciary fund:

Custodial Fund. WRCOG's custodial fund is used to account for deposits relating to the payoff of Property Assessed Clean Energy (PACE) program loans.

E. Financial Statement Elements

(1) Cash and Investments

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

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

(2) 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.

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

E. Financial Statement Elements, Continued

(3) Interfund Balances and Transfers

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

(4) 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.

(5) Compensated Absences

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

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

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

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

E. Financial Statement Elements, Continued

(6) 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.

(5) Estimates

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

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

E. Financial Statement Elements, Continued

(6) 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.

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

(7) Other Post-Employment Benefit (OPEB)

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

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

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

E. Financial Statement Elements, Continued

(8) Deferred Outflows and Inflows of Resources

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

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

(9) Net Position Flow Assumption

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

(10) New Accounting Pronouncements

During the fiscal year ended June 30, 2021, WRCOG implemented the following GASB standard:

GASB Statement No. 84 – The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*. The primary objective of the statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position		
Cash and investments	$	86,934,324
Restricted cash and investments		366,611
Fiduciary Funds		
Cash and investments		9,215,511
Total Cash and Investments	$	96,516,446

Cash and investments as of June 30, 2021, consist of the following:

Deposits and petty cash	$	19,237,869
Investments		76,911,966
Restricted investments (Section 115 Trust)		366,611
Total Cash and Investments	$	96,516,446

A. Authorized Investments

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

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

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

NOTE 2 – CASH AND INVESTMENTS, (Continued)

B. Disclosures Relating to Interest Rate Risk

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

		Remaining Maturity		
Investment Type	Total	12 months or less	13 to 24 months	25 to 36 months
U.S. Treasury Obligations	$ 9,817,921	$ -	$ 3,974,603	$ 5,843,318
Federal Agency	21,728,978	4,403,834	11,722,838	5,602,306
Municipal	2,070,765	-	282,879	1,787,886
Supranational	5,283,367	-	4,989,214	294,153
Corporate Note	6,672,439	101,667	2,994,257	3,576,515
Negotiable CDs	2,104,217	383,428	1,720,789	-
Asset-Backed Securities	5,758,417	53,624	437,031	5,267,762
LAIF	847,504	847,504	-	-
CAMP	22,361,593	22,361,593	-	-
Money Market Fund	266,765	266,765	-	-
Restricted Section 115 Trust Investments:				
U.S. Treasury Obligations	103,124	-	-	103,124
Corporate Note	82,756	14,963	19,145	48,648
Corporate Stocks	79,449	79,449	-	-
Mutual Funds	72,587	72,587	-	-
Money Market Fund	28,695	28,695	-	-
Total	$ 77,278,577	$ 28,614,109	$ 26,140,756	$ 22,523,712

C. Fair Value Classifications

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

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

NOTE 2 – CASH AND INVESTMENTS, (Continued)

C. Fair Value Classifications, Continued

Fair value measurements for investments are as follows as of June 30, 2021:

Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Obligations	$ 9,817,921	$ -	$ 9,817,921	$ -
Federal Agency	21,728,978	-	21,728,978	-
Municipal	2,070,765	-	2,070,765	-
Supranational	5,283,367	-	5,283,367	-
Asset-Backed Securities	5,758,417	-	5,758,417	-
Negotiable CDs	2,104,217	-	2,104,217	-
Corporate Note	6,672,439	-	6,672,439	-
Restricted Section 115 Trust Investments:				
U.S. Treasury Obligations	103,124	-	103,124	-
Corporate Note	82,756	-	82,756	-
Total investments by Fair Value Level	53,621,984	$ -	$ 53,436,104	$ -
Investments not subject to fair value hierarchy:				
LAIF	847,504			
CAMP	22,361,593			
Money Market Fund	266,765			
Restricted Section 115 Trust Investments:				
Corporate Stocks	79,449			
Mutual Funds	72,587			
Money Market Fund	28,695			
Total Investments	$ 77,278,577			

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

D. Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	AAA	AA+	AA	AA-	A+	A	A-	BBB-	A-1	Not Rated
U.S. Treasury Obligations	$ 9,817,921	N/A	$ -	$ 9,817,921	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal Agency	21,728,978	N/A	-	21,728,978	-	-	-	-	-	-	-	-
Supranational	5,283,367	AA	5,283,367	-	-	-	-	-	-	-	-	-
Municipal	2,070,765	A	823,166	444,237	316,142	-	487,220	-	-	-	-	-
Corporate Note	6,672,440	A	-	442,965	806,315	218,243	1,646,267	1,831,862	1,704,445	22,343	-	-
Negotiable CDs	2,104,216	N/A	-	-	-	756,741	672,685	291,362	-	-	383,428	-
Asset-Backed Securities	5,758,417	AA	5,758,417	-	-	-	-	-	-	-	-	-
LAIF	847,504	N/A	-	-	-	-	-	-	-	-	-	847,504
CAMP	22,361,593	N/A	-	-	-	-	-	-	-	-	-	22,361,593
Money Market Account	266,764	N/A	-	-	-	-	-	-	-	-	-	266,764
Restricted Section 115 Trust Investments:												
U.S. Treasury Obligations	103,124	N/A	-	103,124	-	-	-	-	-	-	-	-
Corporate Note	82,756	A	-	82,756	-	-	-	-	-	-	-	-
Corporate Stocks	79,449	N/A	-	-	-	-	-	-	-	-	-	79,449
Mutual Funds	72,588	N/A	-	-	-	-	-	-	-	-	-	72,588
Money Market Fund	28,695	N/A	-	-	-	-	-	-	-	-	-	28,695
	$ 77,278,577		$ 11,864,950	$ 32,619,981	$ 1,122,457	$ 974,984	$ 2,806,172	$ 2,123,224	$ 1,704,445	$ 22,343	$ 383,428	$ 23,656,593

NOTE 2 – CASH AND INVESTMENTS, (Continued)

E. Concentration of Credit Risk

At June 30, 2021, 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.

F. Custodial Credit Risk

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

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

Of WRCOG's deposits with financial institutions, $18,201,087 was in excess of federal depository insurance limits. The uninsured deposits were held by financial institutions, which are legally required by the California Government Code to collateralize the WRCOG's deposits as noted above.

G. Investment in State Investment Pool

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

NOTE 2 – CASH AND INVESTMENTS, (Continued)

H. Investment in JPA Pool/CAMP

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

I. Pension Rate Stabilization Program 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. The initial funding amount was $350,000. 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, 2021 is $366,611 and is reported as restricted cash and investments.

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balance as of June 30, 2021, is as follows:

Advances to Other Funds

Receivable Fund	Payable Fund	Amount
TUMF	General	$ 331,581
	Total advances	$ 331,581

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

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES, (Continued)

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	TUMF	$ 66,724
	Total due to/due from	$ 66,724

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.

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2021, is shown below:

	Beginning	Increases	Decreases	Ending
Governmental Activities:				
Capital assets, being depreciated:				
Furniture and Computer Equipment	$ 810,430	$ 18,830	$ -	$ 829,260
Other Capital Assets	33,037	-	-	33,037
Total Depreciable Capital Assets	843,467	18,830	-	862,297
Less Accumulated Depreciation for:				
Furniture and Computer Equipment	(517,086)	(94,004)	-	(611,090)
Other Capital Assets	(33,036)	-	-	(33,036)
Total Accumulated Depreciation	(550,122)	(94,004)	-	(644,126)
Capital Assets net of Accumulated Depreciation	$ 293,345	$ (75,174)	$ -	$ 218,171

Depreciation expense of $94,004 was charged to the general government function of the governmental activities.

NOTE 5 – LONG-TERM LIABILITIES

A schedule of changes in the long-term liabilities for the year ended June 30, 2021, is shown below:

	Beginning	Additions	Reductions	Ending	Due within One Year
Governmental Activities:					
Compensated Absences	$ 342,961	$ 200,910	$ (266,769)	$ 277,102	$ 27,710
Refund Liability	11,460,970	-	(2,507,383)	8,953,587	-
City of Moreno Valley Agreement	3,493,500	-	-	3,493,500	-
Total Long-term Liabilities	$ 15,297,431	$ 200,910	$ (2,774,152)	$ 12,724,189	$ 27,710

Compensated absences will be liquidated primarily from the General Fund.

A. Refund Liability

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

B. City of Moreno Valley Agreement

In 2011, WRCOG entered into an agreement with the City of Moreno Valley to fund a portion of the Nason/SR-60 Interchange Project. Pursuant to the agreement, the City incurred project-related costs which will be reimbursed through TUMF as funds become available through the annual TUMF allocation process. The total authorized by the agreement was $11,128,000. As of June 30, 2021, the remaining amount to be reimbursed to the City is $3,493,500. The liability will be liquidated from the TUMF Fund.

NOTE 6 – TRANSPORTATION UNIFORM MITIGATION FEES

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

NOTE 6 – TRANSPORTATION UNIFORM MITIGATION FEES, (Continued)

WRCOG is entitled to an administration fee of up to 4% annually of TUMF revenues collected, with a maximum of 1% that can be used to offset salaries and benefits related to TUMF administration. In 2021, the total administration fee collected was 4%. Riverside Conservation Agency (RCA) also receives a percentage of the TUMF revenues collected of 1.47%, which is included as an expense in the TUMF Fund.

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

NOTE 7 – EMPLOYEE BENEFITS

California Public Employees' Retirement System (CalPERS)

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan 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.

Benefits Provided

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

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Benefits Provided, Continued

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

The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	
	Classic	New Members
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of annual salary	2.0% to 2.7%	1.0% to 2.5%
Required employer contribution rates	15.35%	7.68%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2021 were $523,824. The actual employer payments of $466,492 made to CalPERS by WRCOG during the measurement period ended June 30, 2020 differed from WRCOG's proportionate share of the employer's contributions of $424,355 by $42,137, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Net Pension Liability

WRCOG's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table (1)	Derived using CalPERS' membership data for all funds
Post Retirement Rate Increase	The lesser of contract COLA up to 2.50% until Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

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

All other actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Long-term Expected Rate of Return

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

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

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

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

(1) In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(2) An expected inflation of 2.00% used for this period
(3) An expected inflation of 2.92% used for this period

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Change in Assumptions

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.

Discount Rate

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

Pension Plan Fiduciary Net Position

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

Proportionate Share of Net Pension Liability

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

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2019 (VD)	$ 11,936,106	$ 9,063,032	$ 2,873,074
Balance at: 6/30/2020 (MD)	12,627,500	9,497,725	3,129,775
Net changes during 2019-2020	691,394	434,693	256,701

Valuation Date (VD), Measurement Date (MD)

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Proportionate Share of Net Pension Liability, Continued

WRCOG's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. WRCOG's proportionate share of the net pension liability for miscellaneous Plan as of the June 30, 2019 and 2020 measurement dates was as follows:

Proportion Share - June 30, 2019	0.0280%
Proportion Share - June 30, 2020	0.0288%
Change - Increase	0.0008%

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

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

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	$ 4,810,187	$ 3,129,775	$ 1,741,303

Subsequent Events

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

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

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

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

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

The EARSL for PERF C for the measurement period ending June 30, 2020 is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of the active employees) by 145,663 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2019), WRCOG's net pension liability was $2,873,074. For the measurement period ending June 30, 2020 (the measurement date), WRCOG incurred a pension expense of $648,221.

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

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

At June 30, 2021, WRCOG reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 161,286	$ -
Changes in assumptions	-	22,323
Differences between projected and actual investment earnings	92,975	-
Differences between employer's contributions and proportionate share of contributions	34,160	66,052
Change in employers proportion	103,787	-
Pension contributions subsequent to the measurement date	523,824	-
	$ 916,032	$ 88,375

These amounts above are net of outflows and inflows recognized in the 2019-20 measurement period expense. Contributions subsequent to the measurement date of $523,824 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2021	$ 58,762
2022	105,252
2023	95,226
2024	44,593
2025	-
Thereafter	-

Payable to the Pension Plan

At June 30, 2021, WRCOG reported a payable of $-0- for the outstanding amount of contributions to the pension plan required for the year ended.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

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

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

Employees Covered

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

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

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.

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

Net OPEB Liability

WRCOG'S net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2020 Measurement Date
Actuarial Valuation Date	June 30, 2019
Actuarial Cost Method	Entry age normal cost, level percent of pay.
Asset Valuation Method	Market value
Discount Rate	5.45%
General Inflation	2.50%
Salary Increases	3.00% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
Healthcare Cost Trend Rate	5.40% in 2021 fluctuating down to 4.00% by 2076.
Mortality	MacLeod Watts Scale 2020
Retirement Age	From 50 to 75

Discount Rate

A discount rate of 5.45% was used in the valuation. This discount rate assumes the WRCOG continues to fully fund for its retiree health benefits.

Change of Assumptions

Discount Rate	Decreased from 5.70% to 5.45%
Demographic Assumptions	Mortality rates updated to 2017 CalPERS experience study.
Mortality Improvement	MW Scale 2020 Generationally

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

Changes in the OPEB Liability (Asset)

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

	(a) Total OPEB Liability	(b) Plan Fiduciary Net Position	(a) - (b) = (c) Net OPEB Liability
Balance at June 30, 2020			
(6/30/19 measurement date)	$ 2,807,576	$ 1,863,001	$ 944,575
Changes recognized for the measurement period:			
Service cost	180,222	-	180,222
Interest	165,457	-	165,457
Changes of assumptions	105,642	-	105,642
Contributions – employer	-	140,657	(140,657)
Net investment income	-	72,852	(72,852)
Benefit payments	(170,086)	(170,086)	-
Net changes	281,235	43,423	237,812
Balance at June 30, 2021			
(6/30/20 measurement date)	$ 3,088,811	$ 1,906,424	$ 1,182,387

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

The following presents the net OPEB liability (asset) of the WRCOG if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease (4.45%)	Current Discount Rate (5.45%)	1% Increase (6.45%)
Net OPEB Liability	$ 1,668,418	$ 1,182,387	$ 792,142

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

The following presents the net OPEB liability (asset) of the WRCOG if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 775,490	$ 1,182,387	$ 1,699,237

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

OPEB Plan Fiduciary Net Position

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

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

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

For the fiscal year ended June 30, 2021, the WRCOG recognized OPEB expense of $161,052. As of fiscal year ended June 30, 2021, the WRCOG reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 713,452	$ -
Differences between expected and actual experience	-	1,306,266
Net differences between projected and actual earnings on investments	-	23,403
Contributions to OPEB plan subsequent to the measurement date	47,459	-
Total	$ 760,911	$ 1,329,669

The $47,459 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021.

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

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

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

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	$ (79,275)
2023	(79,273)
2024	(50,452)
2025	(53,199)
2026	(59,699)
Thereafter	(294,319)

Other Benefits

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

NOTE 9 – COMMITMENTS AND CONTINGENCIES

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

NOTE 10 – RELATED PARTY TRANSACTIONS

WRCOG purchased services during the current year from the County of Riverside, which is also a member of WRCOG, for parking and mail costs, which amounted to $3,737 and are included as expenditures in the General Fund.

NOTE 11 – PROPERTY ASSESSED CLEAN ENERGY PROGRAM

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

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

The PACE Program has expanded statewide; 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 the year, WRCOG received 1.463% of the amount financed, for each assessment, in the residential program. A program management fee of $55 per assessment is collected at the initiation of the assessment to pay for recordation. Also collected is a $90 annual administrative fee, per assessment, used to levy on county tax rolls. For the commercial program, WRCOG received 0.70% of the amount financed, for each assessment, in the program. A program management fee of $95 per assessment is collected at the initiation of the assessment to pay for recordation. Also collected is a $390 annual administrative fee, per assessment, used to levy on county tax rolls. For FY 20/21, PACE residential program revenue totaled $2,386,737, while recording revenue totaled $147,216 and commercial program revenue totaled $661,009.

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.

NOTE 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 ending June 30, 2021, Fellowship Program expenses incurred by WRCOG totaled to $197,804.

NOTE 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, 2021, WRCOG's insurance policies are as follows:

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

NOTE 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 have 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 WROG is approximately $5 million. As WRCOG is seen as an unsecured creditor in the bankruptcy, not all of what was loaned to WCE is expected to be recovered. While the numbers have not yet been finalized, it is anticipated that between 20 to 30 percent of what is owed to WRCOG is expected to be recovered.

NOTE 15 – COVID-19 CONSIDERATIONS

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption was temporary, there is considerable uncertainty around the duration of the pandemic. Therefore, the ultimate financial impact and duration cannot be estimated at this time, and no adjustments have been made to these financial statements as a result of this uncertainty.

NOTE 16 – PRIOR PERIOD RESTATEMENT

As discussed in Note 1 the City implemented GASB Statement No. 84. Accordingly, beginning fund balances for the General Fund and beginning fiduciary net position for the custodial funds has been restated for changes related to the implementation of GASB Statement No. 84 as follows:

FUND STATEMENTS

Governmental Funds

General Fund

Fund balance - beginning, as previously reported	$	11,813,530
Implementation of GASB 84		762,496
Fund balance - beginning, as restated	$	12,576,026

Fiduciary Funds - Custodial Fund

PACE

Net position - beginning, as previously reported		
Implementation of GASB 84	$	8,203,482
Net position - beginning, as restated	$	8,203,482

GOVERNMENT WIDE STATEMENTS

Governmental Activities:

Net position - beginning, as previously reported	$	(4,410,138)
Implementation of GASB 84		762,496
Net position - beginning, as restated	$	(3,647,642)

NOTE 17 – SUBSEQUENT EVENTS

On May 24, 2021, WCE declared a fiscal emergency, which ultimately led to WCE filing for Chapter 9 bankruptcy protection. As WCE navigates through its bankruptcy proceedings in FY 21/22, its impact to WRCOG has yet to be fully determined. For additional information, please refer to Note 14 regarding Western Community Energy.

REQUIRED SUPPLEMENTARY INFORMATION

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 736,500	$ 736,500	$ 676,500	$ (60,000)
TUMF mitigation fees	1,287,184	2,379,379	2,435,899	56,520
PACE fees	1,879,020	3,888,054	3,194,962	(693,092)
Other revenues	2,255,985	2,428,435	2,262,134	(166,301)
Investment income	25,000	25,000	27,101	2,101
Total revenues	6,183,689	9,457,368	8,596,596	(860,772)
Expenditures:				
Current:				
General government	4,070,871	8,769,699	3,898,224	4,871,475
Energy	2,482,452	3,550,639	3,110,304	440,335
Environmental	564,367	564,367	501,333	63,034
Total Expenditures	7,117,690	12,884,705	7,509,861	5,374,844
Net change in fund balance	$ (934,001)	$ (3,427,337)	1,086,735	$ 4,514,072
Fund balance:				
Balance, beginning of year			12,576,026	
Balance, end of year			$ 13,662,761	

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Schedule of the WRCOG's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date Last Ten Years* As of the Year Ended June 30, 2021

Measurement Date	Employer's Proportion of the Collective Net Pension Liability[1]	Employer's Proportionate Share of the Collective Net Pension Liability	Covered Payroll	Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2014	0.0229%	$ 1,421,911	$ 1,422,424	99.96%	79.82%
6/30/2015	0.0263%	1,808,565	1,616,828	111.86%	78.40%
6/30/2016	0.0265%	2,297,048	1,760,643	130.47%	78.40%
6/30/2017	0.0271%	2,689,185	2,062,647	130.38%	74.33%
6/30/2018	0.0272%	2,621,376	2,413,255	108.62%	75.93%
6/30/2019	0.0280%	2,873,074	2,530,409	113.54%	75.21%
6/30/2020	0.0288%	3,129,775	2,504,167	124.98%	62.87%

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

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Schedule of Plan Contributions
Last Ten Years*
As of the Year Ended June 30, 2021

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014-15	$ 294,471	$ (294,471)	$ -	$ 1,616,828	18.21%
2015-16	305,212	(305,212)	-	1,760,643	17.34%
2016-17	323,200	(323,200)	-	2,062,647	15.67%
2017-18	345,428	(345,428)	-	2,413,255	14.31%
2018-19	236,092	(236,092)	-	2,530,409	9.33%
2019-20	466,492	(466,492)	-	2,504,167	18.63%
2020-21	523,824	(523,824)	-	2,610,410	20.07%

Notes to Schedule:

Change in Benefit Terms: 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.

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2021

Measurement Period	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service cost	$ 108,879	$ 171,367	$ 150,146	$ 180,222
Interest	159,498	160,645	173,314	165,457
Differences between expected and actual experience	(156,922)	-	(836,051)	-
Changes of assumptions	-	-	763,070	105,642
Benefit payments	(113,278)	(84,617)	(131,557)	(170,086)
Net change in total OPEB liability	(1,823)	247,395	118,922	281,235
Total OPEB liability - beginning	2,443,082	2,441,259	2,688,654*	2,807,576
Total OPEB liability - ending (a)	2,441,259	2,688,654	2,807,576	3,088,811
Plan Fiduciary Net Position				
Contributions – employer	-	120,000	106,392	140,657
Net investment income	104,450	(5,368)	97,620	72,852
Benefit payments	(105,916)	(84,617)	(131,557)	(170,086)
Administrative expense	(7,361)	(6,574)	(7,570)	-
Net change in plan fiduciary net position	(8,827)	23,441	64,885	43,423
Plan fiduciary net position - beginning	1,783,502	1,774,675	1,798,116	1,863,001
Plan fiduciary net position - ending (b)	1,774,675	1,798,116	1,863,001	1,906,424
Net OPEB liability - ending (a) - (b)	$ 666,584	$ 890,538	$ 944,575	$ 1,182,387
Plan fiduciary net position as a percentage of the total OPEB liability	72.70%	66.88%	66.36%	61.72%
Covered payroll	$ 2,211,299	$ 2,617,222	$ 2,817,402	$ 2,664,693
Net OPEB liability as a percentage of covered payroll	30.14%	34.03%	33.53%	44.37%

Notes to Schedule:

Changes in assumptions:
Discount rate: Decreased from 5.70% to 5.45%.
Mortality improvement: Scale updated to 2020 MacLeod Watts Scale.
Demographic Assumptions: Mortality rates updated to 2017 CalPERS experience study

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

Schedule of OPEB Plan Contributions – Last Ten Years*
For the Year Ended June 30, 2021

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in relation to the ADC	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2018	$ 185,075	$ 185,075	$ -	$ 2,617,222	7.07%
June 30, 2019	202,857	202,857	-	2,817,402	7.20%
June 30, 2020	256,928	140,657	116,271	2,664,693	5.28%
June 30, 2021	274,960	47,459	227,501	2,794,918	1.70%

Notes to Schedule:

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

Methods and assumptions used to determine the actuarially determined contribution:	
Valuation Date	June 30, 2019
Actuarial Cost Method	Entry age normal cost, level percent of pay.
Amortization Methodology	Level $, closed 30 year period
Asset Valuation Method	Market value
Discount Rate	5.45%
General Inflation	2.50%
Salary Increases	3.00%
Medical Trend	5.4% in 2021 fluctuating down to 4.0% by 2076.
Mortality	MacLeod Watts Scale 2020
Retirement Age	From 50 to 75

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

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

WRCOG is entitled to an administration fee of up to 4% annually of TUMF revenues collected, with a maximum of 1% that can be used to offset salaries and benefits related to TUMF administration. In 2021, the total administration fee collected was 4%. Riverside Conservation Agency (RCA) also receives a percentage of the TUMF revenues collected of 1.47%, which is included as an expense in the TUMF Fund.

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

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

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Statistical Section

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Statistical Section Overview
For the Fiscal Year Ended June 30, 2021

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.

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

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

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

Revenue by Fund

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

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

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

Full-time Equivalent Employees by Function/Program
Economic Indicators by Function/Program

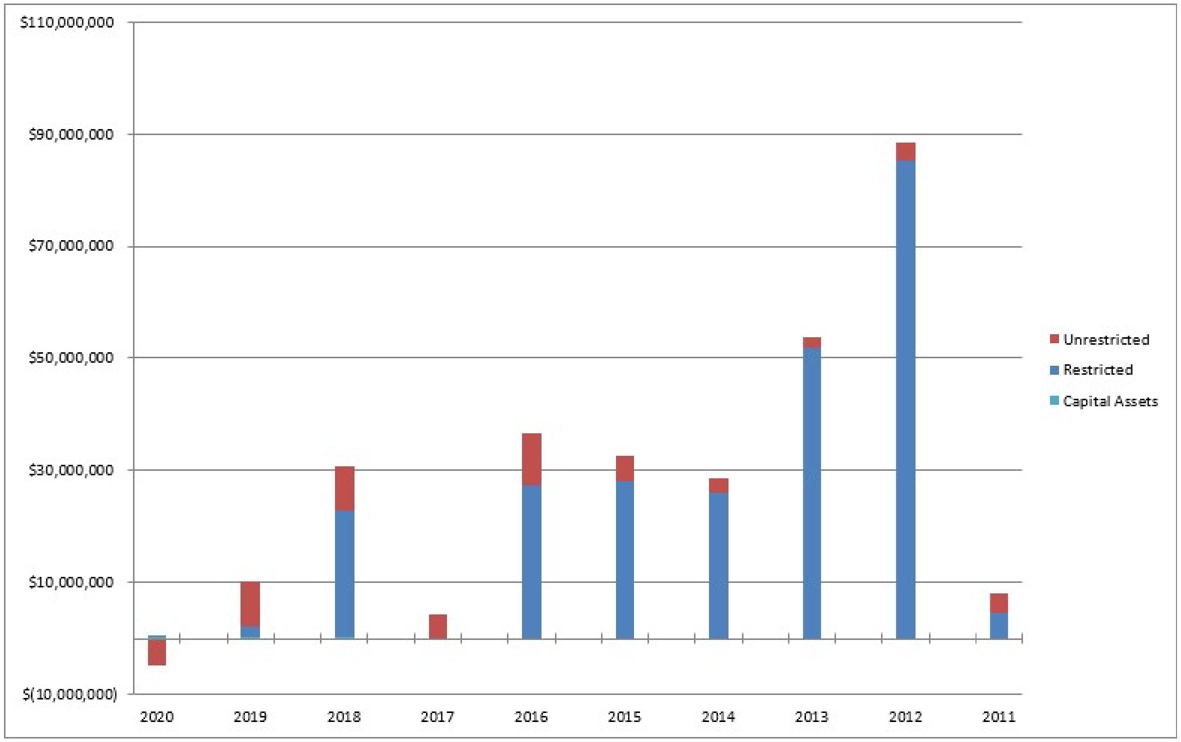
Sources: WRCOG Finance Department
California State Department of Finance
U.S. Department of Commerce Bureau of Economic Analysis
Riverside County Economic Development Agency
State of California Economic Development Department
FRED Economic Data Economic Research Federal Reserve Bank of St. Louis

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities:										
Net investment in Capital Assets	$ 218,171	$ 293,345	$ 362,054	$ 413,343	$ 93,875	$ 100,296	$ 54,038	$ 30,021	$ 20,735	$ 32,918
Restricted	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	85,054,212
Unrestricted	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	3,361,861
Total governmental activities net position/(deficit)	$ 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	$ 88,448,991

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities:										
General government	$ 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	$ 3,392,955
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	21,194,918
Energy	3,110,304	2,349,851	2,779,274	6,333,946	5,622,980	5,629,560	4,926,278	2,445,533	1,608,694	476,844
Environmental	707,125	704,465	533,897	570,687	513,137	423,667	531,945	647,781	576,600	520,748
Total primary government expenses	50,551,360	70,185,181	95,313,523	47,292,841	84,706,660	50,205,703	40,603,760	60,118,397	54,774,127	25,585,465
Program Revenues										
Governmental activities:										
General government	447,393	341,563	569,301	567,640	512,876	513,188	349,268	420,810	528,756	63,102
Transportation	63,706,655	50,389,714	66,842,236	67,483,341	42,731,611	43,508,888	37,430,113	24,905,073	25,966,400	14,122,996
Energy	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	190,142
Environmental	673,823	758,394	542,592	515,141	528,775	464,885	620,836	618,415	619,388	712,040
Total primary government program revenues	68,790,713	54,455,864	71,319,075	74,569,656	53,089,714	54,266,095	45,874,033	29,143,112	28,597,484	15,088,280
Net (Expense)/Revenue										
Total primary government net expense	18,239,353	(15,729,317)	(23,994,448)	27,276,815	(31,616,946)	4,060,392	5,270,273	(30,975,285)	(26,176,643)	(10,497,185)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Other revenues	-	-	-	-	-	36,112	241,763	259,349	308,294	852,752
Investment income	(243,696)	2,356,692	2,262,464	273,559	(12,645)	509,228	552,021	706,876	(285,642)	806,546
Loss on sale of capital assets	-	(78,375)	-	-	-	-	-	-	-	-
Total primary government	(243,696)	2,278,317	2,262,464	273,559	(12,645)	545,340	793,784	966,225	22,652	1,659,298
Changes in Net Position										
Total primary government	$ 17,995,657	$ (13,451,000)	$ (21,731,984)	$ 27,550,374	$ (31,629,591)	$ 4,605,732	$ 6,064,057	$ (30,009,060)	$ (26,153,991)	$ (8,837,887)

Source: Finance Department

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
GENERAL FUND										
General fund:										
Nonspendable										
Prepaid Expenses	$ 61,060	$ 209,708	$ 96,486	$ 43,859	$ 167,212	$ 90,762	$ 82,987	$ 70,111	$ 67,357	$ 36,386
Restricted										
Section 115 Pension Trust	366,611	-	-	-	-	-	-	-	-	-
LTF	-	-	-	-	-	-	-	581,358	578,909	591,273
Assigned	-	-	-	-	11,702.00	-	-	-	-	-
BEYOND Program	-	702,559	702,559	2,533,866	3,305,419	1,556,763.00	-	-	-	-
Fellowship Program	219,839	609,412	304,733	514,732	121,272	400,000.00	-	-	-	-
Unassigned	13,015,251	10,291,851	9,613,033	8,233,431	8,988,826	7,888,825	5,415,947	1,275,895	456,939	392,965
Total general fund	$ 13,662,761	$ 11,813,530	$ 10,716,811	$ 11,325,888	$ 12,594,431	$ 9,936,350	$ 5,498,934	$ 1,927,364	$ 1,103,205	$ 1,020,624
ALL OTHER GOVERNMENTAL FUNDS										
All other governmental funds:										
Restricted										
Transportation	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	95,670,753
AB 2766	45,325	-	-	-	-	-	-	-	-	-
Foundation	11,721	111,838	72,145	11,733.00	-	11,690	11,695	11,604	20,550	11,370
Total all other governmental funds	$ 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	$ 95,682,123

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Intergovernmental	$ 827,500	$ 1,068,020	$ 967,270	$ 931,500	$ 1,145,570	$ 1,058,265	$ 1,461,999	$ 1,350,596	$ 1,830,454	$ 1,216,550
TUMF Mitigation fees	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	13,871,730
Pace fees	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	3,725,328	2,085,571	3,852,228	16,648,307	894,488	848,957	986,914	1,547,307	1,714,271	852,752
Investment income (loss)	(243,696)	2,356,691	2,262,464	273,560	(12,645)	509,229	552,021	420,526	(285,642)	806,546
Total revenues	68,547,017	56,873,110	73,520,985	74,843,215	53,294,756	54,593,748	46,667,817	29,822,987	28,620,136	16,747,578
Expenditures										
Current:										
General Government	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	3,969,631
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	23,624,407
Energy	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	675,950
Environmental	707,125	704,465	533,897	570,687	513,137	435,670	534,027	638,549	564,061	653,485
Debt service	-	-	-	-	-	-	-	-	1,500,000	-
Total expenditures	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	28,923,473
Excess (deficiency) of revenues over (under) expenditures	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)	(12,175,895)
Other financing sources (uses):										
Loan proceeds	-	-	-	-	-	-	-	-	1,500,000	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	1,500,000	-
Net change in fund balances	$ 15,735,580	$ (11,453,649)	$ (23,573,356)	$ 27,467,993	$ (39,520,101)	$ 1,704,007	$ 8,134,899	$ (20,339,449)	$ (28,468,118)	$ (12,175,895)
Debt service as a percentage of noncapital expenditures	0.0%									

Source: Finance Department

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Revenue by Fund
Last Ten Fiscal Years
(Accrual Basis)

	Fiscal Year Ended June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
GENERAL FUND:										
Member dues:										
Banning	3,941	3,941	3,941	3,941	3,941	3,941	3,957	3,957	3,957	3,957
Beaumont	5,000	5,000	5,000	5,000	-	-	5,255	5,255	5,255	5,255
Calimesa	1,049	1,049	1,049	1,049	1,049	1,049	1,102	1,102	1,102	1,102
Canyon Lake	1,406	1,406	1,406	1,406	1,406	1,406	2,256	2,256	2,256	2,256
Corona	20,290	20,290	20,290	20,290	20,290	20,290	25,886	25,886	25,886	25,886
Eastvale	7,171	7,171	7,171	7,171	7,171	7,171	-	-	-	-
Hemet	7,425	9,797	9,797	9,797	9,797	9,797	10,386	10,386	10,386	10,386
Jurupa Valley	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	7,904	7,904	7,904	7,904
Menifee	10,491	10,491	10,491	10,491	10,491	10,491	10,147	10,147	10,147	10,147
Moreno Valley	25,780	25,780	25,780	25,780	25,780	25,780	25,413	25,413	25,413	25,413
Murrieta	13,794	13,794	13,794	13,794	13,794	13,794	17,954	17,954	17,954	17,954
Norco	3,573	3,573	3,573	3,573	3,573	3,573	4,482	4,482	4,482	4,482
Perris	9,215	9,215	9,215	9,215	9,215	9,215	8,173	8,173	8,173	8,173
Riverside	40,512	40,512	40,512	40,512	40,512	40,512	42,894	42,894	42,894	42,894
San Jacinto	5,889	5,889	5,889	5,889	5,889	5,889	5,504	5,504	5,504	5,504
Temecula	13,424	13,424	13,424	13,424	13,424	13,424	18,714	18,714	18,714	18,714
Wildomar	4,298	4,298	4,298	4,298	4,298	4,298	4,863	4,863	4,863	4,863
County of Riverside	48,137	48,137	48,137	48,137	48,137	48,137	43,520	43,520	43,520	43,520
County of Riverside - Office of Superintendent	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	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	292,038	294,410	311,410	311,410	306,410	298,910	299,410	299,410	289,410	289,410
ALL OTHER GOVERNMENTAL FUNDS										
Transportation Uniform Mitigation Fee (TUMF):										
Banning	90,905	16,719	12,165	16,040	40,930	6,326	54,738	4,116	-	89,603
Beaumont	1,044,450	661,889	1,133,974	514,351	-	-	-	-	-	-
Calimesa	84,328	357,530	188,577	4,055	103,835	10,359	133,217	65,387	1,310	1,144
Canyon Lake	35,410	41,949	44,605	38,832	18,525	20,583	27,055	22,642	4,117	1,028
Corona	766,323	500,855	2,599,705	140,921	1,153,262	2,743,488	1,989,728	114,644	104,773	1,272,328
Eastvale	988,078	819,704	660,354	1,735,201	1,249,621	1,705,338	1,241,685	1,438,152	1,478,348	665,522
Hemet	938,306	200,532	247,002	217,626	52,392	351,010	545,597	736,612	531,470	194,078
Jurupa Valley	629,122	1,707,104	1,919,323	995,072	2,400,109	2,302,649	1,738,387	242,216	112,044	32,901
Lake Elsinore	1,564,641	1,588,824	912,194	56,629	800,725	969,533	898,098	868,004	646,241	259,098
March JPA	222,156	1,503,832	1,196,382	1,668,406	765,627	222,482	239,874	-	227,695	-
Menifee	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	628,138
Moreno Valley	2,962,390	1,861,624	4,400,523	300,521	883,562	1,356,327	2,343,895	1,138,394	693,588	29,612
Murrieta	1,121,883	667,417	1,115,593	2,585,547	884,391	1,452,155	1,496,315	70,944	81,192	64,386
Norco	4,483	136,181	523,643	1,867,071	304,411	100,355	101,444	11,288	8,232	-
Perris	1,198,867	726,994	789,812	918,236	1,235,325	1,167,113	1,069,887	1,498,823	320,608	124,896
Riverside	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	955,549
San Jacinto	1,024,429	784,469	984,137	3,212,024	843,818	698,893	259,021	200,630	70,674	90,480
Temecula	445,363	676,132	646,123	1,448,549	810,938	809,664	679,386	227,028	1,772,534	944,090
Wildomar	170,292	316,900	134,061	87,114	826,659	384,865	83,178	219,722	1,032,017	16,451
County - Northwest	3,573,018	3,237,826	998,669	272,790	569,203	414,258	216,343	183,616	189,161	248,635
County - Southwest	2,576,214	1,421,458	730,000	1,643,915	863,473	636,493	1,529,926	1,288,379	1,622,276	598,885
County - Central	96,255	189,085	1,403,293	1,125,077	911,716	1,040,489	593,671	46,173	434,159	37,570
County - Pass	52,888	37,617	64,879	815,242	12,349	20,581	16,502	4,116	431,198	2,181
County - Hemet/San Jacinto	1,287,613	946,277	2,254,436	538,809	376,151	299,821	91,090	82,324	30,103	15,701
Regional Transit Authority	1,906,091	1,554,652	1,956,588	1,203,022	692,725	698,889	314,621	367,630	423,339	194,423
Riverside County Transportation Commission	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	5,494,327
WRCOG	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	505,866
MSHCP	895,192	730,140	918,909	783,850	667,382	673,319	602,662	369,011	407,929	191,743
Total TUMF	60,897,468	49,669,391	62,510,787	51,305,034	42,239,341	42,615,157	38,193,978	23,332,924	25,816,017	12,658,635

Source: Finance Department

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Demographic and Economic Statistics for Riverside County
Last Ten Calendar Years

Calendar Year	Population	Personal Income (thousands)	Per Capita Personal Income	Unemployment Rate
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%
2012	2,239,620	67,024,780	29,927	13.20%

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

Represents most recent data available

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Principle Employers of Riverside County
Calendar Years 2020 and Nine Calendar Years Ago

Industry Type	2020	% of Total Employment	2011	% of Total Employment
Agricultural service	12,000	1.7%	12,400	2.2%
Mining and logging	400	0.1%	400	0.1%
Construction	66,600	9.2%	34,100	6.1%
Manufacturing	42,400	5.9%	38,600	6.9%
Transportation, warehousing, and public utilities	61,500	8.5%	20,200	3.6%
Wholesale trade	24,300	3.4%	19,700	3.5%
Retail trade	86,800	12.0%	81,600	14.5%
Information	5,300	0.7%	7,700	1.4%
Finance and insurance	11,200	1.5%	11,000	2.0%
Real estate and rental and leasing	9,600	1.3%	7,600	1.4%
Professional & business services	70,500	9.7%	52,300	9.3%
Education & health services	112,300	15.5%	74,300	13.2%
Leisure and hospitality	76,300	10.6%	68,900	12.3%
Other services	19,600	2.7%	18,800	3.3%
Federal government, civilian	7,600	1.1%	7,000	1.2%
State government	17,600	2.4%	16,100	2.9%
Local government	99,200	13.7%	91,100	16.2%
Total	723,200	100.0%	561,800	100.0%

Source: State of California Economic Development Department

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

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

	As of June 30									
Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Management services and administration	9	7	7	7	9	7.8	7.2	5.5	5.9	6.0
Transportation & Planning	6	6	7	4	3.5	5.5	4.9	4.9	5.8	5.0
Energy	11	11	7	14	15.3	8.3	7.2	4.6	3.1	2.2
Environmental	2	2	3	4.5	2.3	1.3	3.4	3.0	3.0	2.0
RCHCA	4	5	-	-	-	-	-	-	-	-
Total full time equivalents	32.0	31.0	24.0	29.5	30.1	22.8	22.7	18.0	17.8	15.2

Source: Finance Department

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

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Economic Indicators by Function/Program
Last Ten Fiscal Years

	As of June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Property Assessed Clean Energy Programs										
Energy Efficiency Projects Completed	88	7,437	1,895	9,061	24,538	31,670	22,710	9,728	7,210	1,574
Solar Projects Completed	50	2,049	782	3,934	9,633	10,628	12,102	5,459	3,170	763
Water Efficiency Projects Completed	10	471	140	697	2,148	2,880	1,798	403	36	5
Energy Savings Programs										
Energy Savings (kWh)	n/a	n/a	14,443,467	2,534,586	152,304	n/a	n/a	n/a	1,380,809	644,889
Gas Savings (Therms)	4,000	n/a	52,547	n/a	9,862	n/a	n/a	n/a	n/a	n/a
Environmental Programs										
Gallons of Gasoline Equivalent Reduced	n/a	n/a	n/a	9,630,272	9,747,951	9,730,702	8,963,115	10,376,763	8,399,294	6,916,638
Tons Greenhouse Gas Emissions Reduced	n/a	n/a	n/a	15,703	15,610	15,255	12,829	25,146	21,818	16,836
Used Oil Gallons Recycled	n/a	n/a	n/a	207,996	230,000	328,686	157,556	213,140	148,959	142,190
Used Oil Filters Recycled	n/a	n/a	n/a	17,378	1,428	1,418	194	250	28,000	18,000
Solid Waste - Disposal Amount (tons):	n/a	n/a	n/a	723,493	708,996	637,811	617,666	584,569	533,829	511,654
Transportation Programs										
Single Family Home Permits Issued	4,604	3,150	3,659	3,580	3,179	2,916	2,360	1,821	2,453	1,314
Multi-family Home Permits Issued	958	1,044	1,990	557	450	1,032	1,199	281	1,375	972
New Retail Construction (square foot)	220,143	618,445	428,260	622,387	479,982	366,654	265,173	396,902	292,879	324,869
New Commercial Construction (square foot)	426,595	461,103	482,308	613,916	512,886	691,077	269,918	85,772	328,923	340,597
New Industrial Construction (square foot)	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	329,484

Source: Finance Department

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Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2021

Submitted by:
Fiscal Department
Western Riverside Council of Governments

WESTERN RIVERSIDE COUNTY | CALIFORNIA

Attachment

Internal Control Report

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

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Western Riverside Council of Governments (WRCOG) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise WRCOG's basic financial statements, and have issued our report thereon dated January 18, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 18, 2022

Attachment

SAS114 Letter

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

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To the Executive Committee
Western Riverside Council of Governments

We have audited the financial statements of Western Riverside Council of Governments (WRCOG) as of and for the year ended June 30, 2021, and have issued our report thereon dated January 18, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 22, 2021, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Significant Risks Identified

We have identified the possibility of the following significant risks during our audit:

> Management's override of internal controls over financial reporting.
>
> Management's failure to recognize revenue in accordance with generally accepted accounting principles.

Although identified as significant risks, we noted no matters which caused us to modify our procedures or any matters which are required to be communicated to those charged with governance due to these identified risks.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by WRCOG is included in Note 1 to the financial statements.. As described in Note 1 of the financial statements, during the year, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements are:

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

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

Financial Statement Disclosures

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

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

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

The disclosure of the net OPEB liability and related deferred inflows and deferred outflows in Note 8 to the financial statements is based on actuarial assumptions. Actual future liabilities/assets may vary from disclosed estimates.
The disclosure related to the effects of COVID-19 in Note 15.

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

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

Disagreements with Management

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated January 18, 2022.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

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

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

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 18, 2022

January 18, 2022

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

This representation letter is provided in connection with your audit of the financial statements of Western Riverside Council of Governments (WRCOG) as of June 30, 2021 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of WRCOG in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

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

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of January 18, 2022.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated June 22, 2021 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

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

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We *are* not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- WRCOG has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which WRCOG is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic

areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- WRCOG has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- There have been no changes or updates to legal information disclosed to you by our attorney(s) since the date of such legal response and now."

Required Supplementary Information

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

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

Dr. Kurt Wilson
Executive Director

Andrew Ruiz
Chief Financial Officer

Item 6.B

Western Riverside Council of Governments
Finance Directors Committee

Staff Report

Subject: **Inland Regional Energy Network Activities Update**

Contact: **Benjamin Druyon, Program Manager, bdruyon@wrcog.us, (951) 405-6727**

Date: **January 27, 2022**

Requested Action(s):

1. Receive and file.

Purpose:

The purpose of this item is to provide an update on the development and status of the Inland Regional Energy Network (I-REN).

Background:

On December 3, 2018, the Executive Committee authorized a joint cooperative agreement amongst WRCOG, the Coachella Valley Association of Governments (CVAG), and the San Bernardino Council of Governments (SBCOG), to move forward with the coordination and development of a Regional Energy Network (REN) between the three agencies.

On May 6, 2019, the Executive Committee authorized the execution and submittal of a Professional Services Agreement with Frontier Energy & Bluepoint Planning for the development of a Business Plan, or application, to the California Public Utilities Commission (CPUC) to establish the Inland Regional Energy Network, or I-REN.

On February 26, 2021, the I-REN Business Plan was submitted to the CPUC for consideration to authorize I-REN as a Program Administrator in the State of California, thereby enabling access to the Public Goods Charge funds administered by the CPUC.

On June 30, 2021, the joint cooperative agreement between WRCOG, CVAG, and SBCOG expired.

On October 13, 2021, the WRCOG Administration & Finance Committee authorized the Executive Director to execute a new joint cooperative agreement amongst WRCOG, CVAG, and SBCOG.

On December 8, 2021, the WRCOG Administration & Finance Committee approved a third amendment to the Professional Services Agreement between WRCOG and Frontier Energy for continued support to WRCOG in its REN development and general staff support activities, with an increase in the total not-to-exceed amount from $151,347 to $196,347, and extended the term of the Agreement through June 30, 2022.

Introduction

What are RENs?: RENs are coalitions of local governments created to administer energy efficiency programs independent of Investor-Owned Utilities (IOU), such as Southern California Edison (SCE) and SoCal Gas. RENs exist to support California's energy efficiency goals and to:

- Provide programs and services that IOUs are unable to implement
- Provide programs and services that serve hard to reach communities
- Develop and implement programs and services that are replicable throughout California

There are three other RENs that exist in California: BayREN (administered by the Association of Bay Area Governments), SoCal REN (administered by Los Angeles County), and 3C-REN (administered by Ventura County); I-REN is the fourth (administered by WRCOG) and will exclusively serve Inland Southern California communities.

What do RENs do / don't do?: Examples of programs and projects I-REN will focus on include providing technical assistance to participating agencies to support facility improvements designed to reduce energy consumption; workshops and trainings for local building departments and the building community on updates and changes to Title 24 of the California Building Code; and expansion of career training and certification programs to support increasing the clean energy workforce in Riverside and San Bernardino Counties.

I-REN will not be providing any programs or services related to residential or commercial financing programs like WRCOG's PACE Program did. I-REN will also not be buying electricity like WCE did. RENs function like a long-term grant from the CPUC, with the services and projects provided by the REN funded exclusively through the annual allocated budget, as will be discussed further below.

What kinds of programs / projects will I-REN administer?: I-REN will focus its activities in three distinct areas: Public Sector, Codes & Standards, and Workforce Education & Training. The vision of the I-REN is to connect residents, businesses, and local governments to a wide range of energy efficiency resources to increase energy savings and equitable access throughout Riverside and San Bernardino Counties.

1. Public Sector: I-REN will work with local government building staff to identify and implement energy efficiency projects such as indoor / outdoor lighting, water upgrades, heaters / boilers, and smart building upgrades, and will also investigate innovative projects such as microgrids / battery storage systems. Along with these resources, the Public Sector Program for I-REN will also support agencies with funding resources for project completion.
2. Codes & Standards: I-REN will work closely with local government building staff such as Planning and Building Departments to offer training / resources that will help to support, train, and enable long-term streaming of energy code compliance. Examples of resources will be online webinars / forums on Energy Compliance, in-person trainings, and online software systems to assist with building permits for energy projects such as cool roofs, HVACs and solar / microgrids systems.
3. Workforce Education & Training: I-REN will work with local community colleges, universities, County Workforce Investment Boards, union workers / contractors and other training providers to identify energy efficiency curriculum such as HVAC, smart controls, and renewable technology to help assist the region to develop a trained workforce to support and realize energy efficiency

savings goals across sectors.

<u>Where does the funding come from?</u>: RENs are funded by California utility ratepayers through the Public Goods charge levied on regular bills by IOUs, such as SCE and SoCal Gas. Those charges are then administered by the CPUC to fill the gaps in activities that IOUs cannot or do not intend to undertake. There is approximately $600,000,000 available annually from the Public Goods charge and all funding related to I-REN will come from this source. There is no charge for member agencies to participate in I-REN. The only exception would apply to agencies that have a municipally-owned utility. For those jurisdictions with a municipally-owned utility, participation would be limited to gas savings efforts.

The approved I-REN budget for program years 2022 - 2027 is $65,968,321. Each year, I-REN will submit its updated annual budget information for consideration by the CPUC. Over time, as I-REN is established and begins administering programs, adjustments to the budget and areas served can be made based on the needs of the member agencies.

<u>What is the risk to WRCOG / member agencies?</u>: Participation in I-REN will be open and welcome to all public sector agencies within Riverside and San Bernardino Counties at no cost. Once launched, a website will be developed to provide transparent access and information on engaging and participating in I-REN's programs and activities. Working groups will also be established to encourage participation from member agencies as well as broader partners including community colleges, tribal governments, and the building industry. In the event of a catastrophic failure or a determination that I-REN is not effective in its stated mission and purpose, there would be no financial obligation or risk to any participating agency.

<u>What are the benefits to each participating city?</u>: There will be many benefits to each participating city. Some of them include:

- Up to $25,000 each year for technical services (Public Sector)
- Access to Building Upgrade Concierge (BUC) – (Public Sector)
- Access to energy modeling services (Public Sector / Codes & Standards)
- Access to benchmarking (Public Sector / Codes & Standards)
- Access to quarterly Title 24 training (Codes & Standards)
- I-RENs Intern Program – ("REN-Terns") – (Workforce Education & Training)

<u>Current Status & Next Steps</u>

On November 18, 2021, the CPUC met and formally approved the I-REN application / Business Plan with a budget of $65 million for program years 2022 - 2027 (see Attachment 2), naming SoCal Gas as the fiscal agent, and required I-REN to file a Joint Cooperation Memorandum by January 21, 2021.

On November 29, 2021, WRCOG released a RFP for the Inland Regional Energy Network (I-REN) Implementation Plan Development and Programs Launch and will be selecting an implementation consultant to be approved by WRCOG Executive Committee at the March 7, 2022 meeting.

WRCOG, CVAG, and SBCOG are collaboratively working on a Memorandum of Agreement (MOA) and a Governance & Operations Charter, which will delegate duties and responsibilities to each partner COG and establish the roles and responsibilities of the I-REN Executive Committee and sector specific working groups. These documents will be brought through the WRCOG Administration & Finance

Committee and Executive Committee for approval at the February 9, 2022 meeting. These documents will also be vetted and authorized by the CVAG Executive Committee and by the SBCOG Executive Committee.

WRCOG and the IOUs are developing a Program Agreement which will determine a streamlined process for invoicing and billing for I-REN activities.

Sector specific RFPs will be developed after the implementation consultant is hired and anticipated to be released around June 2022.

An Annual Budget Advice Letter (ABAL) will be required to be submitted to the CPUC on September 1st of each year which will detail how I-REN plans to use the funds it was assigned.

Prior Action(s):
December 8, 2021: The Administration & Finance Committee approved the third amendment to the Professional Services Agreement between WRCOG and Frontier Energy, Inc. for continued support to WRCOG in its Regional Energy Network development and general staff support activities to increase the total not-to-exceed amount from $151,347 to $196,347, and to extend the term of the Agreement through June 30, 2022.

October 13, 2021: The Administration & Finance Committee authorized the Executive Director to execute a new joint cooperative agreement amongst WRCOG, CVAG, and SBCOG.

Fiscal Impact:
WRCOG staff time and expenses related to I-REN activities will be paid from the CPUC approved budget for the I-REN starting January 1, 2022. A budget amendment of approximately $5 million is being brought forward under a separate agenda item to account for the additional revenues/expenditures coming from the I-REN.

Attachment(s):
Attachment 1 - I-REN Intro Infographic
Attachment 2 - I-REN Budget as Approved by CPUC

Attachment

I-REN Intro Infographic

I-REN

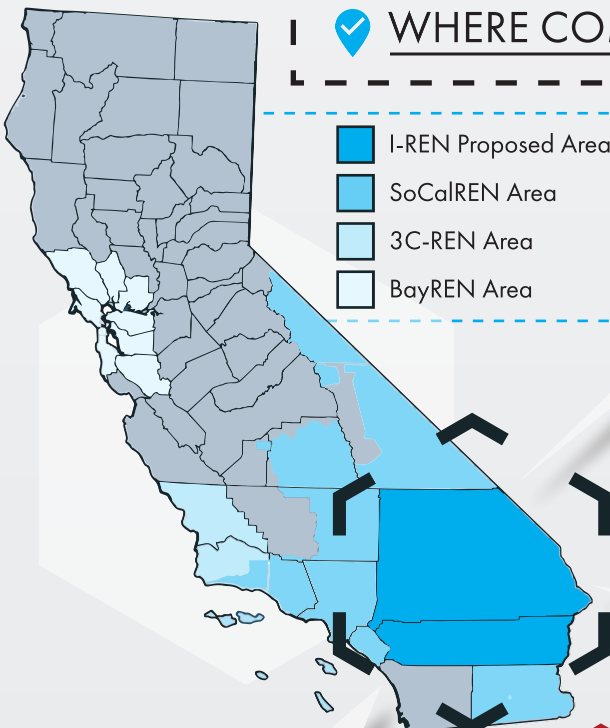
INLAND REGIONAL ENERGY NETWORK

WHAT IS THE I-REN?

The Inland Regional Energy Network (I-REN) is an exciting new offering of nearly $10 Million per year in energy efficient programs and services specifically designed and tailored for Inland Southern California.

NEARLY **$10 MILLION PER YEAR** IN ENERGY EFFICIENT PROGRAMS

WHERE COMMUNITY, ENERGY & EQUITY INTERSECT



COMMUNITY

I-REN WOULD BE THE

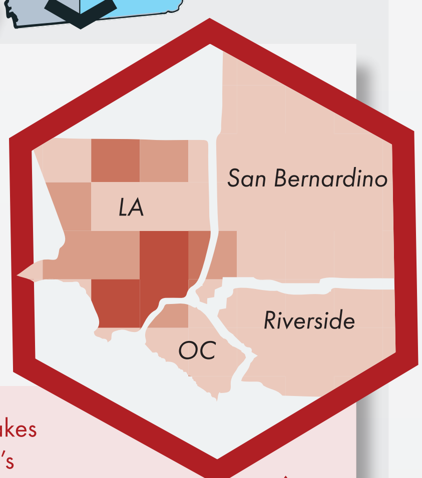
1 ST TO UNIFY AN INLAND COMMUNITY

AND IS AN OPPORTUNITY TO SEIZE LOCAL CONTROL

ENERGY

Rate payer dollars are already allocated to the development of energy efficiency programs (like RENs) by the CPUC.

The Inland SoCal region makes up over 20% of SoCal REN's population **yet few energy projects have been completed in the inland region.**



HEAT MAP OF PROJECTS IN LA COUNTY VS INLAND SOCAL COUNTIES.

EQUITY

The Establishment of the I-REN is the opportunity for Inland SoCal to receive its FAIR SHARE.

Communities That Pay Surcharge

Communities Served by REN

Communities That Administer REN

I-REN would fall into this category.

How Can We Leverage Local Control?

The establishment of an I-REN through the three Councils of Governments (COGs) will maximize local resources and input to best serve the unique and diverse needs of our communities.

The I-REN will leverage the three COGs':

- Existing committee structures
- Member input and program customization
- Administrative oversight
- Program delivery for equitable outcomes

What Will Be I-REN's Impact?

Goal 1:
Capacity Building

Build capacity and knowledge to enable local governments to effectively leverage energy efficiency services and to demonstrate best practices.

Example:
Public Agency Program Services | SoCalREN

Goal 2:
Strong Workforce

Ensure there is a trained workforce to support and realize energy efficiency savings goals across sectors.

Example:
Building Performance Training | 3C-REN

Goal 3:
Scalable Tools and Resources

Work closely with local building departments and building industry to support, train and enable long-term streamlining of energy code compliance.

Example:
BayREN Codes & Standards | BayREN

A Timeline of Support Through the Years

Scan the QR Code to see a complete list of supporting agencies.

2019

December 2018
WRCOG Executive Committee (E.C) authorize I-REN development

April 2019
Enter into Tri-Party Agreement with WRCOG/CVAG/SBCOG develop I-REN Business Plan. Technical consultant support brought on board.

2020

December 2019
WRCOG Executive Committee – REN Update

March 2020
WRCOG Executive Committee – REN Update

May 2020
Presentation to California Energy Efficiency Coordinating Committee (CAEECC) as required by the CPUC as part of REN development

June 2020
WRCOG Executive Committee – REN Update

December 2020
Presentation to California Energy Efficiency Coordinating Committee (CAEECC) as required by the CPUC as part of REN development

2021

February 2021
I-REN Business Plan submitted to CPUC

February 2021
WRCOG Executive Committee – REN Update

April 2021
A&F – REN Update

2022

December 2021
Anticipated CPUC Final Decision on I-REN Business Plan

Early 2022
Development of program Implementation Plan

Remaining of 2022 and ongoing
Roll-out of Public sector, Codes & Standard, and Workforce Education & Training programs

Attachment

I-REN Budget as Approved by CPUC

I-REN Business Plan Program Approved Budgets ($)

Category	2022	2023	2024	2025	2026	2027	Total
Public Sector							
Administration	628,819	619,172	662,939	707,457	707,457	707,457	4,033,301
Marketing and outreach	377,292	371,503	397,763	424,474	424,474	424,474	2,419,980
Direct Implementation – non-incentive	3,782,083	3,701,047	3,818,688	3,942,635	3,942,635	3,942,635	23,129,723
Direct Implementation – incentives	1,500,000	1,500,000	1,750,000	2,000,000	2,000,000	2,000,000	10,750,000
Subtotal	**6,288,194**	**6,191,722**	**6,629,390**	**7,074,566**	**7,074,566**	**7,074,566**	**40,333,004**
Workforce Education and Training							
Administration	225,329	239,343	243,716	267,465	267,465	267,465	1,510,783
Marketing and outreach	135,198	143,606	146,230	160,479	160,479	160,479	906,471
Direct Implementation – non-incentive	1,892,768	2,010,477	2,047,218	2,246,706	2,246,706	2,246,706	12,690,581
Direct Implementation – incentives	-	-	-	-	-	-	-
Subtotal	**2,253,295**	**2,393,426**	**2,437,164**	**2,674,650**	**2,674,650**	**2,674,650**	**15,107,835**
Codes and Standards							
Administration	144,611	150,395	156,411	162,667	162,667	162,667	939,418
Marketing and outreach	87,766	90,237	93,847	97,600	97,600	97,600	564,650
Direct Implementation – non-incentive	1,214,730	1,263,320	1,313,852	1,366,407	1,366,407	1,366,407	7,891,123
Direct Implementation – incentives	-	-	-	-	-	-	-
Subtotal	**1,446,107**	**1,503,952**	**1,564,110**	**1,626,674**	**1,626,674**	**1,626,674**	**9,392,191**
EM&V	114,441	115,604	121,810	130,349	130,349	130,349	742,902
Total	**10,102,037**	**10,204,704**	**10,752,474**	**11,506,239**	**11,506,239**	**11,506,239**	**65,577,932**

Item 6.C

Western Riverside Council of Governments
Finance Directors Committee

Staff Report

Subject: **2nd Quarter Draft Budget Amendment for Fiscal Year 2021/2022**

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

Date: **January 27, 2022**

Requested Action(s):

1. Recommend that the Executive Committee approve the 2nd Quarter draft Budget Amendment for Fiscal Year 2021/2022.

Purpose:
The purpose of this item is to request approval of WRCOG's 2nd Quarter draft Budget Amendment for Fiscal Year (FY) 2021/2022.

Background:
HERO Legal

During FY 2020/2021, 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. Under the terms of the Renovate contract, WRCOG was indemnified from a wide range of legal issues. When Renovate filed for bankruptcy protections, they also stopped honoring the indemnity agreement. This effectively forced WRCOG to take on new, and previously unanticipated, litigation responsibilities and expenses. Due to this, the Program has incurred significantly more legal costs related to the Renovate bankruptcy as well as legal costs associated with existing assessments that have deemed to be fraudulent and have been paid off by WRCOG.

As the budget was being developed for FY 2021/2022, $750k was budgeted for legal costs in the Program, which was a notable increase from the FY 2020/2021 original budget of $100k; however, the actual expenses incurred by the end of the year eclipsed $1 million. We anticipated that the increases in cases, and the associated costs, would level off and return closer to previous levels. Recent trends indicate that is still the case, however, it has not occurred as early as we previously anticipated.

Expenditures incurred through December 2021 are $930k and staff will be recommending a budget amendment of $900k, for a total legal budget of $1.65 million for FY 2021/2022 for the HERO Program. While this will be a significant increase in expenditures, we will be able to point to two offsets for the increased expenditures.

While the HERO Program is no longer completing new projects, it still manages and receives administrative fees on the existing pool of assessments, which fund the Program. During the FY 2020/2021, there was a sharp increase in early payoffs, which generated additional revenue for the Program. This potentially could be due to the market conditions, as home values have increased substantially over the past year, increasing equity along with mortgage refinance rates hitting all-time lows, and may have factored in to this significant increase of payoffs.

This trend has continued in FY 2021/2022 and the anticipated revenue was originally budgeted based on the existing payoff fees; however, the fees were increased in July 2021, in order to adequately reflect the time and cost to process payoffs and it is anticipated that revenues will exceed the budgeted amount. Staff have conservatively estimated this increase at $250k.

Additionally, while the HERO Program was terminated in December 2020, there was one final batch of projects that were completed, but the associated WRCOG revenues were delayed as part of the litigation process. As things progressed in the case, WRCOG was able to negotiate a percentage payout of the final HERO closing. This amount totaled to $679k and will bring additional revenue to the HERO Administration program, but is being seen as an offset to the increased legal expenses.

Net Revenue increase to the HERO Program: $29,548

Regional Energy Network (REN) Budget

WRCOG has been working on the development of a REN in the Inland Southern California region since 2018 and has now received full approval by the California Public Utilities Commission (CPUC) including the commitment of state funds and the associated budget; the Program went live this month. WRCOG's REN is known as the Inland Regional Energy Network, or I-REN and is a partnership with the Coachella Valley Association of Governments and the San Bernardino Council of Governments. RENs are funded through the CPUC and exist to support California's energy efficiency goals and to provide programs and services that Investor Owned Utilities (IOUs) are unable to implement, as well as programs and services that serve hard to reach communities. Another reason is to develop and implement programs and services that are replicable throughout California. The I-REN could be seen as a scaled-up version of WRCOG's WREP Program.

I-REN will focus its activities in three distinct areas: Public Sector, Codes & Standards, and Workforce Education & Training.

1. Public Sector: I-REN will work with local government building staff to identify and implement energy efficiency projects such as indoor / outdoor lighting, water upgrades, heaters / boilers, and smart building upgrades, and will also investigate innovative projects such as microgrids / battery storage systems. Along with these resources, the Public Sector Program for I-REN will also support agencies with funding resources for project completion.
2. Codes & Standards: I-REN will work closely with local government building staff such as Planning and Building Departments to offer training / resources that will help to support, train, and enable long-term streaming of energy code compliance. Examples of resources will be online webinars / forums on Energy Compliance, in-person trainings, and online software systems to assist with building permits for energy projects such as cool roofs, HVACs, and solar / microgrids systems.
3. Workforce Education & Training: I-REN will work with local community colleges, universities,

County Workforce Investment Boards, union workers / contractors, and other training providers to identify energy efficiency curriculum such as HVAC, smart controls, and renewable technology to help assist the region to develop a trained workforce to support and realize energy efficiency savings goals across sectors.

RENs are funded by California utility ratepayers through the Public Goods charge levied on regular bills by IOUs, such as Southern California Edison and SoCal Gas. Those charges are then administered by the CPUC to fill the gaps in activities that IOUs cannot or do not intend to undertake. There is approximately $600,000,000 available annually from the Public Goods charge and all funding related to I-REN will come from this source. There is no charge for member agencies to participate in I-REN. The only exception would apply to agencies that have a municipally-owned utility. For those jurisdictions with a municipally-owned utility, participation would be limited to gas savings efforts.

The I-REN will support all of Riverside County as well as San Bernardino County. WRCOG has been taking a lead role in its development, but has partnered with the Coachella Valley Association of Governments (CVAG) and the San Bernardino Council of Governments (SBCOG) since the inception of the Program, and will continue to work with them as the Program goes live. There will be some pass-through costs that will be incurred by the other Agencies that will be reimbursed through the Program with WRCOG acting as the Fiscal agent. WRCOG, CVAG, and SBCOG are collaboratively working on a Memorandum of Agreement (MOA) and a Governance & Operations Charter, which will delegate duties and responsibilities to each partner COG and establish the roles and responsibilities of the I-REN Executive Committee and sector specific working groups. These documents will be brought through the WRCOG Administration & Finance and Executive Committees for approval in the first quarter of 2022.

The budget amendment being brought forward will represent approximately half ($5 million) of I-REN's CPUC-approved typical budget ($10 million), as it went live in the middle of the fiscal year (January 2022). As noted, I-REN will focus its activities in three areas with respective budgets for each of those areas: Public Sector ($3.2 million), Codes & Standards ($1.1 million), and Workforce Education & Training ($700k). Any unspent funds in the year can be rolled over into the following year, as long as it is within the approved budget period. More specific programmatic details are being presented under a separate report item in this agenda.

Revenue increase to the Energy Department: $5,051,019
Expenditure increase to the Energy Department: $5,051,019

Prior Action(s):
None.

Fiscal Impact:
For the 2nd Quarter of FY 2021/2022, there will a total increase of $5,051,019 in revenues and expenditures due to the I-REN going live and a net increase of revenues of $29,548.

Attachment(s):
Attachment 1 - FY 2021/22 Q2 Budget Amendment

Western Riverside Council of Governments
Q2 Budget Amendment
For the Year Ending June 30, 2022

Program: HERO Administration

	Thru 12/31/2021 Actual	Approved 6/30/2022 Budget	Amendment Needed 12/31/2021
Revenues			
HERO Administrative Revenue	1,179,891	2,250,000	250,000
HERO Sponsor Revenue	679,548	-	679,548
Total	**1,859,439**	**2,250,000**	**929,548**
Expenditures			
Legal	**930,820**	**750,000**	**900,000**
Total net increase			**29,548**

Western Riverside Council of Governments
Q2 Budget Amendment
For the Year Ending June 30, 2022

Total REN Budget

	Description	Amendment Needed 6/30/2022
Revenues		
	REN Revenue	5,051,019
	Total Revenues	**$ 5,051,019**
Expenditures		**Proposed 6/30/2022**
	Wages and Benefits	
	Salaries	209,500
	Benefits	70,870
	Overhead Allocation	424,860
	Staffing Reimbursement (CVAG / SBCOG)	720,270
	Total Wages, Benefits and Overhead	**$ 1,425,500**
	General Operations	
	Marketing & Outreach	300,128
	Consulting Labor	2,575,391
	Direct Implementation (Incentives)	750,000
	Total General Operations	**$ 3,625,519**
	Total Expenditures	**$ 5,051,019**

Western Riverside Council of Governments
Q2 Budget Amendment
For the Year Ending June 30, 2022

Program: REN Public Sector

	Description	Amendment Needed 6/30/2022
Revenues		
	REN Revenue	3,201,318
	Total Revenues	**$ 3,201,318**
Expenditures		**Proposed 6/30/2022**
	Wages and Benefits	
	Salaries	69,833
	Benefits	23,623
	Overhead Allocation	141,620
	Staffing Reimbursement (CVAG / SBCOG)	240,090
	Total Wages, Benefits and Overhead	**$ 475,167**
	General Operations	
	Marketing & Outreach	188,646
	Consulting Labor	1,787,505
	Direct Implementation (Incentives)	750,000
	Total General Operations	**$ 2,726,151**
	Total Expenditures and Overhead	**$ 3,201,318**

Western Riverside Council of Governments
Q2 Budget Amendment
For the Year Ending June 30, 2022

Program: REN Workforce Training

	Description	Amendment Needed 6/30/2022
Revenues		
	REN Revenue	1,126,648
	Total Revenues	**$ 1,126,648**
Expenditures		**Proposed 6/30/2022**
	Wages and Benefits	
	Salaries	69,833
	Benefits	23,623
	Overhead Allocation	141,620
	Staffing Reimbursement (CVAG / SBCOG)	240,090
	Total Wages, Benefits and Overhead	**$ 475,167**
	General Operations	
	Marketing & Outreach	67,599
	Consulting Labor	583,882
	Direct Implementation (Incentives)	-
	Total General Operations	**$ 651,481**
	Total Expenditures and Overhead	**$ 1,126,648**

Western Riverside Council of Governments
Q2 Budget Amendment
For the Year Ending June 30, 2022

Program: REN Codes and Standards

	Description		Amendment Needed 6/30/2022
Revenues			
	REN Revenue		723,054
	Total Revenues	**$**	**723,054**
Expenditures			**Proposed**
	Wages and Benefits		**6/30/2022**
	Salaries		69,833
	Benefits		23,623
	Overhead Allocation		141,620
	Staffing Reimbursement (CVAG / SBCOG)		240,090
	Total Wages, Benefits and Overhead	**$**	**475,167**
	General Operations		
	Marketing & Outreach		43,883
	Consulting Labor		204,004
	Direct Implementation (Incentives)		-
	Total General Operations	**$**	**247,887**
	Total Expenditures and Overhead	**$**	**723,054**

Item 6.D

Western Riverside Council of Governments
Finance Directors Committee

Staff Report

Subject: **The Economy and Financial Markets**

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

Date: **January 27, 2022**

Requested Action(s):

1. Receive and file.

Purpose:
The purpose of this item is to provide an overview of the economic prospects of 2022, as well as potential future fiscal policy changes.

Background:
This item is reserved for a presentation from Richard Babbe of Public Financial Management. The presentation will cover an interest rate overlook as well as where equity markets are headed.

Prior Action(s):
None.

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

Attachment(s):
None.