



**Western Riverside Council of Governments
Finance Directors Committee**

SPECIAL AGENDA

**Thursday, March 12, 2026
1:00 PM**

**Western Riverside Council of Governments
1955 Chicago Avenue
Riverside, CA 92507**

**WRCOG HAS MOVED
PLEASE NOTE THE NEW LOCATION:**

**1955 CHICAGO AVENUE
RIVERSIDE, CA 92507**

Remote Meeting Locations:

**City of Beaumont
City Hall - Finance Director's Office
550 East 6th Street, Map Room
Beaumont, CA 92223**

**City of Calimesa
City Hall - Finance Director's Office
908 Park Avenue
Calimesa, CA 92230**

**City of Eastvale
City Hall - Conference Room 2**

12363 Limonite Avenue, Suite 910
Eastvale, CA 91752

City of Hemet
City Hall - Administrative Services Director's Office
445 E Florida Avenue
Hemet, CA 92543

City of Menifee
City Hall
29844 Haun Road
Menifee, CA 92586

City of Perris
City Hall - Finance Director's Office
227 North D Street
Perris, CA 92570

City of Wildomar
City Hall - Council Chambers
23873 Clinton Keith Road, Suite 106
Wildomar, CA 92595

Eastern Municipal Water District
Conference Room 38
2270 Trumble Road
Perris, CA 92572

Members of the public are welcome to participate remotely from any location. Committee member participation is limited to locations that are listed on the published agenda.

[Public Zoom Link](#)

Meeting ID: 850 9843 2888

Passcode: 402022

Dial in: 669 444 9171 U.S.

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in the Finance Directors Committee meeting, please contact WRCOG at (951) 405-6706. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting. In compliance with Government Code Section 54957.5, agenda materials distributed within 72 hours prior to the meeting which are public records relating to an open session agenda item will be available for inspection by members of the public prior to the meeting at 1955 Chicago Avenue, Suite 200, Riverside, CA, 92501.

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 lfelix@wrcog.us. To

ensure distribution to Committee members prior to the meeting, please submit comments no later than two hours before the meeting is scheduled to begin. Public comments will also be accepted in person and via Zoom during the meeting.

Any member of the public requiring a reasonable accommodation to participate in this meeting in light of this announcement shall contact Lucy Felix at least 72 hours prior to the meeting at (951) 405-6706 or lfelix@wrcog.us. Later requests will be 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 (Matthew Schenk, Chair)**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **SELECTION OF FINANCE DIRECTORS COMMITTEE CHAIR, VICE-CHAIR, AND 2ND VICE-CHAIR POSITIONS FOR FISCAL YEAR 2025/2026**

A. Leadership Selection for Fiscal Year 2025/2026 and Recognition of Outgoing Chair

- Requested Action(s):**
1. Select a Finance Directors Committee Chair, Vice-Chair, and 2nd Vice-Chair for Fiscal Year 2025/2026.

5. PUBLIC COMMENT

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

6. 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. Action Minutes from the February, 27, 2025, Finance Directors Committee

- Requested Action(s):**
1. Approve the Action Minutes from the February, 27, 2025, Finance Directors Committee meeting.

7. REPORTS / DISCUSSION

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

A. Annual C-PACE Program Bond Capacity Review

- Requested Action(s):**
1. Recommend that the Executive Committee authorize the Executive Director to approve an increase of \$100M in bond capacity for the Greenworks / Nuveen Green Capital Commercial PACE Program to a total of \$680M in bonding capacity through Fiscal Year 2026/2027.
 2. Recommend that the Executive Committee adopt Resolution Number 02-26; A Resolution of the Executive Committee of the Western Riverside Council of Governments increasing the maximum bond

authorization for Greenworks PACE Program and making certain required disclosures.

B. Fiscal Year 2026/2027 Agency Budget

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

C. Fiscal Year 2024/2025 Agency Audit and Annual Comprehensive Financial Report Presentation

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

D. The Economy and Financial Markets

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

8. REPORT FROM THE CHIEF FINANCIAL OFFICER

Andrew Ruiz

9. ITEMS FOR FUTURE AGENDAS

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

10. GENERAL ANNOUNCEMENTS

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

11. NEXT MEETING

The next Finance Directors Committee meeting is scheduled for Thursday, April 23, 2026, at 1:00 p.m., in WRCOG's office at 1955 Chicago Avenue, Riverside.

12. ADJOURNMENT



Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: Leadership Selection for Fiscal Year 2025/2026 and Recognition of Outgoing Chair
Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6740
Date: March 12, 2026

Recommended Action(s):

1. Select a Finance Directors Committee Chair, Vice-Chair, and 2nd Vice-Chair for Fiscal Year 2025/2026.
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Summary:

The Chair, Vice-Chair, and 2nd Vice-Chair all serve on an annual basis, with a term that runs through the fiscal year (July 1 to June 30).

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to select leadership for the Finance Directors Committee. This effort aligns with WRCOG's 2022-2027 Strategic Plan Goal #3 (Ensure fiscal solvency and stability of the Western Riverside Council of Governments).

Discussion:

WRCOG would like to recognize outgoing Chair Matthew Schenk for his efforts in leading the Finance Directors Committee meetings during the previous fiscal year. Staff appreciates his hard work and dedication in leading the meetings.

WRCOG's Committee leadership positions are selected at the start of each fiscal year. The leadership for the Executive Committee for Fiscal Year 2025/2026 is as follows:

Chair: Brenda Dennstedt, Western Municipal Water District
Vice-Chair: Jacque Casillas, City of Corona
2nd Vice-Chair: Mike Lara, City of Beaumont

Historically, the Committee positions have coincided with those of the Executive Committee, although there are no requirements for this pattern stipulated in WRCOG's JPA or Bylaws.

Prior Action(s):

None.

Financial Summary:

The action for this item has no fiscal impact.

Attachment(s):

None.

Finance Directors Committee

Action Minutes

1. CALL TO ORDER

The meeting of the WRCOG Finance Directors Committee was called to order on February 27, 2025, at 1:02 p.m. by Chair Matthew Schenk in WRCOG's office.

2. PLEDGE OF ALLEGIANCE

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

3. ROLL CALL

- City of Calimesa - Celeste Reid
- City of Canyon Lake - Terry Shea
- City of Corona - Kim Sitton
- City of Eastvale - Amanda Wells
- City of Jurupa Valley - Abdon Padilla
- City of Lake Elsinore - Brendan Rafferty
- City of Menifee - Travis Hickey*
- City of Moreno Valley - Launa Jimenez
- City of Norco - Daphne Liu
- City of Perris - Matthew Schenk (Chair)
- City of Temecula - Jennifer Hennessey
- City of Wildomar - Adam Jantz
- City of San Jacinto - Erika Gomez (Chair)
- City of Wildomar - Adam Jantz
- Eastern Municipal Water District (EMWD) - John Adams
- Western Water - Rick Aragon

*Arrived after Roll Call

Absent:

- City of Banning
- City of Beaumont
- City of Hemet
- City of Murrieta
- City of Riverside
- City of San Jacinto
- County of Riverside
- March JPA
- Riverside County Office of Education

4. PUBLIC COMMENTS

There were no public comments.

5. CONSENT CALENDAR

RESULT:	APPROVED AS RECOMMENDED
MOVER:	EMWD
SECONDER:	Wester Water
AYES:	Calimesa, Canyon Lake, Corona, Eastvale, Jurupa Valley, Lake Elsinore, Moreno Valley, Norco, Perris, Temecula, Wildomar, EMWD, Western Water

A. Action Minutes from the August 22, 2024, Finance Directors Committee Meeting

Action:

1. Approved the Action Minutes from the August 22, 2024, Finance Directors Committee meeting.

B. Fiscal Activities Update

Action:

1. Received and filed.

6. REPORTS / DISCUSSION

A. C-PACE Activities Update and Annual C-PACE Program Bond Capacity Review

RESULTS:	APPROVED AS RECOMMENDED:
MOVERS:	Jurupa Valley
SECONDER:	Canyon Lake
AYES:	Calimesa, Canyon Lake, Corona, Eastvale, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Norco, Perris, Temecula, Wildomar, EMWD, Western Water

Action:

1. Recommended that the Executive Committee authorize the Executive Director to approve an increase of \$80M in bond capacity for the Greenworks / Nuveen Green Capital Commercial PACE Program to a total of \$580M in bonding capacity through Fiscal Year 2025/2026.

B. Fiscal Year 2025/2026 Budget

Action:

1. Received and filed.

C. The Economy and Financial Markets

Action:

1. Received and filed.

7. REPORT FROM THE CHIEF FINANCIAL OFFICER

Andrew Ruiz, Chief Financial Officer, reminded Committee members that the annual General Assembly event will be held on June 12, 2025, and indicated that U.S. Navy Retired Admiral William McRaven will be the keynote speaker.

8. ITEMS FOR FUTURE AGENDAS

Committee member Terry Shea requested a presentation on GASB for compensated absence.

Andrew Ruiz indicated that a future presentation will be made by LSL on Robotic Process Automation combined with Artificial Intelligence.

9. GENERAL ANNOUNCEMENTS

Committee member Celeste Reid indicated that the City of Calimesa recently received a presentation on the Inland Regional Energy Network (I-REN) and welcomed the opportunity for Committee members to contact her for information about the City's interaction with the I-REN Program.

10. NEXT MEETING

The April 24, 2025, Finance Directors Committee meeting is canceled. The next Finance Directors Committee meeting is scheduled for Thursday, May 22, 2025, at 1:00 p.m., at WRCOG's office located at 3390 University Avenue, Suite 200, Riverside.

11. ADJOURNMENT

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



Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: Annual C-PACE Program Bond Capacity Review

Contact: Casey Dailey, Director of Energy & Environmental Programs, cdailey@wrcog.us, (951) 405-6720

Date: March 12, 2026

Recommended Action(s):

1. Recommend that the Executive Committee authorize the Executive Director to approve an increase of \$100M in bond capacity for the Greenworks / Nuveen Green Capital Commercial PACE Program to a total of \$680M in bonding capacity through Fiscal Year 2026/2027.
2. Recommend that the Executive Committee adopt Resolution Number 02-26; A Resolution of the Executive Committee of the Western Riverside Council of Governments increasing the maximum bond authorization for Greenworks PACE Program and making certain required disclosures.

Summary:

WRCOG's Commercial PACE (C-PACE) Program provides commercial property owners with financing for energy, water, seismic, and electric vehicle charging upgrades, repaid through property tax assessments. WRCOG issues limited obligation bonds for these improvements. In December 2024, the Executive Committee requested an annual C-PACE bond capacity review. Staff recommends increasing bonding capacity by \$100M, bringing the total to \$680M, to support anticipated Fiscal Year 2026/2027 projects.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to provide an update on C-PACE activities and review C-PACE Program bond capacity. This effort aligns with WRCOG's 2022-2027 Strategic Plan Goal #5 (To develop projects and programs that improve infrastructure and sustainable development in the subregion).

Discussion:

Background

Property Assessed Clean Energy (PACE) Programs are authorized by several states to offer property-based financing assistance to residential and/or commercial property owners seeking to implement energy saving, renewable energy, water conservation, new construction, electric vehicle charging stations, and seismic strengthening improvements. For both residential and commercial projects, improvements installed utilizing PACE financing are secured by placing a lien on the underlying property

and are paid back through a line-item charge on the secured property tax bill. In 2008, following the adoption of Assembly Bill 811, the State of California began authorizing PACE financing and is currently one of 40 states to authorize this type of financing for commercial projects, and one of only three states offering the Program for residential projects. WRCOG began offering PACE financing for local residential and commercial projects in 2011.

In 2014, the WRCOG Program offerings expanded beyond the WRCOG boundaries to include much of the state - 382 of the 482 cities and 47 of the 58 counties in California. This was accomplished by enrolling the extra-territorial jurisdictions as Associate Members of WRCOG. The Residential Program was closed to new participants in 2021 at the direction of the Executive Committee; however, the C-PACE Program and the Associate Member designations remain active.

The C-PACE Program operates in partnership with external vendors, or providers, who provide design and administrative services to the Program, which include setting and adhering to processes and procedures to review the eligibility of potential improvements, marketing the program, approving property owner applications, providing origination services related to financing eligible C-PACE improvements, and development of a standard set of materials documenting the legal requirements of the transaction. WRCOG currently works with two Commercial providers Nuveen Green Capital (formerly Greenworks Lending) and PACE Loan Group, LLC (PLG).

In 2024, the Executive Committee gave direction to staff to open the Program to additional C-PACE providers and WRCOG launched it's online Direct Capital Provider (DCP) portal platform.

What is C-PACE?

The C-PACE Program operates within the state of California and was enacted from Assembly Bill 811. The PACE Program concept and purpose of the Program is to provide a financing option to property owners for eligible energy efficiency, renewable energy, and water conservation upgrades. Beyond this general framework, however, C-PACE can support financing eligible projects within new construction, can provide a 36-month retroactive look-back financing for eligible products, and can provide financing for seismic and fire-hardening improvements. C-PACE projects are more closely aligned with local government economic development efforts by offering competitive financing to businesses seeking to develop or expand new commercial facilities within its jurisdictions.

Additionally, the C-PACE financing closing process operates in the following important ways:

1. **Lender consent** - existing lienholders are required to acknowledge and consent to C-PACE financing. This requires acknowledgement of senior lien holder position prior to finance closing.
2. **Enhanced underwriting standards** - C-PACE works with businesses and corporations, and as such, the underwriting process includes businesses and PACE legal counsels and typically takes a longer process. Typical underwriting processes include the legal review of multiple projects, financing, and legal documents which, in many cases, can take up to a few months.
3. **More sophisticated borrowers** - C-PACE is a business transaction on both sides of the deal. Borrowers are typically commercial real estate owners or developers with legal counsel to review loan and bond documents. As a result of this, C-PACE transactions typically take weeks, if not months, to complete.

What is WRCOG's Role?

WRCOG's primary role is the issuance of limited obligation bonds for projects that meet strict requirements established in Program Reports. These bonds are distinct from general obligation bonds in several ways but most notably is the absence of risk to the WRCOG Treasury (and the Treasuries of WRCOG member agencies) in the event of a default in the assessment or project collapse.

WRCOG Issuance of Bonds

Consistent with the Program Agreement, WRCOG is obligated to issue bonds if a strict set of conditions established by the WRCOG Executive Committee in WRCOG's Program Reports and must also conform to maximum bond indebtedness limits, or bonding capacity.

Increasing the bonding capacity does not directly authorize the issuance of new bonds. WRCOG issues bonds in accordance with the Program Administration Agreement after reviews are conducted by legal counsel, bond counsel, and WRCOG financial advisors, to ensure they have deemed to meet adopted standards and requirements prior to execution.

Present Situation

C-PACE Program Provider Project Updates with Maximum Bond Authorization and Capacity

Nuveen Green Capital (NGC): In Fiscal Year (FY) 2024/2025, the C-PACE Program financed three projects for a total amount of \$48M and covered two retroactive energy efficiency projects, and one new construction project:

1. A retrofit of a newly constructed project, KTM North America Headquarters in the City of Murrieta, covering building envelope, lighting, HVAC, plumbing, installation, windows/doors, seismic, solar and storm.
2. A retrofit 87-unit senior living facility project, "The Seville," in the City of San Clemente, covering building envelope, plumbing, lighting, windows, doors, and HVAC.
3. A new construction, Miles Chemical, in the City of Madera, covering lighting, seismic, storm resiliency, and fire hardening.

In FY 2025/2026, the C-PACE Program financed two projects for a total amount of \$72.6M and covered one new construction energy efficiency project and one retroactive project:

1. A ground up new construction, 118 unit condominium hotel Rockspring Residence & Lodge, in the City of Mammoth Lakes, covering HVAC, plumbing, electrical and lighting, elevators, building envelope, seismic, and eligible soft cost.
2. A retrofit project with Santoshi Corporation in the City of South El Monte, covering solar.

On January 8, 2018, WRCOG and Greenworks entered into a C-PACE Program Administration Agreement which was executed by Greenworks and WRCOG with assistance from WRCOG's Bond Counsel, Best Best & Krieger (BB&K). The term of this Agreement commenced on January 8, 2018, and terminated on December 31, 2019, and automatically extended for an additional year at the end of each succeeding year. The purpose of this Agreement is for Greenworks to provide Program Administration services and to furnish financing necessary to provide labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately implement the provision of the Program

Administration services.

The Executive Committee authorized Greenworks Lending to serve as a C-PACE Program administrator for the Programs (the “Greenworks Program”) and the issuance of bonds for the Greenworks Programs (via adopted Resolution Number 02-18). Resolution Number 02-18 originally authorized the issuance of one or more series of limited obligation improvement bonds for the Greenworks Program in the maximum aggregate principal amount not to exceed \$150M.

On August 5, 2019, the Executive Committee authorized Greenworks to serve as a C-PACE Program administrator for the Programs (the “Greenworks Program”) and the issuance of bonds for the Greenworks Programs via adopted Resolution Number 27-19, which authorized the increase of the maximum aggregate principal amount of Greenworks Program bonds to \$200M.

On December 2, 2024, the Executive Committee adopted Resolution Number 30-24, approving WRCOG and NGC (formerly Greenworks) to enter into a Second Amendment to the Administration Agreement for the Greenworks C-PACE Program increasing the maximum bonded indebtedness for such Program to \$500M. The Second Amendment was executed by WRCOG and Greenworks and became effective, binding, valid, and enforceable as of the time of such acceptance.

On December 16, 2025, staff met with NGC for the annual review of the upcoming year and to discuss the project pipeline to best estimate the bond capacity needs through FY 2026/2027. Currently, NGC anticipates there are up to 30 projects estimated to close within the 18-month pipeline, with a total PACE-financed amount of \$397M.

NGC has a current bond capacity limit of \$580M. NGC has utilized \$296M of available bonding capacity, leaving a remaining balance of \$284M. Based on the discussions with NGC and the upcoming year's outlook, staff is requesting an increase of \$100M in total bonding capacity for NGC to achieve sufficient capacity for the issuance of limited obligation bonds for conforming C-PACE projects through FY 2026/2027. With the proposed increase, NGC will have a new bonding capacity of \$680M.

PACE Loan Group (PLG): PACE Loan Group is a leading national direct C-PACE lender in Minneapolis, Minnesota and currently has an office in California. PLG is a member of the Board of Directors for PACE Nation and C-PACE Alliance. PLG is authorized to finance C-PACE projects in 40 states.

On December 1, 2025, WRCOG and PLG entered into a C-PACE Program Administration Agreement which was executed by PLG and WRCOG with assistance from WRCOG's Bond Counsel, BB&K. The term of this Agreement commenced on January 1, 2026, and shall terminate on December 31, 2026, and automatically extends for an additional year at the end of each succeeding year. The purpose of this Agreement is for PLG to provide Program Administration services and to furnish financing necessary to provide labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately implement the provision of the Program Administration services.

The Executive Committee adopted Resolution Number 25-25 authorizing PLG to administer and finance eligible improvements to be installed on commercial properties located within the boundaries of both the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County and the California HERO Program. Resolution Number 25-25 originally authorized the issuance of one or more series of limited obligation improvement bonds for the PLG C-PACE Programs in the maximum

aggregate principal amount not to exceed \$300M.

To date, the newly authorized provider has closed zero C-PACE projects. As such, there are no requests from PLG to increase its current \$300M bond capacity.

Direct Capital Providers (DCP) Program: On March 4, 2024, the Executive Committee authorized the expansion of WRCOG's C-PACE Program to create a pathway to partner directly with investment and commercial banks and other financial institutions in which there would be no Program Administrators or Program Administration Agreements needed. The benefits analyzed of this partnership include:

- Working with capital providers subject to federal banking regulations and audited by the federal government.
- Typically, with capital providers, PACE financing constitutes only a small portion of its portfolio and, as such, there is a diversification of capital provider's investments / assets.
- Capital providers with a commercial lending platform could offer PACE as an additional lending option for projects. As such, banks would conduct their own due diligence of projects and would have established underwriting criteria.
- With no Program Administrator for these projects, interest rates and fees would be lower, as the financing is directly placed with the capital provider.
- Potentially, the capital provider could also serve as the fiscal agent / trustee and thereby reduce the costs of financing as well.
- Increased minimum project size leads to more sophisticated property owners.

At the same meeting, the Executive Committee adopted Resolution Number 01-24, authorizing a maximum bonding capacity for the Direct Capital Provider Program of \$500M.

To date, two C-PACE projects, Miles Chemical and Santoshi with Citizens Business Bank, closed in the total financed amount of \$4.5M. Staff is not requesting any increase in the maximum existing bonding capacity for the DCP Program at this time.

Attachment 2 to this staff report shows the number of completed projects and the respective amounts of C-PACE financing by fiscal year since FY 2013/2014.

Prior Action(s):

April 7, 2025: The Executive Committee 1) authorized the Executive Director to approve an increase of \$80M in bond capacity for the Greenworks / Nuveen Green Capital Commercial PACE Program to a total of \$580M in bonding capacity through Fiscal Year 2025/2026, and 2) Adopted Resolution Number 02-25; A Resolution of the Executive Committee of the Western Riverside Council of Governments increasing the maximum bond authorization for Greenworks PACE Program and making certain required disclosures.

December 2, 2024: The Executive Committee adopted Resolution Number 30-24; A Resolution of the Executive Committee of the Western Riverside Council of Governments approving the form of a Second Amendment to the Administration Agreement for Greenworks Commercial PACE Program, increasing the maximum bonded indebtedness for such Program and approving other actions in connection thereto.

Financial Summary:

PACE Program Activities are included in the Agency's adopted FY 2025/2026 Budget under the Energy & Environmental Department (Fund 110). If the total bond authorization is increased, the additional bond capacity could enable the completion of more projects, which would generate increased revenue for the Program. While WRCOG acts as the bond issuer, it does not carry the liability for the bonds on its financial statements, as these are considered a fiduciary activity of the Agency, and is reported as a custodial fund in accordance with GASB 84.

Attachment(s):

[Attachment 1 - Resolution 02-26 Authorizing an Increase in Maximum Bond Authorization for the Greenworks Program 2026-2027.pdf](#)

[Attachment 2 - CPACE Closed Projects by Fiscal Year.pdf](#)

Attachment

Resolution Number 02-26 A
Resolution of the Executive
Committee of the Western Riverside
Council of Governments Increasing
Maximum Bond Authorization for
Greenworks PACE Program and
making certain required disclosures

RESOLUTION NUMBER 02-26

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS INCREASING MAXIMUM BOND AUTHORIZATION FOR GREENWORKS PACE PROGRAM AND MAKING CERTAIN REQUIRED DISCLOSURES

WHEREAS, the Executive Committee of the Western Riverside Council of Governments (“WRCOG”) has established the Energy Efficiency and Water Conservation Program for Western Riverside County (commonly referred to as the “WRCOG Program”) and its statewide Property Assessed Clean Energy Program (the “California Program,” collectively with the WRCOG Program, the “Programs”) for the purpose financing the installation of certain authorized improvements (“Authorized Improvements”) on residential and commercial properties located within the program area of each of the Programs (collectively the “Program Areas” each individually a “Program Area”); and

WHEREAS, by adoption of Resolution Numbers 08-11 and 03-12, as amended, the Executive Committee provided that one or more series of improvement bonds would be issued under the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of California (the “1915 Act”) or other financing relationships would be entered; and

WHEREAS, Resolution Number 08-13 initially authorized the Programs to issue bonded indebtedness to finance Authorized Improvements within the Program Area for both residential and commercial parcels in one or more series of bonds pursuant to Chapter 29 and the 1915 Act; and

WHEREAS, Resolution Number 02-18 authorized Greenworks Lending, LLC, to serve as a commercial program administrator for the Programs (the “Greenworks Program”) and the issuance of bonds for the Greenworks Program; and

WHEREAS, Resolution Number 08-13 was subsequently amended by Resolution Numbers 24-13, 22-14, 26-14, 39-15, 04-17, 10-17, 43-17, 02-18, 46-18, 05-19, 27-19, 30-24, and 02-25, which collectively authorized the issuance of one or more series of bonds to finance the Authorized Improvements and provided a maximum amount of aggregate principal amount of bonds that maybe issued for the Greenworks Program; and

WHEREAS, the current maximum amount of aggregate principal amount of bonded indebtedness that may be issued pursuant to the Greenworks Program is \$580,000,000; and

WHEREAS, the Greenworks Program is anticipated to finance Authorized Improvements in excess of such amount and an increase in the maximum amount of aggregate principal amount of bonds that maybe issued for the Greenworks Program is required; and

WHEREAS, Section 5852.1 of the Government Code of the State of California provides that WRCOG obtain from an underwriter, financial advisor, or private lender, and disclose, in a meeting open to the public, prior to authorization of the issuance of the bonds, good faith estimates of: (a) the true interest cost of the bonds, (b) the finance charge of the bonds, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the bonds received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the bonds and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

WHEREAS, WRCOG desires to increase the aggregate maximum amount of indebtedness authorization for the Greenworks Programs and make the disclosures required pursuant to Section 5852.1.

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

Section 1. Authorizing Resolutions. The Resolutions listed in the recitals above are hereby collectively referred to herein as the “Authorizing Resolutions.”

Section 2. Authorization of the Issuance of the Bonds. The Executive Committee hereby authorizes the issuance of one or more series of bonds of the Greenworks Program under and pursuant to Chapter 29, the 1915 Act, the Resolutions cited in the recitals, and this Resolution, in the following maximum aggregate principal amount:

- a. Greenworks Program bonds (the “Bonds”) secured by assessments levied on participating commercial parcels located in the Program Areas: \$680,000,000.

Such amount is the aggregate amount since the inception of the Greenworks Program.

Section 3. Good Faith Estimate. The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the WRCOG by the Municipal Advisor in consultation with the Underwriter.

Principal Amount. The Municipal Advisor has informed the WRCOG that, based on the financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$680,000,000 (the “Estimated Principal Amount”), which excludes approximately \$0 (of net premium estimated to be generated based on current market conditions. Net premium is generated when, on a net aggregate basis for a single issuance of bonds, the price paid for such bonds is higher than the face value of the bonds.

True Interest Cost of the Bonds. The Municipal Advisor has informed WRCOG that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 8.278%.

Finance Charge of the Bonds. The Municipal Advisor has informed WRCOG that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$15,100,000.

Amount of Proceeds to be Received. The Municipal Advisor has informed WRCOG that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by WRCOG, for the sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$664,900,000.

Total Payment Amount. The Municipal Advisor has informed WRCOG that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all debt service payments on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$1,359,491,556 (excluding any offsets from reserves or capitalized interest).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the financing plan or finance charges, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by WRCOG, based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the WRCOG.

Section 4. No Obligation of WRCOG, its Regular Members or Associate Members. Pursuant to Streets and Highways Code Section 8769, this Executive Committee does hereby determine that WRCOG will not obligate itself to advance funds from the WRCOG treasury to cure any deficiency in the redemption fund established pursuant to any master indenture entered into in connection with the Bonds. The Executive Committee further declares and determines that no Regular Member or Associate Member shall be obligated to advance funds from the treasury of such Regular Member or Associate Member to cure any such deficiency in such redemption funds.

Section 5. Conditions of Approval. The approvals, authorization, and direction given by this Resolution are conditioned upon the satisfaction of the requirements set forth in the Authorizing Resolutions without the further approval or action of the Executive Committee.

Section 6. Official Actions. The Executive Director or his delegate is hereby authorized and directed, for and in the name and on behalf of WRCOG, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the issuance and sale of the Bonds and any of the other transactions contemplated by the documents approved pursuant to this Resolution. All actions heretofore taken by the officers and agents of WRCOG with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified.

Section 7. Effective Date. This Resolution shall take effect upon the date of its adoption.

PASSED AND ADOPTED by the Executive Committee of Western Riverside Council of Governments on April 6, 2026.

Brenda Dennstedt, Chair
WRCOG Executive Committee

Chris Gray, Secretary
WRCOG Executive Committee

Approved as to form:

Best Best & Krieger LLP
WRCOG Bond Counsel

AYES: _____ NAYS: _____ ABSENT: _____ ABSTAIN: _____

Attachment

C-PACE Closed Projects by Fiscal Year

C-PACE Projects by Fiscal Year

Fiscal Year	Completed Projects	Amount of C-PACE Financing
2013/2014	3	\$113,087.92
2014/2015	10	\$933,297.99
2015/2016	16	\$2,879,643.86
2016/2017	11	\$4,447,169.33
2017/2018	3	\$2,063,986.21
2018/2019	9	\$6,247,153.44
2019/2020	8	\$54,991,988.25
2020/2021	11	\$81,115,090.22
2021/2022	11	\$67,767,734.02
2022/2023	3	\$15,347,209.00
2023/2024	3	\$38,841,960.70
2024/2025	3	\$48,153,805.56
2025/2026	2	\$72,614,000.00
TOTAL	93	\$395,516,126.50



Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: Fiscal Year 2026/2027 Agency Budget
Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6741
Date: March 12, 2026

Recommended Action(s):

1. Receive and file.

Summary:

As part of the Fiscal Year (FY) 2026/2027 budget development process, staff is presenting key priorities and policy considerations to the Finance Directors Committee for input. These priorities are intended to guide preparation of the proposed budget and ensure alignment with the Agency's Strategic Plan while maintaining fiscal stability, supporting key programs, strengthening organizational capacity, and promoting responsible management of agency resources.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to provide information regarding the Fiscal Year 2026/2027 budget. This effort aligns with WRCOG's 2022-2027 Strategic Plan Goal #3 (Ensure fiscal solvency and stability of the Western Riverside Council of Governments).

Discussion:

Budget Development Priorities and Assumptions

As staff begins development of the Fiscal Year (FY) 2026/2027 budget, several priorities have been identified to guide the process and ensure alignment with the Agency's Strategic Plan. These priorities focus on maintaining fiscal stability, supporting key programs, strengthening organizational capacity, and ensuring responsible management of Agency resources.

1. I-REN Program Implementation (Strategic Plan Goal 6)

The Inland Regional Energy Network (I-REN) remains a major programmatic priority for the Agency. Budget development will focus on ensuring the program has sufficient staffing and administrative support to successfully implement program activities and meet all regulatory and reporting requirements.

This includes filling currently authorized positions and evaluating whether existing Energy & Environment

staff resources should be reassigned to support I-REN operations where appropriate. Staff will also develop internal guidance identifying allowable expenditures under California Public Utilities Commission (CPUC) requirements to ensure compliance and maximize reimbursement of eligible costs during the program's final billing year. From a budgetary standpoint, I-REN's budgeted revenues are anticipated to increase by approximately 40% from \$11M in Fiscal Year 2025/2026 to over \$15M in Fiscal Year 2026/2027.

2. TUMF Revenue Monitoring and Expenditure Management (Strategic Plan Goals 3 & 5)

Recent development trends have resulted in lower-than-anticipated Transportation Uniform Mitigation Fee (TUMF) revenues. Given this uncertainty, staff will take a conservative approach in preparing the FY 2026/2027 TUMF budget.

TUMF expenditures will generally be held constant while staff continues to monitor collections during the third and fourth quarters of FY 2025/2026. Should revenues fall below projected levels, the Local Transportation Fund (LTF) fund balance may be used on a temporary basis to address any short-term shortfalls while maintaining program commitments. Staff anticipates TUMF collections to stay consistent with the Fiscal Year 2025/2026 amended amount, \$48M, for Fiscal Year 2026/2027.

3. Succession Planning and Organizational Structure (Strategic Plan Goal 7)

To support long-term organizational continuity and leadership development, staff will incorporate succession planning into the Agency's organizational structure through the creation of Deputy Director positions within several program areas, including I-REN, Energy & Environment, Fiscal, and Transportation & Planning.

These classifications are intended to create a clear leadership pathway within the organization rather than expand staffing levels. The Deputy Director roles will not represent new positions; instead, they provide an opportunity for existing managers to be promoted into the classification when appropriate.

As part of the initial implementation of this structure, staff anticipates promoting one existing manager into a Deputy Director role. Establishing these classifications also provides flexibility for future promotions in other departments or programs as organizational needs evolve.

Any promotion into a Deputy Director role will be contingent upon a completed performance evaluation, a defined action plan outlining responsibilities and expectations, and confirmation that sufficient departmental funding is available to support any associated compensation adjustments. Final decisions regarding timing and placement of these roles will remain at the discretion of the Executive Director.

4. Building Operations, Occupancy, and Long-Term Maintenance

Following the agency's recent acquisition of its office building, the FY 2026/2027 budget will incorporate strategies to ensure the facility is efficiently utilized, properly maintained, and financially sustainable over the long term.

Construction planning of the second floor tenant improvement space is currently underway, and staff anticipates relocating Agency operations to that space during the next fiscal year. Once the relocation occurs, the first floor space currently occupied by the Agency is expected to become available for lease.

Staff is currently in negotiations with a prospective tenant to occupy that space beginning next fiscal year. Once second floor construction is complete and the currently occupied first floor space is leased, staff will evaluate improvements to an additional unfinished area on the first floor in order to further maximize occupancy and long-term rental potential within the building.

Rental costs associated with the building will be incorporated into the Agency's overhead structure and allocated to programs based on their proportional use of the facility. These allocations may be adjusted over time as tenant occupancy, space utilization, and operating costs evolve. In addition, staff will work toward establishing a dedicated building maintenance reserve. The long-term goal is to maintain a reserve balance approximately equal to one year of building operating expenses in order to provide adequate resources for maintenance, repairs, and capital improvements.

As of right now, the budget for next year anticipates approximately \$652k in revenues, against \$556k in expenditures, which also includes \$200k in capital improvements.

5. Program Financial Sustainability (Strategic Plan Goal 3)

A key principle guiding development of the FY 2026/2027 budget is ensuring that each program remains financially sustainable. Programs will be expected to generate sufficient revenue to support program staffing and a proportional share of organizational overhead.

Overhead will continue to be calculated using the Agency's current methodology until a formal cost allocation plan is completed. These overhead allocations will be assessed at the beginning of the fiscal year to provide clarity regarding program cost responsibilities.

As part of this effort, the Clean Cities Program will be administratively reassigned to the Transportation & Planning department to better align program functions. No additional program realignments are anticipated until completion of the organizational and financial review currently being conducted by an outside consulting firm. Staff anticipates this work will be finalized during the current fiscal year and will include a defined scope of work and specific recommendations.

6. Strengthening Long-Term Financial Planning (Strategic Plan Goal 3)

The FY 2026/2027 budget will also incorporate several financial planning considerations intended to support the Agency's long-term fiscal sustainability. These include continuing contributions toward the Agency's Other Post-Employment Benefits (OPEB) liability and budgeting for the potential implementation of a classification and compensation study. Budget assumptions will include a contingency to accommodate potential salary adjustments that may result from such a study.

If resources are available, staff will also evaluate opportunities to increase discretionary contributions toward the Agency's California Public Employees' Retirement System (CalPERS) unfunded liability. In addition, staff will evaluate the feasibility of establishing an employer match for the Agency's Section 457 retirement plan and creating a modest employee bonus pool, subject to available funding and policy considerations.

7. Communication and Outreach

Finally, the FY 2026/2027 budget will evaluate opportunities to enhance the Agency's communication

and outreach efforts in order to more effectively highlight program accomplishments and regional impacts.

This may include providing a modest increase in funding for outreach and external relations activities. Additionally, if sufficient funding is available, particularly through the I-REN Program, staff may evaluate the potential addition of a communications position to support program visibility, stakeholder engagement, and public reporting.

Prior Action(s):

None.

Financial Summary:

The early draft FY 2026/2027 budget projects total revenues of approximately \$26.4M and total expenditures of approximately \$25.9M. For comparison, the amended FY 2025/2026 budget reflected \$22.8M in revenues and \$24.1M in expenditures. This preliminary projection represents an approximate 16% increase in revenues and an 8% increase in expenditures.

The change is primarily attributable to anticipated growth in I-REN Program activity, estimated at over \$4M, offset in part by the conclusion of the REAP 2.0 (~\$1.5M) and ICARP (~\$250K) grants in FY 2025/2026. These figures are preliminary and subject to refinement as budget development continues.

Attachment(s):

None.



Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: Fiscal Year 2024/2025 Agency Audit and Annual Comprehensive Financial Report Presentation

Contact: Louis Fernandez, Accounting Manager, lfernandez@wrcog.us, (951) 405-6743
Brett Van Lant, Partner, Van Lant & Fankhanel, Bvanlant@vlfcpa.com, (951) 283-4848

Date: March 12, 2026

Recommended Action(s):

1. Receive and file.
-

Summary:

WRCOG's auditors are providing an unmodified opinion on the FY 2024/2025 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.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to provide information regarding WRCOG's annual Agency audit. This effort aligns with WRCOG's 2022-2027 Strategic Plan Goal #3 (Ensure fiscal solvency and stability of the Western Riverside Council of Governments).

Discussion:

Background

WRCOG received the distinguished "Certificate of Achievement for Excellence in Financial Reporting" from the Government Finance Officers Association for 12 consecutive years, most recently the FY 2023/2024 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.

Present Situation

WRCOG's auditors are providing an unmodified opinion on the FY 2024/2025 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.

This item is reserved for a presentation that will cover the FY 2024/2025 audit.

Prior Action(s):

None.

Financial Summary:

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

Attachment(s):

[Attachment 1 - Fiscal Year 2024/2025 ACFR.pdf](#)



Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2025

Western Riverside Council of Governments
Riverside, CA





Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2025

Submitted by:
Fiscal Department
Western Riverside Council of Governments

WESTERN RIVERSIDE COUNTY | CALIFORNIA

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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Introductory Section



December 30, 2025

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, 2025, is hereby submitted in accordance with the provision of Section 6505 of the Government Code of the State of California (the State). The report contains financial statements that have prepared in conformity with generally accepted accounting principles (GAAP) in the United States prescribed for governmental entities. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Western Riverside Council of Governments (WRCOG). To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the various funds of WRCOG. All disclosures necessary to enable the reader to gain an understanding of WRCOG's financial activities have been included. Because the cost of an internal control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of material misstatements.

Van Lant & Fankhanel, LLP has issued an unmodified opinion on WRCOG's financial statements for the year ended June 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

The management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative, overview, and analysis of the basic financial statements. The MD&A was designed to complement this letter of transmittal and should be read in conjunction with it.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to WRCOG for its ACFR for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

Profile of the Government

WRCOG was formed in November 1989 as a California Joint Powers Authority under the Government Code Section 6500 et.seq., of the State of California. WRCOG strives to unify Western Riverside County so that it can speak with a collective voice on important issues that affect its members. Representatives from 18 cities, the County of Riverside, the Eastern and Western Municipal Water Districts, and the Riverside County Superintendent of Schools have seats on WRCOG Executive Committee, the group that sets policy for the Agency. WRCOG's many areas of activity cover such programs as transportation, energy, community growth and development, and environment.

Major Initiatives

Transportation Uniform Mitigation Fee (TUMF) Program: WRCOG developed and administers the TUMF Program, a multi-jurisdictional fee program that ensures that new development in the subregion contributes their “fair share” to the sustaining of the regional transportation system. Over the life of the Program, fees paid by new residential and non-residential development will contribute to the construction of nearly \$3 billion in transportation and transit improvements in Western Riverside County. The TUMF Program has contributed to over 150 completed infrastructure projects since inception, with 83 in active development today. The Program also provides more than \$92 million for regional transit improvements, and nearly \$43 million for acquisition of sensitive habitat.

To date, WRCOG has received more than \$1.2 billion in TUMF revenue since the Program’s inception in 2003. Of the 83 active projects; 20 are under construction; 63 are in the pre-construction stages. The TUMF Program has helped to fund and deliver more than \$1.1 billion in critical transportation infrastructure.

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

Regional Early Action Planning (REAP) Grant: funds support regional agencies in their efforts to accelerate progress towards state housing goals and climate commitments through a strengthened partnership between the state, its regions, and local entities. The new funding for REAP, REAP 2.0, will accelerate infill housing development, reduce Vehicle Miles Traveled (VMT), increase housing supply at all affordability levels, affirmatively further fair housing (AFFH), and facilitate the implementation of adopted regional and local plans to achieve these goals. REAP funding is being provided to Metropolitan Planning Organizations, including the Southern California Association of Governments (SCAG). One of the programs SCAG developed is the Sub-Regional Partnership (SRP) Program in which COGs received a funding amount based on their respective Regional Housing Needs Assessment (RHNA) allocation. Using this funding, WRCOG is able to: provide technical assistance on a variety of housing-related activities.

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

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

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

Public Sector and related subprograms: I-REN has implemented two Public Sector programs for the purpose of achieving local and State Energy Efficiency goals.

Codes & Standards Sector and subprograms: I-REN has implemented two C&S programs to assist local government agencies in better understanding and enforcing energy building codes.

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

Property Assessed Clean Energy Program (PACE) Program: In 2011, WRCOG launched the WRCOG PACE Program - a regional and statewide effort that provides financing to residential and commercial property owners for the installation of energy efficient, renewable energy, seismic strengthening, and water conservation improvements to homes and businesses - in the subregion and throughout California. Over 90,000 residential projects have been completed, representing approximately \$2 billion in funding. Since inception, roughly 91 commercial projects have been completed totaling over \$322.9 million.

Program participants complete an application and work with a contractor to make 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.

In 2014, The WRCOG PACE Program expanded throughout California. As of 2023, 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 commercial property owners alternative financing while offering renewable energy, water conservation, seismic strengthening improvements and energy efficient products.

During Fiscal Year (FY) 20/21, WRCOG's partner in the residential PACE Program (HERO), Renovate America, terminated its PACE product and subsequently filed for Chapter 11 Bankruptcy in December 2020, effectively ending the Program. Additionally, at the December 2020 WRCOG Executive Committee meeting, staff were 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.

While there are no longer new projects with the PACE residential Programs, WRCOG is still servicing the outstanding assessments (liens) related to the Program in the winddown phase. The Program still generates revenues from refunds, payoffs, delinquency selloffs, and the annual administrative fee.

Going forward, all WRCOG PACE Program updates will be focused solely on the commercial, or C-PACE, element of the Program.

On March 4, 2024, The WRCOG Executive committee authorized the expansion of C-PACE program to include Direct Capital Providers (DCP) that meet the requirements set forth in the WRCOG C-PACE. This would allow commercial and investment banks and other qualified capital providers that support energy efficiency projects to utilize this C-PACE / DCP funding resource. Staff are currently working on finalizing the DCP application workflow and project approval process.

In 2025, WRCOG launched its DCP platform and in June 2025 completed 1 project with Citizen Business Bank. This was a \$3.4M new construction project that included lighting, seismic, resiliency and fire hardening products.

Used Oil and Filter Collection Program: WRCOG's Regional Used Oil Program helps protect groundwater and the environment from improperly disposed motor oil hazards. 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 oil, the Do-It-Yourself (DIYer), promoting the recycling of used oil and oil filters; therefore, an auto parts store is a great venue for educating the DIYer. In addition to promoting used oil/oil filter recycling, WRCOG staff informs the DIYer about the County-wide HHW Collection Program, which allows residents to drop off other automotive and household hazardous products for free.

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.

Love Your Neighborhood Program: The program is an "action-ready" stormwater pollution prevention initiative for Riverside County that spans 27 cities and three watersheds: Middle Santa Ana River, Santa Margarita, and Whitewater River watersheds. The program aims to increase pollution awareness and its impact on the environment through local cleanup efforts coordinated by partner cities and local agencies. The program obtains real-time data to track the number of pollutants removed from communities in support of stormwater mandates required by state permits.

Regional Food Rescue Program: Aligned with California's SB 1383 mandate, the WRCOG Regional Food Rescue Program is a collaborative initiative to reduce food waste and address food insecurity within Riverside County. Through the CareIt app, the program connects surplus food from local businesses, institutions, and organizations with nonprofit partners and food banks, ensuring food is distributed to those in need rather than waste. Collaborating closely with environmental health authorities and five partner jurisdictions, the program during FY 24/25 rescued 1580.27 tons of food in its second year, contributing to community support and environmental sustainability by reducing food waste-related emissions.

Clean Cities Coalition (Coalition): WRCOG's Clean Cities Coalition is nationally recognized for promoting clean air by encouraging the use of alternative fuel vehicles and the development of alternative fuel infrastructure, technologies, and education. Through events, working groups, trainings, and other engagement efforts, the Coalition facilitates partnership building and resource sharing among transportation stakeholders in Western Riverside County and the broader Inland Empire. The Coalition also seeks resources to support the direct deployment of clean-fueled transportation technologies in fleets and communities. Coalition efforts bring together groups of leading policymakers, fleets, sustainability directors, legislators, and industry stakeholders, and projects and priorities are informed by a group of WRCOG member agencies who chose to support and participate in the program.

Western Riverside County Green Zones: WRCOG was awarded grant funding from the California Air Resources Board (CARB) and the California Energy Commission (CEC) to support zero-emission vehicle and infrastructure deployment in partnership with the City of Banning, the City of Moreno Valley, Riverside County Purchasing and Fleet Services, and the Riverside County Transportation and Land Management Agency. The grant will also support technician training for agency partners through a partnership with the Long Beach Clean Cities Coalition and the development of a zero-emission vehicle (ZEV) deployment toolkit that can be widely distributed to help other agencies with the adoption of ZEV vehicles and infrastructure.

Clean Mobility Options Voucher Pilot Program - EVGIDE: Funded by a grant from the California Clean Mobility Options (CMO) Voucher Pilot Program, this project aims to address critical mobility challenges and reduce harmful emissions in focused areas of the subregion. Mobility partner Electric Vehicle Get In Drive Everywhere (EVGIDE) will deploy and operate 15 plug-in electric vehicles in census tracts in the cities of Corona, Moreno Valley, and Hemet, and vehicles will be available for community members to rent on an hourly basis.

Streetlight Program: At the direction of the Executive Committee, WRCOG developed a Regional Streetlight Program that assisted 10 member agencies and a Community Services District to purchase streetlights which were previously owned and operated by Southern California Edison (SCE), within their jurisdictional boundaries. Once the streetlights were purchased by the member agency, the lamps were retrofitted to light-emitting diode

(LED) technology to provide more economic operations (i.e., lower maintenance costs and reduced energy use). Local control of the streetlight system provides agencies with opportunities for future revenue generation such as digital-ready networks and telecommunications and information technology strategies. In order to identify and elaborate on these new opportunities, WRCOG developed a Smart Streetlights Implementation Plan and Broadband Assessment that could be applicable to all WRCOG member agencies.

The Program seeks to provide cost-efficiencies for local jurisdictions through the purchase, retrofit, and maintenance of streetlights within jurisdictional boundaries, without the need of additional jurisdictional resources. As a regional Program, WRCOG is providing continuous operations & maintenance (O&M) agreement that will enhance the level of service currently provided by SCE, working with agencies to update regional and community-specific streetlight standards, coordinating as-needed retrofits and additional LED conversion work, and are actively seeking and developing smart city opportunities that could be implemented by public agencies. The Regional Streetlight Program currently provides services to eight local government agencies in WRCOG's jurisdiction, including streetlight operations & maintenance services, project management, and as-needed technical assistance, for smart streetlight technologies, such as traffic sensors, and as needed support for broadband initiatives or projects.

Energy Resilience Plan 2.0 (ICARP Adaptation Planning Grant): Over the past few years, California residents and municipalities have lost power due to weather events and catastrophes either directly damaging electric infrastructure or necessitating power shutoffs to prevent further damage. As a response to power outages at government-owned facilities, WRCOG developed the Energy Resilience Plan which is a document and resource that can assist member agencies with developing and implementing energy resilience solutions at facilities and infrastructure to withstand power outages. The Energy Resilience Plan completes this in two core actions: 1) identifying and prioritizing critical facilities and infrastructure, and 2) designing for energy resilience.

In December 2022, the Executive Committee approved the WRCOG Energy Resilience Plan and directed staff to pursue funding opportunities to advance the identified projects further in the design process and conduct energy resilience planning activities. In 2023, WRCOG was awarded a \$471,000 grant from the Governor's Office of Land Use and Climate Innovation's ICARP Adaptation Planning Grant Program to develop an Energy Resilience Plan (ERP) 2.0.

The ERP 2.0 will conduct feasibility analyses to determine if microgrids and community resilience centers can be implemented at existing member agency-owned facilities in western Riverside County. The ERP 2.0 would be completed in three phases: 1) establish a framework for integrating WRCOG member agencies and community members into the Plan; 2) consider and integrate community characteristics, strengths, and social / physical vulnerabilities when identifying project locations to ensure resilience strategies and resources are distributed equitably; and 3) develop an energy adaptation strategy that creates a series of replicable microgrids and resilience hubs that could provide a consistent supply of electricity for critical infrastructure and community assets.

SoCalGas Regional Energy Pathways Ambassador: The Southern California Gas Company (SoCalGas) continues to support public sector customers that previously participated in Local Government Partnerships through the Regional Energy Pathways (REP) Program. In an effort to build on experiences and successes with the Local Government Partnership model, SoCalGas transitioned the Local Government Partnerships model into a Regional Energy Pathways program model. SoCalGas updated their approach to ensure that they are providing valuable programs and services for all Public Sector customers. The objective of this model is to maintain and allow for more flexible engagement with all public sector customers that demonstrates the value of regional partnering while maintaining direct relationships with existing partners as well as developing new relationships with public agencies.

One aspect of the REP Program is that SoCalGas contracts with regional agencies, known as REP Ambassadors, who will serve as an extension of staff to SoCalGas' REP team, ensuring public sector customers have a local "go-to" resource that supports their agencies' ability to increase energy efficiency. In 2023, SoCalGas hired WRCOG to serve as the Inland Empire REP Ambassador covering Riverside and San Bernardino Counties. As the Inland Empire REP Ambassador, WRCOG will be collaborating with SoCalGas to create awareness of SoCalGas' energy efficiency programs, assist public sector customers with developing and

implementing gas energy efficient projects through SoCalGas' programs, provide technical assistance, and promote long term energy efficiency practices.

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

WRCOG is responsible for general Program administration and oversight, maintaining employment of the Fellows, soliciting interest from local government agencies, serving as the liaison between member agencies and the universities, providing Program funding, and coordinating payment of Fellowship stipends. WRCOG is also responsible for soliciting interest from students, reviewing applications and conducting interviews, recommending local government agency placements, and communicating regularly with Fellows. WRCOG also provides ongoing training to Fellows on career readiness and other theoretical topics during regular Networking Sessions to support their hands-on work experience.

Financial Planning

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

The first time the draft budget is presented publicly at WRCOG's sub-committee level. The Administration & Finance Committee, which is comprised of 11 of WRCOG's Executive Committee members, will review and discuss the budget, usually at its March or April meeting and make any recommendations and have it forwarded on to the Technical Advisory Committee (TAC), which is comprised of the City Managers and Agency Directors of WRCOG's member agencies. This meeting of the TAC usually occurs within the same month as the Administration & Finance Committee. After it is recommended for approval, the budget's next stop is at WRCOG's Executive Committee meeting (usually in May). 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 fund, program, and departmental levels. This, along with greater budget detail and narrative descriptions, is intended to provide a more user-friendly document that meets the mandates of transparency, communication, and fiscal sustainability in a way that will allow even the most casual observer to understand WRCOG's programs and money flow. With the exception of the general government, each fund is self-sufficient and able to fund its own expenditures through revenues generated. The general government: however, does not bring in enough revenue to cover all the expenditures such as rent, legal, consulting, and payroll, and because of this, must charge overhead to offset the difference. The overhead is calculated during the budget process and allocated to each function in the most equitable method possible. This is usually based on the amount of revenue generated as a percentage of the total agency revenue.

Budget control levels establish parameters for administrative budget transfers and amendments. Upon adoption of the budget resolution, budget control levels are by department within the General Fund and by Fund within all other funds. The goal of creating internal controls is to ensure that one person cannot create, approve, and issue a check, wire, or any other sensitive piece of information. WRCOG follows the policy that at least two, if not three, signatures are required to approve any check requests, and the amount must be verified against the approved budget to ensure there are sufficient funds available to expend.

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

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

Awards and Acknowledgments

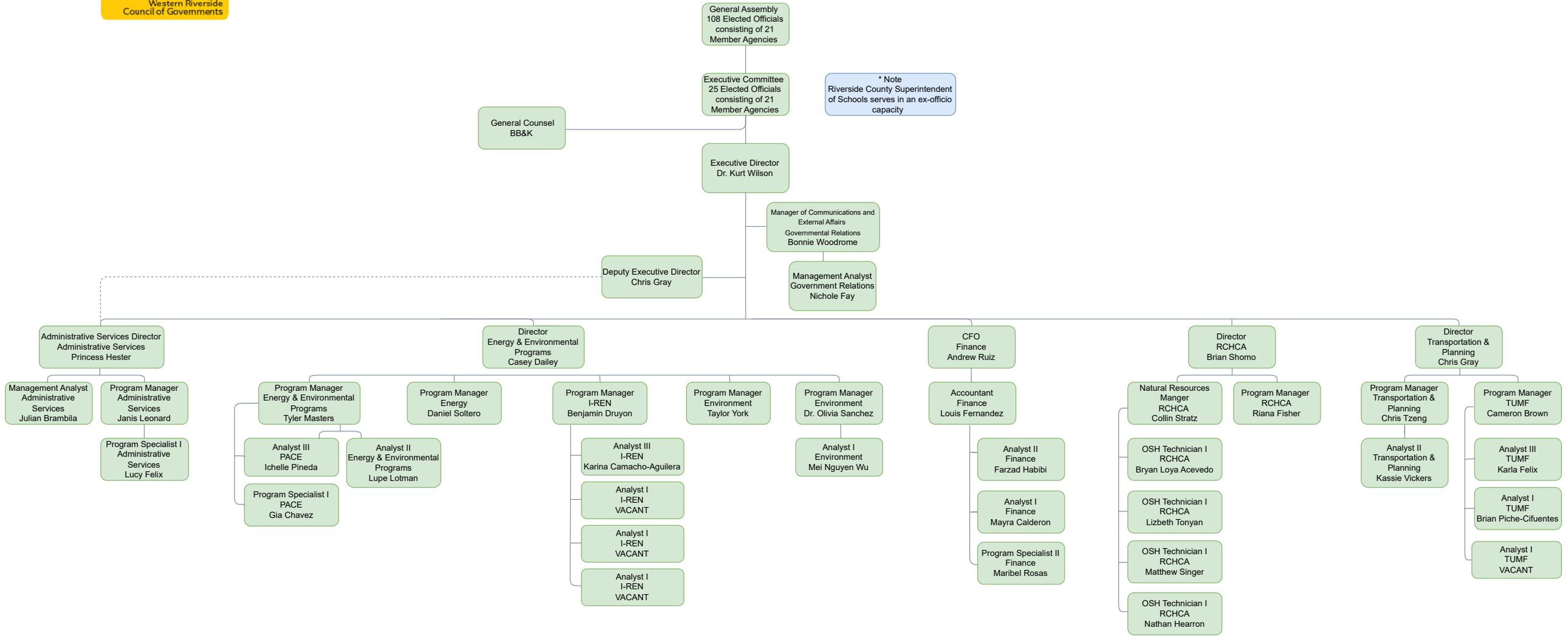
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Western Riverside Council of Governments for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the 12th 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



DocuSigned by:

 1C62143FCB06496...
 Chris Gray, Deputy Executive Director
 Organizational Chart by Name
 Effective August 2025

Western Riverside Council of Governments

List of Principal Officials
As of June 30, 2025

Executive Committee Members

<u>Name and Position</u>	<u>Title</u>	<u>Agency</u>
Brenda Dennstedt	Chair	Western Municipal Water Dist.
Jacque Casillas	Vice-Chair	City of Corona
Mike Lara	2nd Vice-Chair	City of Beaumont
Chris Barajas	Member	City of Jurupa Valley
Michael Vargas	Member	City of Perris
Sheri Flynn	Member	City of Banning
Jeff Cervantez	Member	City of Calimesa
Mark Terry	Member	City of Canyon Lake
Christian Dinco	Member	City of Eastvale
Connie Howard-Clark	Member	City of Hemet
Brian Tisdale	Member	City of Lake Elsinore
Bob Karwin	Member	City of Menifee
Elena Baca-Santa Cruz	Member	City of Moreno Valley
Lori Stone	Member	City of Murrieta
Kevin Bash	Member	City of Norco
Chuck Conder	Member	City of Riverside
Crystal Ruiz	Member	City of San Jacinto
Jessica Alexander	Member	City of Temecula
Joseph Morabito	Member	City of Wildomar
Jose Medina	Member	County of Riverside, District 1
Karen Spiegel	Member	County of Riverside, District 2
Chuck Washington	Member	County of Riverside, District 3
Yxstian Gutierrez	Member	County of Riverside, District 5
David Slawson	Member	Eastern Municipal Water Dist.
Dr. Edwin Gomez	Member	Riverside County Supt. of Schools

Management Staff

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



Government Finance Officers Association

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, 2024

Christopher P. Morill

Executive Director/CEO



Financial Section

Independent Auditor's Report

Executive Committee
Western Riverside Council of Governments
Riverside, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Riverside Council of Governments (WRCOG), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the WRCOG's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of WRCOG, as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WRCOG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WRCOG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WRCOG's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 30, 2025, on our consideration of WRCOG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WRCOG's internal control over financial reporting and compliance.

Van Lant & Fankhaed, LLP

December 30, 2025

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

**Management's Discussion and Analysis
For the Year Ended June 30, 2025**

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, 2025. 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 supplementary information has been included in this report:

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

The following other information has been included in this report:

- Supplementary Information
- 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 flow. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (such as revenues pertaining to uncollected TUMF fees or expenses pertaining to earned but unused vacation and sick leave).

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

**Management's Discussion and Analysis
For the Year Ended June 30, 2025**

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

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

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

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

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

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.

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

**Management's Discussion and Analysis
For the Year Ended June 30, 2025**

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 \$11.3 million and consisted of net investment in capital assets of \$6.8 million, restricted net position of \$3.6 million, and unrestricted net position of \$923 thousand.
- At June 30, 2025, WRCOG's assets of \$28.6 million plus deferred outflows of resources of \$3 million was more than its liability of \$18.9 million and deferred inflows of resources of \$1.3 million resulting in a net position of \$11.3 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 \$11.3 million.

Net pension liability is the amount needed to fully fund WRCOG's defined benefit plan. The net pension liability at June 30, 2024 was \$4 million and decreased to \$3.9 million at June 30, 2025.

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

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

**Management's Discussion and Analysis
For the Year Ended June 30, 2025**

The table below provides summarized data from the Statement of Net Position for WRCOG as of June 30, 2025, as compared to the prior year:

**Statement of Net Position
As of June 30**

	2025	2024
Current and Other Assets	\$ 20,506,262	\$ 21,552,893
Capital Assets	8,044,632	1,667,201
Total Assets	28,550,894	23,220,094
Deferred Outflows of Resources	2,995,533	3,400,961
Current and Other Liabilities	9,968,720	5,475,585
Long-term Liabilities	8,974,861	8,788,952
Total Liabilities	18,943,581	14,264,537
Deferred Inflows of Resources	1,281,380	1,578,222
Net Position:		
Net Investment in Capital Assets	6,827,734	98,954
Restricted	3,570,325	3,416,409
Unrestricted	923,407	7,262,933
Total Net Position	\$ 11,321,466	\$ 10,778,296

WRCOG's total net position increased by 5.04%, or \$543 thousand, during fiscal year 2024-2025 compared to the prior year. The increase in net position was mostly due to an increase in assets. Total assets increased 22.96%, or \$5.3 million, during fiscal year 2024-2025 compared to the prior year, mostly due to the acquisition of a new building. Total liabilities increased from \$14.3 million in FY 2023/2024 to \$18.9 million, or 32.8%. This increase in liabilities is attributable to an increase in unearned revenues. Below are the three components of net position and their respective fiscal year-end balances:

- **Net Investment in Capital Assets** represents 60.31%, or \$6.8 million of WRCOG's total net position for fiscal year 2024-2025 compared to 0.92%, or \$99 thousand, for fiscal year 2023-2024. This increase is attributable to the purchase of a new office building.
- **Restricted net position** accounts for 31.54%, or \$3.6 million, of WRCOG's total net position for fiscal year 2024-2025 compared to 31.70%, or \$3.4 million, in fiscal year 2023-2024. 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.

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

**Management's Discussion and Analysis
For the Year Ended June 30, 2025**

- **Unrestricted net position** accounts for 8.16%, or \$923 thousand, of WRCOG's total net position for fiscal year 2024-2025 compared to 67.38%, or \$7.3 million for fiscal year 2023-2024. 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 \$569,051 to \$398,242 due to market value of securities and purchase of office building.
- Charges for services are revenues received related to the sponsorship of the PACE Program and TUMF administration fee collection. In addition, the PACE Program recording fees are included in the revenue balance. Charges for services decreased by 4.36%, or \$242,693 from the prior year due to less TUMF revenues collected during the fiscal year.
- Operating Grants and Contributions are revenues received from parties outside of WRCOG, such as state agencies, and are generally restricted to one or more specific programs. Operating grants and contributions increased by \$1.9 million, or 21.3%, from \$9.1 million in fiscal year 2023-2024 to \$11 million in the current fiscal year. This increase was due to the increased I-REN activity during the fiscal year.

Expenses: Total program expenses for governmental activities were \$16.2 million for the current fiscal year, an increase of 14.69%, or \$2.1 million compared to the prior fiscal year. This increase was due to the increased I-REN activity during the fiscal year.

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

**Management's Discussion and Analysis
For the Year Ended June 30, 2025**

The following table provides information from the Statement of Activities for WRCOG for the fiscal year 2024-2025, as compared to the prior year:

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

	<u>2025</u>	<u>Percent of Total</u>	<u>2024</u>	<u>Increase (Decrease) From 2024</u>	<u>Percent Increase (Decrease)</u>
Revenues					
Program Revenues:					
Charges for Services	\$ 5,324,200	32%	\$ 5,566,893	\$ (242,693)	-4.36%
Operating Grants and Contributions	11,029,330	66%	9,095,038	1,934,292	21.27%
General Revenues:					
Investment Income	398,242	2%	569,051	(170,809)	-30.02%
Total Revenues	<u>16,751,772</u>	<u>100%</u>	<u>15,230,982</u>	<u>1,520,790</u>	9.98%
Expenses					
General Government	5,184,752	32%	4,787,226	397,526	8.30%
Energy	9,918,733	61%	8,147,400	1,771,333	21.74%
Environmental	1,061,019	7%	1,165,939	(104,920)	-9.00%
Interest on Leases	44,098	0.3%	32,574	11,524	35.38%
Total Expenses	<u>16,208,602</u>	<u>100%</u>	<u>14,133,139</u>	<u>2,075,463</u>	14.69%
Change in Net Position	543,170		1,097,843	2,075,463	
Net Position, Beginning of Year	<u>10,778,296</u>		<u>9,680,453</u>	<u>1,097,843</u>	
Net Position, End of Year	<u>\$ 11,321,466</u>		<u>\$ 10,778,296</u>	<u>\$ 543,170</u>	5.04%

FINANCIAL ANALYSIS OF FUND STATEMENTS

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

Governmental Funds

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

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Management's Discussion and Analysis
For the Year Ended June 30, 2025**

The General Fund is the chief operating fund for WRCOG. At the end of the current fiscal year, the General fund's total fund balance was \$7.3 million, as compared to \$13 million for the prior fiscal year. This decrease of \$5.7 million, or 43.8%, was mostly attributed to the purchase of WRCOG's office building in the current fiscal year. 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 \$258,459; restricted fund balance in the General Fund was \$406,462 which is funds held in a pension stabilization fund held in Section 115 Trust. WRCOG established the Trust in February 2020 and initially funded the trust in October 2020. The assigned portion was \$213,657 for the Fellowship Program, and the unassigned portion was \$6.4 million. The current year's unassigned fund balance is 54% of the total General Fund expenditures of \$11.9 million, as compared to 244% of the total General Fund expenditures for fiscal year 2023-2024. The total fund balance of the General fund for the current year is 62% of the total general fund expenditures as compared to 259% for the prior year.

The Local Transportation Fund (LTF) is a Special Revenue Fund for WRCOG. At the end of the current fiscal year, the LTF's total fund balance was \$2.9 million, as compared to \$2.8 million for the prior fiscal year. The increase of \$163,643, or 5.83%, was mostly a net result of the increase in revenues.

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

Inland Regional Energy Network (I-REN) Fund is a Special Revenue Fund for WRCOG. At the end of the current fiscal year, I-REN's total fund balance was \$0, as compared to \$1,892 fund balance in the prior fiscal year. This change in fund balance is attributed to the program's reimbursement based nature.

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

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

GENERAL FUND FINANCIAL ANALYSIS

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

	<u>2025</u>	<u>Percent of Total</u>	<u>2024</u>	<u>Increase (Decrease) From 2024</u>	<u>Percent Increase (Decrease)</u>
Revenues					
Intergovernmental	\$ 1,234,774	20.0%	\$ 1,431,554	\$ (196,780)	-13.7%
TUMF Mitigation Fees	3,054,827	49.4%	3,474,339	(419,512)	-12.1%
PACE Fees	1,219,345	19.7%	1,120,607	98,738	8.8%
Other Revenues	56,669	0.9%	67,756	(11,087)	-16.4%
Investment Income	398,222	6.4%	569,032	(170,810)	-30.0%
Charges for Services	217,394	3.5%	-	217,394	100.0%
Total Revenues	<u>\$ 6,181,231</u>	<u>100%</u>	<u>\$ 6,663,288</u>	<u>\$ (482,057)</u>	<u>-7.2%</u>

Intergovernmental revenues are derived from various grants and member dues. TUMF mitigation fees were less because less permits were issued during the fiscal year. PACE fees increased due to the increase in early payoffs. These early payoffs require additional processing, and additional fees are collected due to this. Investment income decreased in the general fund due to market value of securities and purchase of office building. Total revenues decreased is mostly attributable to less collection of TUMF fees.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Management's Discussion and Analysis
For the Year Ended June 30, 2025**

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

	<u>2025</u>	<u>Percent of Total</u>	<u>2024</u>	<u>Increase (Decrease) From 2024</u>	<u>Percent Increase (Decrease)</u>
Expenditures					
General Government	\$ 2,664,221	22.4%	\$ 2,325,081	\$ 339,140	14.6%
Energy	1,564,019	13.2%	1,836,825	(272,806)	-14.9%
Environmental	462,029	3.9%	481,117	(19,088)	-4.0%
Capital Outlay	6,807,397	57.2%	-	6,807,397	100.0%
Lease Principal	351,349	3.0%	351,288	61	0.0%
Lease Interest	44,098	0.4%	32,574	11,524	35.4%
Total Expenditures	<u>\$ 11,893,113</u>	<u>100%</u>	<u>\$ 5,026,885</u>	<u>\$ 6,866,228</u>	<u>136.6%</u>

Overall increase in total General Fund expenditures was attributable to the new office building purchase.

LOCAL TRANSPORTATION FUND FINANCIAL ANALYSIS

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

	<u>2025</u>	<u>Percent of Total</u>	<u>2024</u>	<u>Increase (Decrease) From 2024</u>	<u>Percent Increase (Decrease)</u>
Revenues					
Intergovernmental	\$ 1,278,750	100%	\$ 1,208,750	\$ 70,000	5.8%
Total Revenues	<u>\$ 1,278,750</u>	<u>100%</u>	<u>\$ 1,208,750</u>	<u>\$ 70,000</u>	<u>5.8%</u>

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

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

	<u>2025</u>	<u>Percent of Total</u>	<u>2024</u>	<u>Increase (Decrease) From 2024</u>	<u>Percent Increase (Decrease)</u>
Expenditures					
General Government	\$ 1,115,104	100%	\$ 1,140,480	\$ (25,376)	-2.2%
Total Expenditures	<u>\$ 1,115,104</u>	<u>100%</u>	<u>\$ 1,140,480</u>	<u>\$ (25,376)</u>	<u>-2.2%</u>

LTF expenditures were in line with the prior fiscal year, funds are mainly used to pay for staff time, staff benefits, agency overhead expenses, and consultant time.

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INLAND REGIONAL ENERGY NETWORK FUND FINANCIAL ANALYSIS

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

The I-REN Fund's revenues are reimbursement based and correspond with the CPUC-approved I-REN Business Plan. As funds from the 6-year authorization of \$65.6M are drawn down, the remaining funds are spread evenly over the remaining time. Lower spending levels in year one is offset by proportionally higher spending levels in future years. While the pace of spending fluctuates slightly from year to year, the cumulative spending total over the 6-year period is capped at \$65.6M. The change in I-REN revenues is mostly attributed to the recognition of unavailable revenue of \$2,068,509 in the prior fiscal year

	<u>2025</u>	<u>Percent of Total</u>	<u>2024</u>	<u>Increase (Decrease) From 2024</u>	<u>Percent Increase (Decrease)</u>
Revenues					
Charges for Services	\$ 8,352,822	100%	\$ 8,380,976	\$ (28,154)	-0.3%
Total Revenues	<u>\$ 8,352,822</u>	<u>100%</u>	<u>\$ 8,380,976</u>	<u>\$ (28,154)</u>	<u>-0.3%</u>

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

	<u>2025</u>	<u>Percent of Total</u>	<u>2024</u>	<u>Increase (Decrease) From 2024</u>	<u>Percent Increase (Decrease)</u>
Expenditures					
Energy	\$ 8,354,714	100%	\$ 6,310,575	\$ 2,044,139	32.4%
Total Expenditures	<u>\$ 8,354,714</u>	<u>100%</u>	<u>\$ 6,310,575</u>	<u>\$ 2,044,139</u>	<u>32.4%</u>

The increase in I-REN expenditures is due to higher program activity during the fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

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 and expenses for the fiscal year.

When the final budget was presented to the Executive Committee, it was anticipated that revenues in the General Fund would be \$6.3 million; however, the actual revenue amount was lower than anticipated at \$6.2 million, leaving a variance of \$84,775. This variance was primarily due to less program activity in REAP, ICARP, and SoCalGas Regional Energy than anticipated. These program's revenues are reflected as intergovernmental revenues.

On the expenditure side for the General Fund, it was anticipated expenditures would be \$13.1 million; however, actual expenditures were only \$11.9 million, leaving a variance of \$1.2 million.

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This variance was primarily due to less program activity in REAP, ICARP, and SoCalGas Regional Energy than anticipated.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

As of June 30, 2025, WRCOG had capital assets of \$8,044,632, net of accumulated depreciation, invested in mostly WRCOG's office building, office items such as furniture, computers, office improvements, and vehicles; as well as the Right to use Leased Office.

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

Long-term liabilities have increased from \$8.8 million in FY 2023/2024, to \$8.9 million, including net pension and net OPEB liabilities, in FY 2024/2025, or an increase of 2.12%. The increase in long-term liabilities can mostly be attributed to an increase in OPEB liabilities.

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

ECONOMIC FACTORS AND OTHER FACTORS

On June 12, 2025, WRCOG adopted the Fiscal Year 2026 budget. The budget provides visibility into the programs and finances of WRCOG in a date-rich and user-friendly format, presented at the fund level.

The total WRCOG budget includes revenues and expenditures of \$25,677,989 and \$24,769,895 respectively. This excludes the Riverside County Habitat Conservation Agency (RCHCA) whose budget is managed by WRCOG but remains a separate entity. It also excludes the passthrough funds from the Transportation Uniform Mitigation Fee (TUMF) which amount to 96% of the collected funds. Compared to the FY 2025 budget, this represents an increase of approximately 35.4% in revenues and 32% in expenditures. This is primarily attributable to the anticipated increase in IREN activity, decreased HERO Program activity, and increase in activity related to SCAG's REAP 2.0 grant.

The General Fund revenues and expenditures are \$9,214,731 and \$8,342,870, respectively, with a healthy fund balance of \$13 million (157% of annual General Fund expenditures). This amount protects against the volatile nature of programmatic revenues that comprise the General Fund.

Retirement costs have stabilized in recent years and are on a more predictable path. The Unfunded Accrued Liability (UAL) is \$180k (88.2% funded) for PEPRA employees and \$4.2M (72.6% funded) for Classic employees. This is offset by a 115 Trust balance of \$394k. The Other Post Employment Benefit (OPEB) liability is \$2.6M (62% funded).

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The partnership with the Southern California Gas Company (SoCal Gas) was not originally included in the 2026 budget; however, staff have had discussions with SoCal Gas regarding the future of the program and have determined that the program will continue in calendar year 2026 up until June 2026.

While many programs remain static from the previous year, there were five areas of particular attention in the 2026 budget. There are two externally driven and three internally driven changes of particular interest.

Externally Driven Changes

Federal Funding and Programmatic Priorities: The change in federal funding and programmatic priorities has resulted in Stop Work orders affecting some WRCOG programs. While those orders are currently being debated in political and legal arenas, WRCOG is similarly situated to most public agencies as staff awaits clarity from the federal government. Fortunately, the exposure poses a very small risk to WRCOG because the federal government is not a significant revenue source for WRCOG.

Cost of Living Adjustments (COLA): One of the lessons learned from the last Classification & Compensation study was that WRCOG should seek regular COLA in order to maintain market comparability and avoid large single-year market gaps that occur over time. After surveying similar agencies, WRCOG informally adheres to the Riverside County Transportation Commission standard of applying the previous year's annual CPI rate for the Riverside-San Bernardino-Ontario Region while applying a minimum and maximum rate based on affordability. By applying that formula, the 2026 budget included a 2.6% COLA for employees.

Internally Driven Changes

Member Dues Adjustment: Nearly two years ago, the Executive Committee directed the Technical Advisory Committee (TAC) to assess member dues levels. After a thorough review, the TAC's recommendations were approved by the Executive Committee. As a result, member dues will increase in FY 2026.

Staffing and Workload Analysis: Changes in workloads across certain programs have led to discussions about staffing needs. Specifically, the TUMF Program is expected to see a significant increase in workload due to the expansion of its fee collection process, which will now involve collecting directly from developers rather than from member agencies. This expansion includes the addition of the County of Riverside and the City of Perris, meaning WRCOG will be responsible for collecting fees on behalf of all its member agencies.

Office Space Transition: The most significant change for the 2026 budget was a change to the WRCOG office space. Previously, WRCOG rented office space in Citrus Towers to serve the majority of WRCOG staff. The Executive Committee authorized the purchase of a new building in FY2025 to serve WRCOG's office needs. The purchase was completed in early March 2025. Due to this, WRCOG's financial position saw a significantly decreased cash position offset by a new asset of similar value. Additionally, the 2026 budget included a new project code to account for the new revenues and expenses including substantial rental income from tenants.

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For the Year Ended June 30, 2025**

CONTACTING WRCOG'S MANAGEMENT

This financial report is designed to provide a general overview of WRCOG's finances for all those with an interest in the government's finances and to show WRCOG's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Finance Department at Western Riverside Council of Governments, 1955 Chicago Avenue, Suite 200 • Riverside, CA 92507.

BASIC FINANCIAL STATEMENTS

Western Riverside Council of Governments
Statement of Net Position
June 30, 2025

	Governmental Activities
ASSETS	
Cash and Investments	\$ 18,639,108
Receivables:	
Grants	194,199
Due From Other Governments	441,414
Annual PACE Fee Receivable	294,633
Mitigation Fees Receivable	23,239
Accounts	187,970
Restricted Cash and Investments	406,462
Prepaid Items	319,237
Capital Assets, Not Depreciated	1,361,479
Capital Assets, Net of Accumulated Depreciation	6,683,153
Total Assets	28,550,894
DEFERRED OUTFLOWS OF RESOURCES	
OPEB Related Items	1,285,731
Pension Related Items	1,709,802
Total Deferred Outflows of Resources	2,995,533
LIABILITIES	
Accounts Payable	2,867,001
Deposits Payable	10,963
Accrued Wages Payable	254,765
Unearned Revenue	6,835,991
Noncurrent Liabilities:	
Due Within One Year	440,663
Due in More Than One Year	8,534,198
Total Liabilities	18,943,581
DEFERRED INFLOWS OF RESOURCES	
OPEB Related Items	1,223,437
Pension Related Items	57,943
Total Deferred Inflows of Resources	1,281,380
NET POSITION	
Net Investment in Capital Assets	6,827,734
Restricted for:	
Section 115 Trust	406,462
LTF	2,946,674
AB 2766	120,589
Foundation	96,425
Used Oil Block Grant	175
Unrestricted	923,407
Total Net Position	\$ 11,321,466

The accompanying notes are an integral part of this statement.

**Western Riverside Council of Governments
Statement of Activities
Year Ended June 30, 2025**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
General Government	\$ 5,184,752	\$ 3,973,561	\$ 1,468,569	\$ -	\$ 257,378
Energy	9,918,733	1,350,639	8,507,942	-	(60,152)
Environmental	1,061,019	-	1,052,819	-	(8,200)
Interest on Leases	44,098	-	-	-	(44,098)
Total Governmental Activities	\$ 16,208,602	\$ 5,324,200	\$ 11,029,330	\$ -	144,928
General Revenues:					
					398,242
					398,242
					543,170
					10,778,296
					\$ 11,321,466

The accompanying notes are an integral part of this statement.

Western Riverside Council of Governments
Balance Sheet
Governmental Funds
June 30, 2025

	Special Revenue				Total Governmental Funds
	General Fund	Local Transportation Fund	Regional Energy Network	Non-Major Funds	
ASSETS					
Cash and Investments	\$ 5,027,131	\$ 3,199,927	\$ 9,415,679	\$ 996,371	\$ 18,639,108
Restricted Cash and Investments	406,462	-	-	-	406,462
Receivables:					
Grants	194,199	-	-	-	194,199
Due from Other Governments	428,215	-	-	13,199	441,414
Annual PACE Fee Receivable	294,633	-	-	-	294,633
Mitigation Fees Receivable	23,239	-	-	-	23,239
Accounts	185,020	-	-	2,950	187,970
Due from Other Funds	1,203,675	-	-	17,823	1,221,498
Prepaid Items	258,459	22,006	8,772	30,000	319,237
Total Assets	\$ 8,021,033	\$ 3,221,933	\$ 9,424,451	\$ 1,060,343	\$ 21,727,760
LIABILITIES					
Accounts Payable	\$ 358,386	\$ 51,051	\$ 2,363,782	\$ 93,782	\$ 2,867,001
Deposits Payable	10,963	-	-	-	10,963
Accrued Wages Payable	254,765	-	-	-	254,765
Unearned Revenue	76,286	-	6,546,225	213,480	6,835,991
Due to Other Funds	-	202,202	514,444	504,852	1,221,498
Total Liabilities	700,400	253,253	9,424,451	812,114	11,190,218
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	4,434	-	-	450	4,884
Total Deferred Inflows of Resources	4,434	-	-	450	4,884
FUND BALANCES					
Nonspendable:					
Prepaid Items	258,459	22,006	8,772	30,000	319,237
Restricted:					
Section 115 Trust	406,462	-	-	-	406,462
LTF	-	2,946,674	-	-	2,946,674
AB 2766	-	-	-	120,588	120,588
Foundation	-	-	-	95,975	95,975
Used Oil Block Grant	-	-	-	175	175
Assigned:					
Fellowship	213,657	-	-	1,041	214,698
Unassigned	6,437,621	-	(8,772)	-	6,428,849
Total Fund Balances	7,316,199	2,968,680	-	247,779	10,532,658
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,021,033	\$ 3,221,933	\$ 9,424,451	\$ 1,060,343	\$ 21,727,760

The accompanying notes are an integral part of this statement.

**Western Riverside Council of Governments
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2025**

Fund balances of governmental funds \$ 10,532,658

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds:

Capital Assets, Not Depreciated	1,361,479
Capital Assets Being Depreciated	9,227,539
Accumulated Depreciation	(2,544,386)

Long-term debt obligations are not due and payable in the current period and, therefore, are not reported in the funds:

Lease Payable	(1,216,898)
Compensated Absences	(695,231)
Net Pension Liability	(3,945,998)
Net OPEB Liability	(3,116,734)

Amounts for deferred inflows and deferred outflows related to the City's Pension and OPEB Liabilities are not reported in the funds:

Deferred Outflows Related to Pensions	1,709,802
Deferred Inflows Related to Pensions	(57,943)
Deferred Outflows Related to OPEB	1,285,731
Deferred Inflows Related to OPEB	(1,223,437)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

4,884

Net position of governmental activities \$ 11,321,466

The accompanying notes are an integral part of this statement.

Western Riverside Council of Governments
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

	Special Revenue				Total Governmental Funds
	General Fund	Local Transportation Fund	Regional Energy Network	Non-Major Funds	
REVENUES					
Intergovernmental	\$ 1,234,774	\$ 1,278,750	\$ -	\$ 598,990	\$ 3,112,514
TUMF Mitigation Fees	3,054,827	-	-	-	3,054,827
PACE Fees	1,219,345	-	-	-	1,219,345
Other Revenues	56,669	-	-	352,145	408,814
Investment Income	398,222	-	-	20	398,242
Charges for Services	217,394	-	8,352,822	-	8,570,216
Total Revenues	<u>6,181,231</u>	<u>1,278,750</u>	<u>8,352,822</u>	<u>951,155</u>	<u>16,763,958</u>
EXPENDITURES					
Current:					
General Government	2,664,221	1,115,104	-	329,617	4,108,942
Energy	1,564,019	-	8,354,714	-	9,918,733
Environmental	462,029	-	-	598,990	1,061,019
Capital Outlay	6,807,397	-	-	-	6,807,397
Debt Service:					
Lease Principal	351,349	-	-	-	351,349
Lease Interest	44,098	-	-	-	44,098
Total Expenditures	<u>11,893,113</u>	<u>1,115,104</u>	<u>8,354,714</u>	<u>928,607</u>	<u>22,291,538</u>
Net Change in Fund Balances	(5,711,882)	163,646	(1,892)	22,548	(5,527,580)
Fund Balances, Beginning of Year	<u>13,028,081</u>	<u>2,805,034</u>	<u>1,892</u>	<u>225,231</u>	<u>16,060,238</u>
Fund Balances, End of Year	<u>\$ 7,316,199</u>	<u>\$ 2,968,680</u>	<u>\$ -</u>	<u>\$ 247,779</u>	<u>\$ 10,532,658</u>

The accompanying notes are an integral part of this statement.

**Western Riverside Council of Governments
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
 Balances - Governmental Funds to the Statement of Activities
 Year Ended June 30, 2025**

Net change in fund balances - total governmental funds \$ (5,527,580)

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

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

Capital Additions	6,807,397
Depreciation	(429,966)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change in unavailable revenue for the current period. (12,186)

Amounts for deferred inflows and deferred outflows related to WRCOG's Pension and OPEB Liabilities are not reported in the funds. This is the net change in deferred inflows and outflows related to these liabilities:

Deferred Outflows Related to Pensions	(248,483)
Deferred Inflows Related to Pensions	82,178
Deferred Outflows Related to Total OPEB Liability	(156,945)
Deferred Inflows Related to Total OPEB Liability	214,664

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Principal Paid on Leases	351,349
Compensated Absences	(92,388)
Net Pension Liability	58,351
Net OPEB Liability	<u>(503,221)</u>

Change in net position of governmental activities \$ 543,170

The accompanying notes are an integral part of this statement.

Western Riverside Council of Governments
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	OPEB Trust Fund	Custodial Funds
ASSETS		
Cash and Investments	\$ -	\$ 156,793,633
Cash and Investments with Fiscal Agents	-	67,050,959
Restricted Cash and Investments	1,713,890	-
Due from Other Governments	-	1,310,823
Assessments Receivable	-	12,840
	<u>1,713,890</u>	<u>225,168,255</u>
LIABILITIES		
Accounts Payable	-	9,412,358
Refunds Payable	-	652,084
Deposits Payable	-	53
Long-term Liabilities		
Refund Liability	-	4,260,569
	<u>-</u>	<u>14,325,064</u>
Total Liabilities	<u>-</u>	<u>14,325,064</u>
NET POSITION		
Restricted for OPEB	1,713,890	-
Restricted for other Organizations or Agencies	-	210,843,191
	<u>-</u>	<u>210,843,191</u>
Total Net Position	<u>\$ 1,713,890</u>	<u>\$ 210,843,191</u>

The accompanying notes are an integral part of this statement.

**Western Riverside Council of Governments
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2025**

	OPEB Trust Fund	Custodial Funds
ADDITIONS		
Assessments Collected for Others	\$ -	\$ 340,171,873
Contributions:		
Employer Contributions	-	
Investment Income	178,105	7,955,304
	178,105	7,955,304
Total Additions	178,105	348,127,177
DEDUCTIONS		
General and Administrative	22,402	470,794
Payments to TUMF Members	-	67,943,804
Benefit Distributions	102,610	-
Distributions to Shareholders	-	269,395,438
	125,012	337,810,036
Total Deductions	125,012	337,810,036
Change in Net Position	53,093	10,317,141
Net Position - Beginning	1,660,797	200,526,050
Net Position - Ending	\$ 1,713,890	\$ 210,843,191

The accompanying notes are an integral part of this statement.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A) Reporting Entity

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

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

Blended Component Unit

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

B) Basis of Presentation

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

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

Government-Wide Financial Statements

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

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

Fund Financial Statements

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

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

C) Fund Classifications

WRCOG reports the following major governmental funds:

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

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

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

Additionally, WRCOG reports the following fiduciary funds:

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

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

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Cash and Investments

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

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

Restricted Cash and Investments

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

E) Interfund Balances and Transfers

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

F) Capital Assets

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

G) Compensated Absences

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

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

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

H) Fund Balance – Governmental Funds

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

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

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

I) Use of Estimates

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

J) Net Position

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

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

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

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

**Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K) Deferred Outflows/Inflows of Resources

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

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

L) Net Position Flow Assumption

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

M) 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.

N) Other Postemployment Benefits (OPEB)

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

**Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

O) Leases

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

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

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

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

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

2) CASH AND INVESTMENTS

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

Statement of Net Position:	
Cash and Investments	\$ 18,639,108
Restricted Cash and Investments	406,462
Statement of Fiduciary Net Position:	
Cash and Investments	156,793,633
Cash and Investments with Fiscal Agent	67,050,959
Restricted Cash and Investments	1,713,890
Total Cash and Investments	\$ 244,604,052

Cash and Investments consist of the following:

Cash on Hand	\$ 350
Deposits with Financial Institutions	28,225,919
Investments	216,377,783
Total Cash and Investments	\$ 244,604,052

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025

2) CASH AND INVESTMENTS - Continued

Investments Authorized by WRCOG's Investment Policy

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

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

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

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

Disclosures Relating to Interest Rate Risk

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

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

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025

2) CASH AND INVESTMENTS - Continued

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	1 to 2 Years	2 to 5+ Years
U.S. Treasury Obligations	\$ 22,939,023	\$ -	\$ 9,524,361	\$ 13,414,662
U.S. Agency Securities	6,267,808	894,137	2,190,931	3,182,740
Municipal Bonds	592,540	345,355	-	247,185
Corporate Notes	17,207,787	1,652,056	6,052,247	9,503,484
Negotiable CD's	823,902	-	823,902	-
Asset Backed Securities	10,879,170	11,294	592,858	10,275,018
LAIF	939,391	939,391	-	-
CAMP	87,367,973	87,367,973	-	-
Money Market Mutual Funds	188,878	188,878	-	-
Restricted Section 115 Trust:				
U.S. Treasury Obligations	504,179	-	-	504,179
Corporate Note	701,990	-	73,878	628,112
Corporate Stock	509,809	509,809	-	-
Mutual Funds	293,917	293,917	-	-
Money Market Fund	110,457	110,457	-	-
Held by Bond Trustee:				
Money Market Mutual Funds	67,050,959	67,050,959	-	-
Total Pooled Investments	<u>\$ 216,377,783</u>	<u>\$ 159,364,226</u>	<u>\$ 19,258,177</u>	<u>\$ 37,755,380</u>

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Rating not Required			
			AAA	A/AA	BBB	Required
U.S. Treasury Obligations	\$ 22,939,023	N/A	\$ -	\$ 22,939,023	\$ -	\$ -
U.S. Agency Securities	6,267,808	N/A	-	6,267,808	-	-
Municipal Bonds	592,540	A	-	592,540	-	-
Corporate Notes	17,207,787	A	396,544	16,039,432	716,836	54,975
Negotiable CD's	823,902	N/A	-	823,902	-	-
Asset Backed Securities	10,879,170	AA	8,345,252	-	-	2,533,918
LAIF	939,391	N/A	-	-	-	939,391
CAMP	87,367,973	N/A	-	-	-	87,367,973
Money Market Mutual Funds	188,878	N/A	-	-	-	188,878
Restricted Section 115 Trust:						
U.S. Treasury Obligations	504,179	N/A	-	304,061	-	200,118
Corporate Note	701,990	A	-	628,113	73,877	-
Corporate Stock	509,809	N/A	-	-	-	509,809
Mutual Funds	293,917	N/A	-	-	-	293,917
Money Market Fund	110,457	N/A	-	-	-	110,457
Held by Bond Trustee:						
Money Market Mutual Funds	67,050,959	N/A	-	-	-	67,050,959
Total Pooled Investments	<u>\$ 216,377,783</u>		<u>\$ 8,741,796</u>	<u>\$ 47,594,879</u>	<u>\$ 790,713</u>	<u>\$ 159,250,395</u>

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025

2) CASH AND INVESTMENTS - Continued

Concentration of Credit Risk

At June 30, 2025, WRCOG has no investments in any one issuer (other than U.S. Treasury securities and external investment pools) that represent 5% or more of WRCOG's total investments.

Custodial Credit Risk

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

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

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). As of June 30, 2025, none of WRCOG's investments were held by the broker-dealer (counterparty) that was used by WRCOG to purchase the securities. For investments identified herein as held by bond trustee, the bond trustee selects the investments under terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Fair Value

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

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

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025

2) CASH AND INVESTMENTS - Continued

Fair value measurements for investments are as follows as of June 30, 2025:

Investment Type	Total	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
U.S. Treasury Obligations	\$ 22,939,023	\$ 22,939,023	\$ -	\$ -
U.S. Agency Securities	6,267,808	-	6,267,808	-
Municipal Bonds	592,540	-	592,540	-
Corporate Notes	17,207,787	-	17,207,787	-
Negotiable CD's	823,902	-	823,902	-
Asset Backed Securities	10,879,170	-	10,879,170	-
Restricted Section 115 Trust:				
U.S. Treasury Obligations	504,179	-	504,179	-
Corporate Note	701,990	-	701,990	-
Total Investments at Fair Value Level	\$ 59,916,399	\$ 22,939,023	\$ 36,977,376	\$ -

Investments not subject to fair value hierarchy

LAIF	\$ 939,391
CAMP	87,367,973
Money Market Fund	188,878
Restricted Section 115 Trust:	
Corporate Stocks	509,809
Mutual Funds	293,917
Money Market Fund	110,457
Held by Bond Trustee:	
Money Market Mutual Funds	67,050,959
Total Investments	\$ 156,461,384

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.

**Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025**

2) CASH AND INVESTMENTS - Continued

Investment in JPA Pool/CAMP

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

Section 115 Trust

In February 2020, WRCOG's board authorized participation in the PARS Pension Rate Stabilization Program Section 115 Trust in order to mitigate rising pension costs through CalPERS and to set aside funding for the OPEB Plan. The initial funding amount was \$350,000 for the pension trust and \$1,920,000 for the OPEB trust. The program has been established as a multiple employer trust so that public agencies regardless of size can join the program and receive the necessary economies of scale to keep administrative fees low and avoid any setup costs. The trust permits WRCOG, under Federal and State law, to invest in a more diversified array of investments to maximize investment returns long term. The balance of the Trust at June 30, 2025 is \$2,120,352 and is reported as restricted cash and investments.

3) INTERFUND RECEIVABLES AND PAYABLES

Due To/From Other Funds

Interfund receivables and payables at June 30, 2025 are as follows:

<u>Due From (Receivable)</u>	<u>Due To (Payable)</u>	<u>Amount</u>
General Fund	Regional Energy Network	\$ 514,444
	Local Transportation Fund	184,379
	Non-major Governmental Funds	504,852
Non-major Governmental Funds	Local Transportation Fund	17,823
Total		<u>\$ 1,221,498</u>

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

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 is as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Depreciated:				
Land	\$ -	\$ 1,361,479	\$ -	\$ 1,361,479
Total Capital Assets, Not Depreciated	-	1,361,479	-	1,361,479
Capital Assets Being Depreciated:				
Buildings and Improvements	-	5,445,918	-	5,445,918
Furniture and Computer Equipment	829,260	-	-	829,260
Other Capital Assets	33,037	-	-	33,037
Right-to-use Leased Office	2,919,324	-	-	2,919,324
Total Depreciable Capital Assets	3,781,621	5,445,918	-	9,227,539
Less Accumulated Depreciation:				
Buildings and Improvements	-	(54,459)	-	(54,459)
Furniture and Computer Equipment	(804,181)	(10,592)	-	(814,773)
Other Capital Assets	(33,036)	-	-	(33,036)
Right-to-use Leased Office	(1,277,203)	(364,915)	-	(1,642,118)
Total Accumulated Depreciation	(2,114,420)	(429,966)	-	(2,544,386)
Net Capital Assets, Depreciated	1,667,201	5,015,952	-	6,683,153
Governmental Activities Capital Assets	<u>\$ 1,667,201</u>	<u>\$ 6,377,431</u>	<u>\$ -</u>	<u>\$ 8,044,632</u>

Depreciation expense of \$429,966 was charged to the general government function of the governmental activities.

5) LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2025:

Governmental Activities:	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year	Due Beyond One Year
Net OPEB Liability	\$ 2,613,513	\$ 503,221	\$ -	\$ 3,116,734	\$ 19,577	\$ 3,097,157
Net Pension Liability	4,004,349	-	58,351	3,945,998	-	3,945,998
Compensated Absences, Net	602,843	92,388	-	695,231	69,523	625,708
Lease Payable	1,568,247	-	351,349	1,216,898	351,563	865,335
Total	<u>\$ 8,788,952</u>	<u>\$ 595,609</u>	<u>\$ 409,700</u>	<u>\$ 8,974,861</u>	<u>\$ 440,663</u>	<u>\$ 8,534,198</u>

Lease Payable

WRCOG, in a prior year, entered into lease agreement as lessee for office space for its administrative office. The lease terms are 8 years as of the inception date of the lease of January 1, 2021. As of June 30, 2025, the value of the lease liability was \$1,216,898, which is the present value of the future minimum lease payments. WRCOG is required to make monthly lease payments ranging from \$36,442 to \$35,455 through December 31, 2028. The amount of the right-to-use asset as of June 30, 2025 was \$2,919,324 and accumulated depreciation of \$1,642,118.

**Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025**

5) LONG-TERM LIABILITIES - Continued

The following represents the future lease payments to be made:

Fiscal Year Ending June 30,	Lease Principal	Interest	Total
2026	\$ 351,563	\$ 55,995	\$ 407,558
2027	351,466	68,203	419,669
2028	345,938	79,522	425,460
2029	167,931	44,799	212,730
Totals	<u>\$ 1,216,898</u>	<u>\$ 248,519</u>	<u>\$ 1,465,417</u>

6) FIDUCIARY FUND LONG-TERM DEBT

The following is a summary of long-term debt activity for WRCOG's fiduciary fund for the year ended June 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year	Due Beyond One Year
Refund Liability	\$ 8,941,388	\$ 1,681,322	\$ 6,362,141	\$ 4,260,569	\$ -	\$ 4,260,569
Total	<u>\$ 8,941,388</u>	<u>\$ 1,681,322</u>	<u>\$ 6,362,141</u>	<u>\$ 4,260,569</u>	<u>\$ -</u>	<u>\$ 4,260,569</u>

Refund Liability

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

7) TRANSPORTATION UNIFORM MITIGATION FEES (TUMF)

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

WRCOG is entitled to an administration fee of up to 4% annually of TUMF revenues collected, with a maximum of 1% that can be used to offset salaries and benefits related to TUMF administration. In 2025, the total administration fee collected was 4%. Riverside Conservation Agency (RCA) also receives a percentage of the TUMF revenues collected of 1.47%, which is included as a deduction in the TUMF Fund.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025

7) TRANSPORTATION UNIFORM MITIGATION FEES (TUMF) - Continued

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

8) PENSION PLAN

General Information about the Defined Benefit Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. WRCOG sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and WRCOG resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

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

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

The Plan's provisions and benefits in effect at June 30, 2025, are summarized as follows:

**Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025**

8) PENSION PLAN – Continued

	Miscellaneous	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	8.25%
Required employer contribution rates	17.23% + \$314,503	8.50% + \$4,407

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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

WRCOG’s required contribution for the unfunded liability was \$318,910 in fiscal year 2025. WRCOG’s contributions to the Plan for the year ended June 30, 2025 were \$807,860.

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

As of June 30, 2025, WRCOG reported a net pension liability for its proportionate shares of the net pension liability of the Plan of \$3,945,998. WRCOG’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2024, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. WRCOG’s proportion of the net pension liability was based on a projection of WRCOG’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

WRCOG’s proportionate share of the net pension liability as of June 30, 2023, and 2024 was as follows:

Proportion - June 30, 2023 (measurement date)	0.08008%
Proportion - June 30, 2024 (measurement date)	0.08159%
Change - Increase (Decrease)	0.00151%

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025

8) PENSION PLAN - Continued

At June 30, 2025, WRCOG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 807,860	\$ -
Differences between actual and expected experience	341,168	13,312
Changes in assumptions	101,420	-
Change in employer's proportion	23,222	39,548
Differences between employer's contributions and employer's proportionate share of contributions	208,966	5,083
Net differences between projected and actual earnings on plan investments	227,166	-
Total	\$ 1,709,802	\$ 57,943

\$807,860 reported as deferred outflows related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2026	\$ 282,979
2027	591,021
2028	47,847
2029	(77,848)
2030	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Projected salary increase	(1)
Investment rate of return	6.90%
Mortality	(2)

- (1) Depending on age, service and type of employment
(2) Derived using CalPERS' Membership Data for all Funds.

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience

**Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025**

8) PENSION PLAN - Continued

Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Long-term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return (1,2)
Global Equity - Cap Weighted	30%	4.54%
Global Equity - Non-Cap Weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

Discount Rate – The discount rate used to measure the total pension liability for PERF C was 6.90%. 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.

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

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

**Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025**

8) PENSION PLAN - Continued

1% Decrease		5.90%	
Net Pension Liability/(Asset)	\$		6,335,695
Current Discount Rate		6.90%	
Net Pension Liability/(Asset)	\$		3,945,998
1% Increase		7.90%	
Net Pension Liability/(Asset)	\$		1,978,925

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

9) OTHER POSTEMPLOYMENT BENEFITS

General Information About the OPEB Plan

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

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

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

Employees Covered by Benefit Terms – As of the June 30, 2023 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees		32
Inactive employees or beneficiaries current receiving benefits		10
		42

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

Net OPEB Liability - WRCOG’s total OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial methods and assumptions:

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025

9) OTHER POSTEMPLOYMENT BENEFITS - Continued

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age, Level Percent of Pay
Asset Valuation Method	Market Value
Mortality	MacLeod Watts Scale 2022
Age at Retirement	50 to 75
Health Care Trend Rate	6.00% for 2026; Actual for 2025, ultimate rate of 3.90% by 2075
Inflation Rate	2.50%
Salary Changes	3.00%
Discount Rate	4.05% as of June 30, 2024; 4.25% as of June 30, 2023

Discount Rate – A discount rate of 4.05% was used in the valuation. This discount rate assumes the WRCOG continues to fully fund for its retiree health benefits.

Changes in the Net OPEB Liability

	Total OPEB Liability (TOL)	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2024 (June 30, 2023 measurement date)	\$ 4,243,495	\$ 1,629,982	\$ 2,613,513
Changes in the year:			
Service cost	352,297	-	352,297
Interest on the total OPEB liability	191,958	-	191,958
Expected Investment Income	-	90,569	(90,569)
WRCOG Contributions	-	43,743	(43,743)
Changes in assumptions or other inputs	148,060	-	148,060
Difference between expected and actual experience, changes of assumptions	-	77,136	(77,136)
Change due to Plan Experience	-	-	-
Administrative Expenses	-	(22,354)	22,354
Benefit payments	(158,279)	(158,279)	-
Net changes	534,036	30,815	503,221
Balance at June 30, 2025 (June 30, 2024 measurement date)	\$ 4,777,531	\$ 1,660,797	\$ 3,116,734

Changes of Assumptions

The discount rate decreased from 4.25% to 4.05%.

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

	1% Decrease (3.05%)	Discount Rate (4.05%)	1% Increase (5.05%)
Net OPEB liability	\$ 3,969,704	\$ 3,116,734	\$ 2,439,483

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

**Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025**

9) OTHER POSTEMPLOYMENT BENEFITS - Continued

	1% Decrease	Current Rates	1% Increase
Net OPEB liability	\$ 2,368,863	\$ 3,116,734	\$ 4,089,469

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2025, WRCOG recognized OPEB expense of \$484,729. WRCOG reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 39,227	\$ -
Differences between actual and expected experience	151,263	924,401
Changes in assumptions	1,074,445	299,036
Net differences between projected and actual earnings on plan investments	20,796	-
Total	\$ 1,285,731	\$ 1,223,437

The \$39,227 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2024 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ending June 30,	Amount
2026	\$ 2,189
2027	40,304
2028	(19,883)
2029	(19,966)
2030	(1,135)
Thereafter	21,558

OPEB Plan Fiduciary Net Position

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

Other Benefits

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

10) COMMITMENTS AND CONTINGENCIES

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

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025

11) PROPERTY ASSESSED CLEAN ENERGY PROGRAM

In 2011, WRCOG launched the WRCOG PACE Program - a regional and statewide effort that provides financing to residential and commercial property owners for the installation of energy efficient, renewable energy, seismic strengthening, and water conservation improvements to homes and businesses - in the subregion and throughout California. Over 90,000 residential projects have been completed, representing approximately \$2 billion in funding. Since inception, roughly 91 commercial projects have been completed totaling over \$322.9 million.

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 PACE Program expanded throughout California; 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 commercial property owners alternative financing while offering renewable energy, water conservation, seismic strengthening improvements and energy efficient products.

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

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

While there are no longer new projects with the PACE residential Programs, WRCOG is still servicing the outstanding assessments (liens) related to the Program in the winddown phase. The Program still generates revenues from refunds, payoffs, delinquency selloffs, and the annual administrative fee. For FY 24/25, PACE commercial program revenue totaled \$289,235 while residential revenue totaled \$930,110.

On March 4, 2024, The WRCOG Executive committee authorized the expansion of C-PACE program to include Direct Capital Providers (DCP) that meet the requirements set forth in the WRCOG C-PACE. This would allow commercial and investment banks and other qualified capital providers that support energy efficiency projects to utilize this C-PACE / DCP funding resource. Staff are currently working on finalizing the DCP application workflow and project approval process.

In 2025, WRCOG launched its DCP platform and in June 2025 completed 1 project with Citizen Business Bank. This was a \$3.4M new construction project that included lighting, seismic, resiliency and fire hardening products.

Western Riverside Council of Governments
Notes to Financial Statements
Year Ended June 30, 2025

12) FELLOWSHIP PROGRAM

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

The Fellowship Program was historically funded by net PACE Program revenues, however in FY 20/21, WRCOG began to request a Member contribution to offset the Programs costs, as its funding source is no longer available. Additionally, as previously disclosed in FY 19/20, the BEYOND Program, which was also funded by net PACE revenues, ceased to operate and an unspent portion of BEYOND was re-assigned to the Fellowship Program. In the fiscal year ended June 30, 2025 Fellowship Program expenses incurred by WRCOG totaled to \$106,486.

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, 2025, WRCOG's insurance policies are as follows:

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Western Riverside Council of Governments
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,422,011	\$ 2,016,756	\$ 1,234,774	\$ (781,982)
TUMF Mitigation Fees	2,800,000	2,800,000	3,054,827	254,827
PACE Fees	999,250	999,250	1,219,345	220,095
Other Revenues	50,000	50,000	56,669	6,669
Investment Income	400,000	400,000	398,222	(1,778)
Charges for Services	-	-	217,394	217,394
	<u>5,671,261</u>	<u>6,266,006</u>	<u>6,181,231</u>	<u>(84,775)</u>
EXPENDITURES				
Current:				
General Government	2,504,827	3,333,528	2,664,221	669,307
Energy	1,577,122	2,072,021	1,564,019	508,002
Environmental	473,592	474,950	462,029	12,921
Capital Outlay	-	6,734,545	6,807,397	(72,852)
Debt Service:				
Lease Principal	400,000	400,000	351,349	48,651
Lease Interest	85,000	72,500	44,098	28,402
	<u>5,040,541</u>	<u>13,087,544</u>	<u>11,893,113</u>	<u>1,194,431</u>
Excess (Deficiency) of Revenues over Expenditures	<u>630,720</u>	<u>(6,821,538)</u>	<u>(5,711,882)</u>	<u>1,109,656</u>
Fund Balances, Beginning of Year	<u>13,028,081</u>	<u>13,028,081</u>	<u>13,028,081</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 13,658,801</u></u>	<u><u>\$ 6,206,543</u></u>	<u><u>\$ 7,316,199</u></u>	<u><u>\$ 1,109,656</u></u>

Western Riverside Council of Governments
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Local Transportation Special Revenue Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,278,750	\$ 1,278,750	\$ 1,278,750	\$ -
Total Revenues	<u>1,278,750</u>	<u>1,278,750</u>	<u>1,278,750</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government	1,278,750	1,278,750	1,115,104	163,646
Total Expenditures	<u>1,278,750</u>	<u>1,278,750</u>	<u>1,115,104</u>	<u>163,646</u>
Net Change in Fund Balances	-	-	163,646	163,646
Fund Balances, Beginning of Year	<u>2,805,034</u>	<u>2,805,034</u>	<u>2,805,034</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,805,034</u>	<u>\$ 2,805,034</u>	<u>\$ 2,968,680</u>	<u>\$ 163,646</u>

Western Riverside Council of Governments
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Regional Energy Network Special Revenue Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 10,510,797	\$ 8,390,497	\$ 8,352,822	\$ (37,675)
Total Revenues	10,510,797	8,390,497	8,352,822	(37,675)
EXPENDITURES				
Current:				
Energy	10,510,797	8,390,497	8,354,714	35,783
Total Expenditures	10,510,797	8,390,497	8,354,714	35,783
Net Change in Fund Balances	-	-	(1,892)	(1,892)
Fund Balances, Beginning of Year	1,892	1,892	1,892	-
Fund Balances, End of Year	<u>\$ 1,892</u>	<u>\$ 1,892</u>	<u>\$ -</u>	<u>\$ (1,892)</u>

**Western Riverside Council of Governments
Required Supplementary Information
Year Ended June 30, 2025**

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

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2024	0.08159%	\$ 3,945,998	3,791,491	104.08%	77.72%
2023	0.08008%	4,004,349	3,454,850	115.91%	75.08%
2022	0.07928%	3,709,687	2,719,209	136.43%	75.85%
2021	0.09274%	1,760,940	2,610,410	67.46%	86.73%
2020	0.02880%	3,129,775	2,504,167	124.98%	62.87%
2019	0.02800%	2,873,074	2,530,409	113.54%	75.21%
2018	0.02720%	2,621,376	2,413,255	108.62%	75.93%
2017	0.02710%	2,689,185	2,062,647	130.38%	74.33%
2016	0.02650%	2,297,048	1,760,643	130.47%	78.40%
2015	0.02630%	1,808,565	1,616,828	111.86%	78.40%

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

Benefit Changes: None

Changes in Assumptions: For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2022, the accounting discount rate changed from 7.15% to 6.90%. 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.

**Western Riverside Council of Governments
Required Supplementary Information
Year Ended June 30, 2025**

**Schedule of Plan Contributions
Last 10 Years**

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2025	\$ 807,860	\$ (807,860)	\$ -	\$ 4,137,483	19.53%
2024	717,543	(717,543)	-	3,791,491	18.93%
2023	643,730	(643,730)	-	3,454,850	18.63%
2022	577,461	(577,461)	-	2,719,209	21.24%
2021	523,824	(523,824)	-	2,610,410	20.07%
2020	466,492	(466,492)	-	2,504,167	18.63%
2019	236,092	(236,092)	-	2,530,409	9.33%
2018	345,428	(345,428)	-	2,413,255	14.31%
2017	323,200	(323,200)	-	2,062,647	15.67%
2016	305,212	(305,212)	-	1,760,643	17.34%

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2014, 6/30/2015, 6/30/2016, 6/30/2017, 6/30/2018, 6/30/2019, 6/30/2020, 6/30/2021, 6/30/2022, 6/30/2023

Western Riverside Council of Governments
Required Supplementary Information
Year Ended June 30, 2025

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

	Measurement Period		
	2024	2023	2022
Total OPEB Liability			
Service cost	\$ 352,297	\$ 298,171	\$ 314,558
Interest on total OPEB liability	191,958	160,861	140,383
Changes in assumptions	148,060	(146,833)	(259,809)
Changes in benefits	-	-	-
Differences between expected and actual experience	-	188,797	-
Benefit payments, including refunds	(158,279)	(167,939)	(198,087)
Net change in total OPEB liability	534,036	333,057	(2,955)
Total OPEB liability - beginning	4,243,495	3,910,438	3,913,393
Total OPEB liability - ending (a)	<u>\$ 4,777,531</u>	<u>\$ 4,243,495</u>	<u>\$ 3,910,438</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 43,743	\$ 45,152	\$ 57,247
Net Investment Income	167,705	85,280	(196,491)
Benefit payments	(158,279)	(167,939)	(198,087)
Administrative Expense	(22,354)	(21,679)	(28,446)
Net change in plan fiduciary net position	30,815	(59,186)	(365,777)
Plan fiduciary net position - beginning	1,629,982	1,689,168	2,054,945
Plan fiduciary net position - ending (b)	<u>\$ 1,660,797</u>	<u>\$ 1,629,982</u>	<u>\$ 1,689,168</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 3,116,734</u>	<u>\$ 2,613,513</u>	<u>\$ 2,221,270</u>
Plan fiduciary net position as a percentage of the total OPEB liability	34.8%	38.4%	43.2%
Covered payroll	4,257,149	3,708,227	3,188,032
Net OPEB liability as a percentage of covered payroll	73.21%	70.48%	69.68%

Notes to Schedule of Changes

The discount rate from the 2019 Actuarial Valuation to the 2021 Actuarial Valuation changed from 5.45% to 3.40%. The discount rate from the 2021 Actuarial Valuation to the 2023 Valuation changed from 3.40% to 4.25%. The discount rate from the June 30, 2023 measurement period to the June 30, 2024 measurement period changed from 4.25% to 4.05%.

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

Measurement Period				
2021	2020	2019	2018	2017
\$ 197,412	\$ 180,222	\$ 150,146	\$ 171,367	\$ 108,879
174,529	165,457	173,314	160,645	159,498
934,215	105,642	763,070	-	-
-	-	-	-	-
(313,855)	-	(836,051)	-	(156,922)
(167,719)	(170,086)	(131,557)	(84,617)	(113,278)
824,582	281,235	118,922	247,395	(1,823)
3,088,811	2,807,576	2,688,654	2,441,259	2,443,082
<u>\$ 3,913,393</u>	<u>\$ 3,088,811</u>	<u>\$ 2,807,576</u>	<u>\$ 2,688,654</u>	<u>\$ 2,441,259</u>
\$ 47,459	\$ 140,657	\$ 106,392	\$ 120,000	\$ -
295,055	72,852	97,620	(5,368)	104,450
(167,719)	(170,086)	(131,557)	(84,617)	(105,916)
(26,274)	-	(7,570)	(6,574)	(7,361)
148,521	43,423	64,885	23,441	(8,827)
1,906,424	1,863,001	1,798,116	1,774,675	1,783,502
<u>\$ 2,054,945</u>	<u>\$ 1,906,424</u>	<u>\$ 1,863,001</u>	<u>\$ 1,798,116</u>	<u>\$ 1,774,675</u>
<u>\$ 1,858,448</u>	<u>\$ 1,182,387</u>	<u>\$ 944,575</u>	<u>\$ 890,538</u>	<u>\$ 666,584</u>
52.5%	61.7%	66.4%	66.9%	72.7%
2,794,918	2,664,693	2,817,402	2,617,222	2,211,299
66.49%	44.37%	33.53%	34.03%	30.14%

**Western Riverside Council of Governments
Required Supplementary Information
Year Ended June 30, 2025**

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

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2025	\$ 448,655	\$ (39,227)	\$ 409,428	\$ 4,403,220	0.89%
2024	369,414	(43,743)	325,671	4,257,149	1.03%
2023	348,026	(45,152)	302,874	3,708,227	1.22%
2022	280,846	(57,247)	223,599	3,188,032	1.80%
2021	274,960	(47,459)	227,501	2,974,918	1.60%
2020	256,928	(140,657)	116,271	2,664,693	5.28%
2019	202,857	(202,857)	-	2,817,402	7.20%
2018	185,075	(185,075)	-	2,617,222	7.07%

Notes to the Schedule: None

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

**Western Riverside Council of Governments
Notes to Required Supplementary Information
Year Ended June 30, 2025**

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 2025, the total administration fee collected was 4%. Riverside Conservation Agency (RCA) also receives a percentage of the TUMF revenues collected of 1.47%, which is included as an expense in the TUMF Fund.

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

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

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

**Western Riverside Council of Governments
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025**

	Special Revenue			Total Nonmajor Governmental Funds
	Clean Cities	Used Oil Block Grant	WRCOG Foundation	
ASSETS				
Cash and Investments	\$ 480,645	\$ 352,969	\$ 162,757	\$ 996,371
Receivables:				
Accounts	-	-	2,950	2,950
Due From Other Governments	13,199	-	-	13,199
Due From Other Funds	-	-	17,823	17,823
Prepaid Items	-	-	30,000	30,000
Total Assets	\$ 493,844	\$ 352,969	\$ 213,530	\$ 1,060,343
LIABILITIES				
Accounts Payable	\$ 2,008	\$ 11,818	\$ 79,956	\$ 93,782
Unearned Revenue	-	213,480	-	213,480
Due to Other Governments	-	-	-	-
Due to Other Funds	371,248	127,496	6,108	504,852
Total Liabilities	373,256	352,794	86,064	812,114
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	-	-	450	450
Total Deferred Inflows of Resources	-	-	450	450
FUND BALANCES				
Nonspendable	-	-	30,000	30,000
Restricted	120,588	175	95,975	216,738
Assigned	-	-	1,041	1,041
Total Fund Balances	120,588	175	127,016	247,779
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 493,844	\$ 352,969	\$ 213,080	\$ 1,060,343

Western Riverside Council of Governments
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2025

	Special Revenue			Total Nonmajor Governmental Funds
	Clean Cities	Used Oil Block Grant	WRCOG Foundation	
REVENUES				
Intergovernmental	\$ 401,603	\$ 197,387	\$ -	\$ 598,990
Other Revenues	-	-	352,145	352,145
Investment Income	-	-	20	20
Total Revenues	401,603	197,387	352,165	951,155
EXPENDITURES				
Current:				
General Government	-	-	329,617	329,617
Environmental	401,603	197,387	-	598,990
Total Expenditures	401,603	197,387	329,617	928,607
Net Change in Fund Balances	0	-	22,548	22,548
Fund Balances (Deficit), Beginning of Year	120,588	175	104,468	225,231
Fund Balances (Deficit), End of Year	<u>\$ 120,588</u>	<u>\$ 175</u>	<u>\$ 127,016</u>	<u>\$ 247,779</u>

Western Riverside Council of Governments
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Clean Cities Special Revenue Fund
Year Ended June 30, 2025

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 533,810	\$ 401,603	\$ (132,207)
Total Revenues	<u>533,810</u>	<u>401,603</u>	<u>(132,207)</u>
EXPENDITURES			
Current:			
Environmental	<u>507,630</u>	<u>401,603</u>	<u>106,027</u>
Total Expenditures	<u>507,630</u>	<u>401,603</u>	<u>106,027</u>
Net Change in Fund Balance	26,180	-	(26,180)
Fund Balance, Beginning of Year	<u>120,588</u>	<u>120,588</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 146,768</u></u>	<u><u>\$ 120,588</u></u>	<u><u>\$ (26,180)</u></u>

Western Riverside Council of Governments
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Used Oil Special Revenue Fund
Year Ended June 30, 2025

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	<u>\$ 201,267</u>	<u>\$ 197,387</u>	<u>\$ (3,880)</u>
Total Revenues	<u>201,267</u>	<u>197,387</u>	<u>(3,880)</u>
EXPENDITURES			
Current:			
Environmental	<u>201,267</u>	<u>197,387</u>	<u>3,880</u>
Total Expenditures	<u>201,267</u>	<u>197,387</u>	<u>3,880</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>175</u>	<u>175</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 175</u></u>	<u><u>\$ 175</u></u>	<u><u>\$ -</u></u>

Western Riverside Council of Governments
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - WRCOG Foundation Special Revenue Fund
Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Other Revenues	\$ 365,500	\$ 352,145	\$ (13,355)
Investment Income	-	20	20
Total Revenues	<u>365,500</u>	<u>352,165</u>	<u>(13,335)</u>
EXPENDITURES			
Current:			
General Government	<u>363,700</u>	<u>329,617</u>	<u>34,083</u>
Total Expenditures	<u>363,700</u>	<u>329,617</u>	<u>34,083</u>
Net Change in Fund Balance	1,800	22,548	20,748
Fund Balance, Beginning of Year	<u>104,468</u>	<u>104,468</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 106,268</u></u>	<u><u>\$ 127,016</u></u>	<u><u>\$ 20,748</u></u>

CUSTODIAL FUNDS

**Western Riverside Council of Governments
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2025**

	Custodial Funds		Totals
	PACE	TUMF	
ASSETS			
Cash and Investments	\$ 3,285,289	\$ 153,508,344	\$ 156,793,633
Cash and Investments with Fiscal Agents	67,050,959	-	67,050,959
Due from Other Governments	-	1,310,823	1,310,823
Assessments Receivable	12,840	-	12,840
Due from WRCOG	-	-	-
	<u>70,349,088</u>	<u>154,819,167</u>	<u>225,168,255</u>
LIABILITIES			
Accounts Payable	2,645,992	6,766,366	9,412,358
Refunds Payable	652,084	-	652,084
Deposits Payable	53	-	53
Long-term Liabilities			
Refund Liability	-	4,260,569	4,260,569
	<u>3,298,129</u>	<u>11,026,935</u>	<u>14,325,064</u>
NET POSITION			
Restricted for other Organizations or Agencies	<u>67,050,959</u>	<u>143,792,232</u>	<u>210,843,191</u>
	<u>\$ 67,050,959</u>	<u>\$ 143,792,232</u>	<u>\$ 210,843,191</u>

Western Riverside Council of Governments
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended June 30, 2025

	Custodial Funds		Totals
	PACE	TUMF	
ADDITIONS			
Assessments Collected for Others	\$ 265,488,692	\$ 74,683,181	\$ 340,171,873
Investment Income	501,117	7,454,187	7,955,304
Total Additions	<u>265,989,809</u>	<u>82,137,368</u>	<u>348,127,177</u>
DEDUCTIONS			
General and Administrative	470,794	-	470,794
Payments to TUMF Members	-	67,943,804	67,943,804
Distributions to Shareholders	269,395,438	-	269,395,438
Total Deductions	<u>269,866,232</u>	<u>67,943,804</u>	<u>337,810,036</u>
Net Change in Fiduciary Net Position	(3,876,423)	14,193,564	10,317,141
Net Position, Beginning of year	<u>70,927,382</u>	<u>129,598,668</u>	<u>200,526,050</u>
Net Position, End of Year	<u><u>\$ 67,050,959</u></u>	<u><u>\$ 143,792,232</u></u>	<u><u>\$ 210,843,191</u></u>



Statistical Section

STATISTICAL SECTION

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

CONTENTS	PAGE
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	64
Revenue Capacity These schedules contain information to help the reader assess WRCOG's most significant local revenue source, Member Dues and Mitigation Fees.	72
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.	73
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.	75
Debt Capacity This schedule contains information to help the reader assess WRCOG's outstanding debt.	79

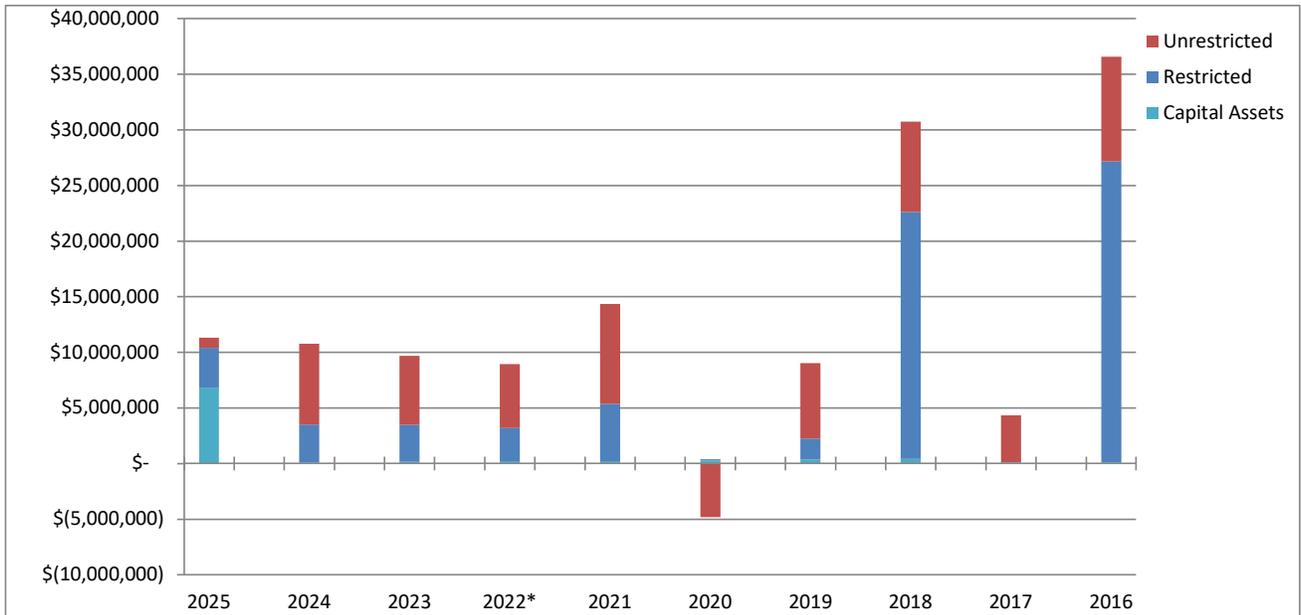
**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

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

	Fiscal Year			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022*</u>
Governmental activities:				
Net investment in				
Capital Assets	\$ 6,827,734	\$ 98,954	\$ 172,252	\$ 230,209
Restricted	3,570,325	3,416,409	3,321,749	2,963,656
Unrestricted	923,407	7,262,933	6,186,452	5,752,754
Total governmental activities net position/(deficit)	<u>\$ 11,321,466</u>	<u>\$ 10,778,296</u>	<u>\$ 9,680,453</u>	<u>\$ 8,946,619</u>

* Due to GASB 84 implementation, WRCOG changed the fund reporting type for the TUMF Custodial Fund, in prior years this was reported as a special revenue fund.

Source: Finance Department



Fiscal Year					
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 218,171	\$ 293,345	\$ 362,054	\$ 413,343	\$ 93,875	\$ 100,296
5,164,059	111,838	1,907,303	22,211,582	11,702	27,079,334
8,965,785	(4,815,321)	6,771,505	8,130,795	4,232,803	9,385,943
<u>\$ 14,348,015</u>	<u>\$ (4,410,138)</u>	<u>\$ 9,040,862</u>	<u>\$ 30,755,720</u>	<u>\$ 4,338,380</u>	<u>\$ 36,565,573</u>

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

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

	Fiscal Year Ended June 30,			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022*</u>
Expenses				
Governmental activities:				
General government	\$ 5,184,752	\$ 4,787,226	\$ 4,483,666	\$ 4,391,339
Transportation	-	-	-	-
Energy	9,918,733	8,147,400	4,603,005	6,086,935
Environmental	1,061,019	1,165,939	731,502	559,545
Interest on Lease	44,098	32,574	22,571	12,315
Total primary government expenses	<u>16,208,602</u>	<u>14,133,139</u>	<u>9,840,744</u>	<u>11,050,134</u>
Program Revenues				
Governmental activities:				
General government	5,442,130	5,813,203	5,469,546	5,370,744
Transportation	-	-	-	-
Energy	9,858,581	7,644,590	3,848,082	4,574,850
Environmental	1,052,819	1,204,138	940,071	569,943
Total primary government program revenues	<u>16,353,530</u>	<u>14,661,931</u>	<u>10,257,699</u>	<u>10,515,537</u>
Net (Expense)/Revenue				
Total primary government net expense	<u>144,928</u>	<u>528,792</u>	<u>416,955</u>	<u>(534,597)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Other revenues				
Investment income	398,242	569,051	316,879	(27,181)
Loss on sale of capital assets	-	-	-	-
Total primary government	<u>398,242</u>	<u>569,051</u>	<u>316,879</u>	<u>(27,181)</u>
Changes in Net Position				
Total primary government	<u>\$ 543,170</u>	<u>\$ 1,097,843</u>	<u>\$ 733,834</u>	<u>\$ (561,778)</u>

* Due to GASB 84 implementation, WRCOG changed the fund reporting type for the TUMF Custodial Fund, in prior years this was reported as a special revenue fund.

Source: Finance Department

Fiscal Year Ended June 30,

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 4,150,530	\$ 3,674,580	\$ 6,966,676	\$ 5,416,418	\$ 4,028,482	\$ 2,520,688
42,583,401	63,456,285	85,033,676	34,971,790	74,542,061	41,631,788
3,110,304	2,349,851	2,779,274	6,333,946	5,622,980	5,629,560
707,125	704,465	533,897	570,687	513,137	423,667
<u>50,551,360</u>	<u>70,185,181</u>	<u>95,313,523</u>	<u>47,292,841</u>	<u>84,706,660</u>	<u>50,205,703</u>
447,393	341,563	569,301	567,640	512,876	513,188
63,706,655	50,389,714	66,842,236	67,483,341	42,731,611	43,508,888
3,962,842	2,966,193	3,364,946	6,003,534	9,316,452	9,779,134
673,823	758,394	542,592	515,141	528,775	464,885
<u>68,790,713</u>	<u>54,455,864</u>	<u>71,319,075</u>	<u>74,569,656</u>	<u>53,089,714</u>	<u>54,266,095</u>
18,239,353	(15,729,317)	(23,994,448)	27,276,815	(31,616,946)	4,060,392
-	-	-	-	-	36,112
(243,696)	2,356,692	2,262,464	273,559	(12,645)	509,228
-	(78,375)	-	-	-	-
<u>(243,696)</u>	<u>2,278,317</u>	<u>2,262,464</u>	<u>273,559</u>	<u>(12,645)</u>	<u>545,340</u>
\$ <u>17,995,657</u>	\$ <u>(13,451,000)</u>	\$ <u>(21,731,984)</u>	\$ <u>27,550,374</u>	\$ <u>(31,629,591)</u>	\$ <u>4,605,732</u>

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

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

	Fiscal Year				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022*</u>	<u>2021</u>
<u>GENERAL FUND</u>					
General fund:					
Nonspendable					
Prepaid Expenses	\$ 258,459	\$ 176,560	\$ 149,872	\$ 119,789	\$ 61,060
Restricted					
Section 115 Pension Trust	406,462	369,074	337,620	326,257	366,611
Assigned					
BEYOND Program	-	-	-	-	-
Fellowship Program	213,657	229,726	219,878	218,375	219,839
Unassigned	6,437,621	12,252,721	10,684,308	10,137,070	13,015,251
Total general fund	<u>\$ 7,316,199</u>	<u>\$ 13,028,081</u>	<u>\$ 11,391,678</u>	<u>\$ 10,801,491</u>	<u>\$ 13,662,761</u>
<u>ALL OTHER GOVERNMENTAL FUNDS</u>					
All other governmental funds:					
Nonspendable					
Prepaid Expenses	\$ 60,778	\$ 28,238	\$ -	\$ -	\$ -
Restricted					
Transportation	-	-	-	-	17,187,489
LTF	2,946,674	2,805,034	2,736,764	2,593,014	-
AB 2766	120,588	120,588	155,538	17,206	45,325
Foundation	95,975	88,427	76,827	12,179	11,721
Used Oil	175	175	175	-	-
Assigned					
Fellowship Program	1,041	1,041	-	-	-
Unassigned	(8,772)	(11,346)	(2,068,509)	-	-
Total all other governmental funds	<u>\$ 3,216,459</u>	<u>\$ 3,032,157</u>	<u>\$ 900,795</u>	<u>\$ 2,622,399</u>	<u>\$ 17,244,535</u>

* Due to GASB 84 implementation, WRCOG changed the fund reporting type for the TUMF Custodial Fund, in prior years this was reported as a special revenue fund.

Source: Finance Department

Fiscal Year				
<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 209,708	\$ 96,486	\$ 43,859	\$ 167,212	\$ 90,762
-	-	-	-	-
-	-	-	11,702.00	-
702,559	702,559	2,533,866	3,305,419.00	1,556,763.00
609,412	304,733	514,732	121,272.00	400,000.00
10,291,851	9,613,033	8,233,431	8,988,826	7,888,825
<u>\$ 11,813,530</u>	<u>\$ 10,716,811</u>	<u>\$ 11,325,888</u>	<u>\$ 12,594,431</u>	<u>\$ 9,936,350</u>
\$ -	\$ -	\$ -	\$ -	\$ -
2,483,852	15,073,913	38,098,604	9,373,801	51,540,293
-	-	-	-	-
-	-	-	-	-
111,838	72,145.00	11,733	-	11,690
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 2,595,690</u>	<u>\$ 15,146,058</u>	<u>\$ 38,110,337</u>	<u>\$ 9,373,801</u>	<u>\$ 51,551,983</u>

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

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

	Fiscal Year			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022*</u>
Revenues				
Intergovernmental	\$ 3,112,514	\$ 3,290,176	\$ 3,268,269	\$ 2,881,203
TUMF Mitigation fees	3,054,827	3,474,339	2,924,554	3,031,817
Pace fees	1,219,345	1,120,607	1,027,275	3,713,297
Other revenues	408,814	465,181	359,976	323,530
Investment income (loss)	398,242	569,051	316,879	(27,181)
Chrges for Services	8,570,216	8,380,976	646,135	510,762
Total revenues	<u>16,763,958</u>	<u>17,300,330</u>	<u>8,543,088</u>	<u>10,433,428</u>
Expenditures				
Current:				
General Government	4,108,942	3,835,364	3,946,798	3,524,632
Programs:				
Transportation	-	-	-	-
Energy	9,918,733	8,147,400	4,603,005	6,086,935
Environmental	1,061,019	1,165,939	731,502	559,545
Debt service	395,447	383,862	393,200	422,820
Capital outlay	6,807,397	-	-	-
Total expenditures	<u>22,291,538</u>	<u>13,532,565</u>	<u>9,674,505</u>	<u>10,593,932</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,527,580)</u>	<u>3,767,765</u>	<u>(1,131,417)</u>	<u>(160,504)</u>
Net change in fund balances	<u>\$ (5,527,580)</u>	<u>\$ 3,767,765</u>	<u>\$ (1,131,417)</u>	<u>\$ (160,504)</u>
Debt service as a percentage of noncapital expenditures	<u>1.77%</u>	<u>2.84%</u>	<u>4.06%</u>	<u>3.99%</u>

* Due to GASB 84 implementation, WRCOG changed the fund reporting type for the TUMF Custodial Fund, in prior years this was reported as a special revenue fund.

Source: Finance Department

Fiscal Year					
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 1,504,000	\$ 1,068,020	\$ 967,270	\$ 931,500	\$ 1,145,570	\$ 1,058,265
60,897,468	48,850,599	63,686,091	51,305,031	42,239,340	42,615,158
3,340,417	2,512,229	2,752,932	5,684,817	9,028,003	9,562,139
3,048,828	2,085,571	3,852,228	16,648,307	894,488	848,957
(243,696)	2,356,691	2,262,464	273,560	(12,645)	509,229
68,547,017	56,873,110	73,520,985	74,843,215	53,294,756	54,593,748
3,903,224	3,531,873	6,039,994	4,493,570	3,965,880	2,681,489
45,090,784	61,740,570	87,741,176	35,974,673	82,703,352	44,125,019
3,110,304	2,349,851	2,779,274	6,336,292	5,632,488	5,647,563
707,125	704,465	533,897	570,687	513,137	435,670
-	-	-	-	-	-
52,811,437	68,326,759	97,094,341	47,375,222	92,814,857	52,889,741
15,735,580	(11,453,649)	(23,573,356)	27,467,993	(39,520,101)	1,704,007
\$ 15,735,580	\$ (11,453,649)	\$ (23,573,356)	\$ 27,467,993	\$ (39,520,101)	\$ 1,704,007
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)

Revenue by Funds
Last Ten Fiscal Years
(Accrual Basis)

	Fiscal Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GENERAL FUND:										
Member dues:										
Banning	\$ 3,548	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,941
Beaumont	\$ 7,439	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000			
Calimesa	\$ 1,335	\$ 1,049	\$ 1,049	\$ 1,049	\$ 1,049	\$ 1,049	\$ 1,049	1,049	1,049	1,049
Canyon Lake	\$ 1,682	\$ 1,406	\$ 1,406	\$ 1,406	\$ 1,406	\$ 1,406	\$ 1,406	1,406	1,406	1,406
Corona	\$ 21,868	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	20,290	20,290	20,290
Eastvale	\$ 9,995	\$ 7,171	\$ 7,171	\$ 7,171	\$ 7,171.06	\$ 7,171	\$ 7,171	7,171	7,171	7,171
Hemet	\$ 9,176	\$ 9,797	\$ 9,797	\$ 9,797	\$ 7,425	\$ 9,797	\$ 9,797	9,797	9,797	9,797
Jurupa Valley	\$ 13,221	\$ 12,710	\$ 12,710	\$ 12,710	\$ 12,710	\$ 12,710	\$ 12,710	12,710	12,710	12,710
Lake Elsinore	\$ 8,250	\$ 6,933	\$ 6,933	\$ 6,933	\$ 6,933	\$ 6,933	\$ 6,933	6,933	6,933	6,933
Menifee	\$ 13,896	\$ 10,491	\$ 10,491	\$ 10,491	\$ 10,491	\$ 10,491	\$ 10,491	10,491	10,491	10,491
Moreno Valley	\$ 22,727	\$ 25,780	\$ 25,780	\$ 25,780	\$ 25,780	\$ 25,780	\$ 25,780	25,780	25,780	25,780
Murrieta	\$ 14,500	\$ 13,794	\$ 13,794	\$ 13,794	\$ 13,794.48	\$ 13,794	\$ 13,794	13,794	13,794	13,794
Norco	\$ 3,649	\$ 3,573	\$ 3,573	\$ 3,573	\$ 3,573.45	\$ 3,573	\$ 3,573	3,573	3,573	3,573
Perris	\$ 9,981	\$ 9,215	\$ 9,215	\$ 9,215	\$ 9,215	\$ 9,215	\$ 9,215	9,215	9,215	9,215
Riverside	\$ 37,679	\$ 40,512	\$ 40,512	\$ 40,512	\$ 40,512	\$ 40,512	\$ 40,512	40,512	40,512	40,512
San Jacinto	\$ 5,337	\$ 5,889	\$ 5,889	\$ 5,889	\$ 5,889	\$ 5,889	\$ 5,889	5,889	5,889	5,889
Temecula	\$ 15,842	\$ 13,424	\$ 13,424	\$ 13,424	\$ 13,424	\$ 13,424	\$ 13,424	13,424	13,424	13,424
Wildomar	\$ 4,316	\$ 4,298	\$ 4,298	\$ 4,298	\$ 4,298	\$ 4,298	\$ 4,298	4,298	4,298	4,298
County of Riverside	\$ 38,968	\$ 48,136	\$ 48,136	\$ 48,136	\$ 48,135.73	\$ 48,136	\$ 48,136	48,136	48,136	48,136
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
Total Member dues	\$ 294,410	\$ 294,410	\$ 294,410	\$ 294,410	\$ 292,038	\$ 294,410	\$ 311,410	\$ 306,410	\$ 306,410	\$ 298,910
ALL OTHER GOVERNMENTAL FUNDS										
Transportation Uniform Mitigation Fee (TUMF):										
Banning	2,458,273	1,930,127	1,564,235	485,142	90,905	16,719	12,165	\$ 16,040	\$ 40,930	\$ 6,326
Beaumont	848,835	992,769	2,875,352	3,203,910	1,044,450	661,889	1,133,974	514,351	-	-
Calimesa	-	-	(2,877)	16,407	84,328	357,530	188,577	4,055	103,835	10,359
Canyon Lake	43,171	152,378	32,323	18,470	35,410	41,949	44,605	38,832	18,525	20,583
Corona	392,579	305,950	581,220	1,457,134	766,323	500,855	2,599,705	140,921	1,153,262	2,743,488
Eastvale	66,894	233,157	22,485	130,265	988,078	819,704	660,354	1,735,201	1,249,621	1,705,338
Hemet	1,540,007	1,232,880	708,272	2,869,417	938,306	200,532	247,002	217,626	52,392	351,010
Jurupa Valley	1,891,057	3,970,655	1,773,071	2,136,682	629,122	1,707,104	1,919,323	995,072	2,400,109	2,302,649
Lake Elsinore	1,326,440	1,324,692	357,498	1,467,864	1,564,641	1,588,824	912,194	56,629	800,725	969,533
March JPA	-	-	1,331,232	703,107	222,156	1,503,832	1,196,382	1,668,406	765,627	222,482
Menifee	3,603,698	5,138,536	4,256,690	5,643,287	6,129,067	2,369,260	2,589,565	1,944,365	1,374,603	1,203,549
Moreno Valley	2,659,446	3,068,531	1,360,701	2,305,395	2,962,390	1,861,624	4,400,523	300,521	883,562	1,356,327
Murrieta	2,222,198	1,710,047	769,429	1,394,332	1,121,883	667,417	1,115,593	2,585,547	884,391	1,452,155
Norco	971,494	4,618	161,673	874,006	4,483	136,181	523,643	1,867,071	304,411	100,355
Perris	2,966,861	2,016,632	1,417,646	1,329,470	1,198,867	726,994	789,812	918,236	1,235,325	1,167,113
Riverside	2,858,422	1,354,048	1,825,929	1,407,394	823,662	1,928,733	3,018,415	1,484,544	3,113,205	1,852,839
San Jacinto	2,280,774	1,497,659	1,348,318	594,897	1,024,429	784,469	984,137	3,212,024	843,818	698,893
Temecula	721,276	952,597	1,267,900	1,272,118	445,363	676,132	646,123	1,448,549	810,938	809,664
Wildomar	435,265	1,683,714	1,044,123	326,357	170,292	316,900	134,061	87,114	826,659	384,865
County - Northwest	329,459	1,138,078	3,694,724	3,071,918	3,573,018	3,237,826	998,669	272,790	569,203	414,258
County - Southwest	2,602,561	6,019,157	2,044,268	1,747,903	2,576,214	1,421,458	730,000	1,643,915	863,473	636,493
County - Central	1,696,471	2,135,688	383,341	132,162	96,255	169,085	1,403,293	1,125,077	911,716	1,040,489
County - Pass	40,091	50,793	852,150	36,164	52,888	37,617	64,879	815,242	12,349	20,581
County - Hemet/San Jacinto	2,949,452	2,781,621	3,743,328	2,402,062	1,287,613	946,277	2,254,436	538,809	376,151	299,821
Regional Transit Authority	2,390,630	2,718,670	2,288,464	2,398,927	1,906,091	1,554,652	1,956,588	1,203,022	692,725	698,889
Riverside County Transportation Commission	34,904,724	39,694,326	33,413,031	35,025,864	27,830,143	22,698,912	28,567,429	23,630,936	19,594,830	19,769,172
WRCOG	3,055,118	3,474,339	2,924,554	3,065,721	2,435,899	1,986,776	2,500,431	2,056,290	1,689,574	1,704,607
MSHCP	1,122,756	1,276,820	1,074,774	1,126,653	895,193	730,140	918,909	783,850	667,382	673,319
Total TUMF	76,377,951	86,858,482	73,113,854	76,643,029	60,897,467	49,669,391	62,510,785	51,305,034	42,239,340	42,615,159

Source: Fiscal Department

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2025	2,556,317	193,257,565	75,600	6.30%
2024	2,510,643	180,515,232	71,900	6.20%
2023	2,494,626	186,049,207	74,580	5.20%
2022	2,473,902	188,179,830	76,066	4.10%
2021	2,454,453	114,090,413	45,834	6.30%
2020	2,442,304	104,794,676	42,418	14.90%
2019	2,440,124	95,140,992	39,261	4.60%
2018	2,415,955	87,827,068	36,782	4.70%
2017	2,390,702	88,000,000	35,883	5.80%
2016	2,317,924	89,500,000	31,762	6.90%

Sources:

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

Represents most recent data available

Data not available solely for Western Riverside County

<https://www.statista.com/statistics/200838/median-household-income-in-the-united-states/>

<https://www.google.com/search?q=riverside+county+ca+population+2025&authuser=0&aep=21>

<https://labormarketinfo.edd.ca.gov/cgi/databrowsing/localAreaProfileQSResults.asp?selectedare>

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

**Employment Statistics by Industry for Riverside County
Calendar Years 2023 and Ten Calendar Years**

Industry Type	2024	% of Total Employment	2015	% of Total Employment
Agricultural service	11,600	1.4%	12,600	1.9%
Mining and logging	500	0.1%	300	0.0%
Construction	74,700	8.8%	52,900	8.0%
Manufacturing	44,400	5.2%	41,300	6.3%
Transportation, warehousing, and public utilities	77,600	9.1%	34,100	5.2%
Wholesale trade	26,900	3.2%	23,300	3.5%
Retail trade	94,000	11.1%	88,700	13.5%
Information	5,700	0.7%	6,400	1.0%
Finance and insurance	9,700	1.1%	11,600	1.8%
Real estate and rental and leasing	11,400	1.3%	9,200	1.4%
Professional & business services	77,000	9.1%	62,600	9.5%
Education & health services	153,800	18.1%	95,200	14.5%
Leisure and hospitality	104,000	12.3%	83,400	12.7%
Other services	26,400	3.1%	21,700	3.3%
Federal government, civilian	7,800	0.9%	6,900	1.0%
State government	15,200	1.8%	16,300	2.5%
Local government	108,000	12.7%	91,400	13.9%
Total	848,700	100.0%	657,900	100.0%

Source: State of California Economic Development Department

Represents most recent data available

Data not available solely for Western Riverside County

2014 & 2023 Source:

<https://labormarketinfo.edd.ca.gov/cgi/databrowsing/localAreaProfileQSResults.asp?selectedarea=Riverside+County&selectedindex=33&menuChoice=localAreaPro&state=true&geogArea=0604000065&countyName=>

Western Riverside Council of Governments
 Full-time Equivalent Employees by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Management services and administration	13	12	9	10
Transportation & Planning	5	5	6	4
Energy	8	8	8	3
Environmental	4	4	3	8
RCHCA	7	7	7	6
 Total full time equivalents	 37	 36	 33	 31

Source: Fiscal Department

Since FY 23/24 the amount reflected includes both WRCOG and RCHCA employees, since WRCOG provides administrative services to RCHCA per the service agreement.

As of June 30

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
9	7	7	7	9	8
6	6	7	4	4	6
11	11	7	14	15	8
2	2	3	5	2	1
4	5	0	0	0	0
32	31	24	30	30	23

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

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

	2025	2024	2023
Property Assessed Clean Energy Programs			
Energy Efficiency Products Installed	11	8	14
Solar Products Installed	1	1	0
Water Efficiency Products Installed	4	2	2
Energy Savings Programs			
Energy Savings (kWh)	n/a	n/a	n/a
Gas Savings (Therms)	n/a	n/a	n/a
Environmental Programs			
Gallons of Gasoline Equivalent Reduced	6,417,187	5,876,365	5,458,287
Tons Greenhouse Gas Emissions Reduced	135,845	86,571	13,265
Used Oil Gallons Recycled	447,044	447,913	425,077
Used Oil Filters Recycled	2,497	2,161	1,354
Solid Waste - Disposal Amount (tons):	2,291,708	1,284,126	1,348,860
Transportation Programs			
Single Family Home Permits Issued	5,439	5,644	4,425
Multi-family Home Permits Issued	2,146	2,258	1,717
New Retail Construction (square foot)	484,057	295,471	289,011
New Commercial Construction (square foot)	307,863	133,331	177,093
New Industrial Construction (square foot)	3,620,617	6,472,953	6,253,986
Class A/B (Square Foot)	55,097		

Source: Finance Department

Fisal Year				Fiscal Year		
2022	2021	2020	2019	2018	2017	2016
41	88	7,437	15,700	51,700	92,300	80,300
3	50	2,049	6,543	23,500	28,900	36,000
8	10	471	1,263	4,131	8,655	7,284
n/a	n/a	n/a	14,443,467	2,534,586	152,304	n/a
n/a	4,000	n/a	52,547	n/a	9,862	n/a
4,185,750	n/a	4,206,956	9,688,567	9,630,272	9,747,951	9,730,702
7,440	n/a	6,728	16,730	15,703	15,610	15,255
350,515	n/a	391,902	390,453	207,996	230,000	328,686
1,747	n/a	1,229	1,435	1,036	1,428	1,418
2,249,971	n/a	1,327,618	786,538	723,493	708,996	637,811
5,118	4,604	3,150	3,659	3,580	3,179	2,916
984	958	1,044	1,990	557	450	1,032
592,410	220,143	618,445	428,260	622,387	479,982	366,654
195,787	426,595	461,103	482,308	613,916	512,886	691,077
7,115,390	3,156,026	4,254,754	7,540,010	6,083,631	4,089,710	2,906,471

**Western Riverside Council of Governments
Ratios of Outstanding Debt by Type
Last Ten Calendar Years**

Fiscal Year	<u>Governmental Activities</u>		Total Primary Government	Percentage of Personal Income (1)	Personal Income
	Capital Leases				
2025	\$ 1,216,898		\$ 1,216,898	0.0006%	193,257,565,200
2024	1,568,247		1,568,247	0.0009%	180,515,231,700
2023	1,919,535		1,919,535	0.0010%	186,049,207,080
2022	2,290,164		2,290,164	0.0012%	188,179,829,532
2021	-		-	0.0000%	114,090,413,000
2020	-		-	0.0000%	104,794,676,000
2019	-		-	0.0000%	95,140,992,000
2018	-		-	0.0000%	87,827,068,000
2017	-		-	0.0000%	88,000,000,000
2016	-		-	0.0000%	89,500,000,000

Sources: Finance Department

(1) See Demographic and Economic Information in statistical section for personal income and population data.

Details regarding WRCOG's outstanding debt can be found in Note 5 of the Notes of the Basic Financial Statements



Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: The Economy and Financial Markets
Contact: Robert Montoya, Institutional Sales & Relationship Manager, Public Financial Management, robert.montoya@pfmam.com, (262) 725-1090
Date: March 12, 2026

Recommended Action(s):

1. Receive and file.

Summary:

Robert Montoya of Public Financial Management Asset Management, WRCOG's investment advisor, will provide a presentation regarding the current economic data, the financial markets, and their impact on WRCOG member agencies.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to provide information regarding an interest rate overlook as well as where equity markets are headed. This effort aligns with WRCOG's 2022-2027 Strategic Plan Goal #3 (Ensure fiscal solvency and stability of the Western Riverside Council of Governments).

Discussion:

Background

Broader macroeconomic trends can have a significant impact on local government finances. For example, changes in the stock market can impact investment returns while changes in interest rates can impact borrowing costs. These trends can also impact development activity and other items which also impact municipal finances.

Present Situation

This presentation will address the current overall level of economic activity, inflation, financial market activity, and other factors, and how they might impact WRCOG members.

Prior Action(s):

None.

Financial Summary:

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

Attachment(s):

None.