

COACHELLA VALLEY CONSERVATION COMMISSION
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023



DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

COACHELLA VALLEY CONSERVATION COMMISSION

Financial Statements

Year ended June 30, 2023

(With Independent Auditor's Report Thereon)

COACHELLA VALLEY CONSERVATION COMMISSION

Financial Statements

Year ended June 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Notes to the Basic Financial Statements	23
Required Supplementary Information:	
Budget and Actual Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	34
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Management and Monitoring	35
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Land Acquisition	36
Notes to the Required Supplementary Information	37

Supplementary Information:

Combining Fund Financial Statements:

Combining Balance Sheet – Nonmajor Governmental Funds	38
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	39

Independent Auditor's Report

To the Commission Members
Coachella Valley Conservation Commission
Palm Desert, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coachella Valley Conservation Commission (Commission), as of and for the year June 30, 2023, and the related notes to the financial statements, which collectively comprise Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Commission, as of June 30, 2023, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Commission's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Commission'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 Commission'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 and budgetary comparison schedules* 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 the Commission's basic financial statements. The *combining nonmajor fund financial statements* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining nonmajor fund financial statements* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 nonmajor fund financial statements* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Commission's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California
December 12, 2023

This page intentionally left blank

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of Coachella Valley Conservation Commission ("Commission") provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. Also included in the accompanying report are the *fund financial statements*. The fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Commission's operations in more detail than the government-wide statements by providing information about the Commission's most significant funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The *basic financial statements* include two kinds of statements that present different views of the Commission:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Commission's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Commission government, reporting the Commission's operations in *more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provide additional financial and budgetary information.

Reporting the Commission as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the Commission as a whole. One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Commission as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's net position and changes in them. You can think of the Commission's net position - the difference between assets and liabilities as one way to measure the Commission's financial health, or *financial position*. Over time, *increases and decreases* in the Commission's net position is one indicator of whether its *financial health* is improving or deteriorating.

Reporting the Commission's Major Funds

The **fund financial statements** provide detailed information about the Commission's most significant funds - not the Commission as a whole. Some funds are required to be established by grant or legal requirements. However, the Commission establishes other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain resources.

Governmental funds - the Commission's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Commission's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

	Fiscal Year 2023	Fiscal Year 2022	Dollar Change	Percent Change
Assets:				
Cash and investments	\$ 38,917,409	\$ 28,684,523	\$ 10,232,886	35.7%
Other current assets	1,641,376	1,879,874	(238,498)	(12.7)%
Capital assets, not depreciated	86,839,241	82,458,027	4,381,214	5.3%
Capital assets, net of depreciati	6,469	-	6,469	100.0%
Total Assets	127,404,495	113,022,424	14,382,071	12.7%
Liabilities:				
Current liabilities	413,086	714,861	(301,775)	(42.2)%
Total Liabilities	413,086	714,861	(301,775)	(42.2)%
Net Position:				
Investment in capital assets	86,845,710	82,458,027	4,387,683	5.3%
Restricted	35,608,935	28,044,359	7,564,576	27.0%
Unrestricted	4,536,764	1,805,177	2,731,587	151.3%
Total Net Position	\$ 126,991,409	\$ 112,307,563	\$ 14,683,846	13.1%

A summary of the government-wide *statement of activities* follows:

Statement of Activities

	Fiscal Year 2023	Fiscal Year 2022	Dollar Change	Percent Change
Operating Expenses:				
Administrative	\$ 635,911	\$ 468,194	\$ 167,717	35.8%
Biological monitoring and land management program	1,254,434	1,019,639	234,795	23.0%
Total Expenses	1,890,345	1,487,833	402,512	27.1%
Program Revenues:				
Operating contributions and grants	3,741,969	3,219,767	522,202	16.2%
Capital contributions and grants	12,251,272	6,534,331	5,716,941	87.5%
General Revenues:				
Interest income (loss)	562,829	(403,437)	966,266	239.5%
Other revenues	18,121	11,738	6,383	54.4%
Total Revenues	16,574,191	9,362,399	7,211,792	77.0%
Changes in Net Position	14,683,846	7,874,566	6,809,280	86.5%
Net Position - Beginning	112,307,563	104,432,997	7,874,566	7.5%
Net Position - Ending	\$126,991,409	\$112,307,563	\$ 14,683,846	13.1%

The increase or decrease in net position can provide an indication as to whether the overall financial position of the Commission improved or deteriorated during the year. Net position of the Commission's governmental activities increased by 13.1% (\$127.0 million compared to \$112.3 million). The net position of the Commission increased largely as a result of increased capital contributions provided for land acquisitions and related endowments under advanced agencies mitigation fees.

MAJOR FUNDS

General Fund - The General Fund accounts for all the general revenues of the Commission not specifically levied or collected for some special purpose, and for the expenditures related to the rendering of general services by the Commission. The current fiscal year's excess was \$2,728,587, bringing the ending fund balance of the General Fund to \$15,044,278.

The reasons for significant amounts in the revenues and expenditures of the Commission's General Fund are as follows:

- Agencies mitigation fees in the amount of \$2,773,979 were received from two agencies contributing toward the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP), an increase of \$1,354,354 from the prior year due to land management endowments.
- As the Commission does not have employees or office space, personnel and indirect overhead expenditures are contracted through the Coachella Valley Association of Governments (CVAG) which staffs and administers the CVMSHCP. These costs are presented as Consultants expenditures and increased by \$126,782 from the prior year due to additional budgeted resource needs as well as classification and compensation updates commencing in fiscal year 2023.
- As is true for all Major Funds, interest rates on investments at the Riverside County Treasurer's Pooled Investment Fund reached their highest point in recent years and rose at historic rates during fiscal year 2022/23 resulting in increased interest income being partially offset by investment losses.

Management And Monitoring Fund - The Management and Monitoring Fund accounts for the revenues associated with implementation of the land management program and the biological monitoring program for the CVMSHCP. The current fiscal year's decrease was \$245,340, bringing the total ending fund balance to \$413,648.

The reasons for significant amounts in the revenues and expenditures of the Commission's Management and Monitoring Fund are as follows:

- The Commission adopted a fee ordinance in FY 2011/12 which permits part of the Local Development Mitigation Fees (LDMF) collected to be used for Management and Monitoring. Current year amounts allocated to this fund were \$599,167, a decrease of \$139,232 from the prior year's revenue. Although there was an increase in the base calculation for LDMF, there was an overall decrease in collections because there were fewer projects permitted in previously undisturbed lands that needed to mitigate impacts to wildlife habitat.
- Professional services expenditures were \$80,333, an increase of \$66,886 from the prior year's expenditures. This increase is primarily due to an expansion of activities related to law enforcement and management of acquired lands as well as biological monitoring, the latter of which is partially funded by grant funds which are on a cyclical nature with less funding available in fiscal year 2022/23.
- Consultant fees from CVAG also increased due to additional resource needs; as the Commission continues to acquire more and more land, the costs associated with management and monitoring will continue to rise.

Land Acquisition Fund - The Land Acquisition Fund accounts for land acquisitions under the CVMSHCP with revenues generated by LDMF as well as agency mitigation fees from various agencies. The current fiscal year's increase in fund balance was \$9,040,544, bringing the total ending fund balance to \$18,252,469.

The reasons for significant amounts in the revenues and expenditures of the Commission's Land Acquisition Fund are as follows:

- Agencies mitigation fees to this fund were \$9,191,056, an increase of \$6,556,852 from the prior year's revenue resulting from agency obligations for future projects in the CVMSHCP.
- Capital outlay expenditures decreased by \$6,040,107 from \$8,957,494 in the prior year to \$2,917,387 in the current year, more similar with historic trends. In the prior year, the Commission had its single largest land acquisition since inception.

CAPITAL ASSETS

Capital Assets
(net of Depreciation)

	Balance June 30,2023	Balance June 30,2022	Increase
Land	\$ 84,912,441	\$ 81,995,055	\$ 2,917,386
Equipment	6,469	-	6,469.09
Construction in Progress	1,926,799	462,972	1,463,827
Total	<u>\$ 86,845,710</u>	<u>\$ 82,458,027</u>	<u>\$ 4,387,683</u>

The major additions to capital assets were land acquisitions during the year as well as additional construction on the Peninsular Big Horn Sheep fence.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, members, and resource providers with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Commission's Office, attention: Director of Finance Department, at 74-199 El Paseo, Suite 100, Palm Desert, CA 92260.

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

COACHELLA VALLEY CONSERVATION COMMISSION

Statement of Net Position

June 30, 2023

(with comparative prior year information)

	Governmental Activities	
	2023	2022
Assets:		
Cash and investments (note 2)	\$ 38,917,409	\$ 28,684,523
Interest receivable	543,942	50,319
Accounts receivable	118,237	14,220
Deposits	14,725	14,725
Prepaid	3,000	-
Due from other governments	961,472	1,800,610
Capital assets, not depreciated (note 4)	86,839,241	82,458,027
Capital assets, net of depreciation	<u>6,469</u>	<u>-</u>
Total Assets	<u>127,404,495</u>	<u>113,022,424</u>
Liabilities:		
Accounts payable	73,596	193,589
Deposits payable	20,518	20,518
Due to other governments	<u>318,972</u>	<u>500,754</u>
Total Liabilities	<u>413,086</u>	<u>714,861</u>
Net Position:		
Investment in capital assets	86,845,710	82,458,027
Restricted:		
Endowment	10,842,748	10,834,956
Management and monitoring	6,513,718	7,997,478
Land acquisition	18,252,469	9,211,925
Unrestricted	<u>4,536,764</u>	<u>1,805,177</u>
Total Net Position	<u>\$ 126,991,409</u>	<u>\$ 112,307,563</u>

See accompanying notes to financial statements.

COACHELLA VALLEY CONSERVATION COMMISSION

Statement of Activities

Year ended June 30, 2023

(with comparative prior year information)

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	
					2023	2022
Governmental Activities:						
Administrative	\$ 635,911	\$ -	\$ 3,123,273	\$ -	\$ 2,487,362	\$ 1,357,207
Biological monitoring and land management program	1,254,434	-	618,696	12,251,272	11,615,534	6,909,058
Total Governmental Activities	<u>\$ 1,890,345</u>	<u>\$ -</u>	<u>\$ 3,741,969</u>	<u>\$ 12,251,272</u>	<u>14,102,896</u>	<u>8,266,265</u>
			General Revenues:			
			Investment income (loss)		562,829	(403,437)
			Other revenues		18,121	11,738
			Total General Revenues		<u>580,950</u>	<u>(391,699)</u>
			Change in Net Position		14,683,846	7,874,566
			Net Position - Beginning		<u>112,307,563</u>	<u>104,432,997</u>
			Net Position - Ending		<u>\$ 126,991,409</u>	<u>\$ 112,307,563</u>

See accompanying notes to financial statements.

This page intentionally left blank

COACHELLA VALLEY CONSERVATION COMMISSION

Balance Sheet - Governmental Funds

June 30, 2023

(with comparative prior year information)

		<u>Special Revenue Funds</u>	
	<u>General Fund</u>	<u>Management and Monitoring</u>	<u>Land Acquisition</u>
Assets:			
Cash and investments	\$ 14,648,565	\$ 385,284	\$ 17,609,057
Interest receivable	207,412	2,926	248,168
Deposits	-	14,725	-
Prepaid	-	3,000	-
Accounts receivable	-	118,237	-
Due from other funds	-	-	-
Due from other governments	<u>349,294</u>	<u>116,851</u>	<u>495,327</u>
 Total Assets	 <u>\$ 15,205,271</u>	 <u>\$ 641,023</u>	 <u>\$ 18,352,552</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 5,227	\$ -	\$ 40,377
Deposits payable	-	20,518	-
Due to other funds	-	-	-
Due to other governments	<u>155,766</u>	<u>103,500</u>	<u>59,706</u>
 Total Liabilities	 <u>160,993</u>	 <u>124,018</u>	 <u>100,083</u>
 Deferred Inflows of Resources			
Unavailable revenue	<u>-</u>	<u>103,357</u>	<u>-</u>
 Total Deferred Inflows of Resources	 <u>-</u>	 <u>103,357</u>	 <u>-</u>
 Fund Balances:			
Nonspendable	-	3,000	-
Restricted:			
Endowment	10,510,514	-	-
Management and monitoring	-	410,648	-
Land acquisition	-	-	18,252,469
Unassigned	<u>4,533,764</u>	<u>-</u>	<u>-</u>
 Total Fund Balances	 <u>15,044,278</u>	 <u>413,648</u>	 <u>18,252,469</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 15,205,271</u>	 <u>\$ 641,023</u>	 <u>\$ 18,352,552</u>

See accompanying notes to financial statements.

COACHELLA VALLEY CONSERVATION COMMISSION

Balance Sheet - Governmental Funds (Continued)

June 30, 2023

(with comparative prior year information)

	Other Governmental Funds	Total Governmental Funds	
		2023	2022
Assets:			
Cash and investments	\$ 6,274,503	\$ 38,917,409	\$ 28,684,523
Interest receivable	85,436	543,942	50,319
Deposits	-	14,725	14,725
Prepaid	-	3,000	-
Accounts receivable	-	118,237	14,220
Due from other funds	-	-	84,343
Due from other governments	-	961,472	1,800,610
Total Assets	\$ 6,359,939	\$ 40,558,785	\$ 30,648,740
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 27,992	\$ 73,596	\$ 193,589
Deposits payable	-	20,518	20,518
Due to other funds	-	-	84,343
Due to other governments	-	318,972	500,754
Total Liabilities	27,992	413,086	799,204
Deferred Inflows of Resources			
Unavailable revenue	-	103,357	-
Total Deferred Inflows of Resources	-	103,357	-
Fund Balances:			
Nonspendable	-	3,000	-
Restricted:			
Endowment	332,234	10,842,748	10,834,956
Management and monitoring	5,999,713	6,410,361	7,997,478
Land acquisition	-	18,252,469	9,211,925
Unassigned	-	4,533,764	1,805,177
Total Fund Balances	6,331,947	40,042,342	29,849,536
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,359,939	\$ 40,558,785	\$ 30,648,740

See accompanying notes to financial statements.

This page intentionally left blank

COACHELLA VALLEY CONSERVATION COMMISSION

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position**

June 30, 2023

Fund balances of governmental funds	\$ 40,042,342
-------------------------------------	---------------

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

Capital assets, such as land used in governmental activities, are not financial resources and, therefore, are not reported in the funds.

Capital assets	86,848,062
Accumulated depreciation	(2,352)

Revenues are reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

<u>103,357</u>

Net Position of Governmental Activities	<u>\$ 126,991,409</u>
---	-----------------------

COACHELLA VALLEY CONSERVATION COMMISSION

**Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds**

Year ended June 30, 2023

(with comparative prior year information)

		<u>Special Revenue Funds</u>	
	<u>General Fund</u>	<u>Management and Monitoring</u>	<u>Land Acquisition</u>
Revenues:			
Development mitigation fees	\$ -	\$ 599,167	\$ 2,926,859
Agencies mitigation fees	2,773,979	1,331	9,191,056
Tipping fees	349,294	-	-
Grants	-	18,198	-
Investment income (loss)	241,398	8,586	137,592
Advertising revenue	-	7,489	-
Conservation easement endowment	-	-	-
Contributions	-	-	30,000
Miscellaneous	-	7,391	3,241
	<u>3,364,671</u>	<u>642,162</u>	<u>12,288,748</u>
Total Revenues			
Expenditures:			
Current:			
Administrative fees	-	5,992	29,282
Insurance	21,120	-	-
Per diem	7,900	-	-
General and office expenses	5,499	20,908	-
Professional services	75,682	80,333	136,056
Consultants	525,883	621,701	148,845
Land improvements	-	149,747	16,634
Capital outlay	-	1,472,648	2,917,387
	<u>636,084</u>	<u>2,351,329</u>	<u>3,248,204</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,728,587</u>	<u>(1,709,167)</u>	<u>9,040,544</u>
Other Financing Sources (Uses):			
Transfers in (note 3)	-	1,463,827	-
Transfers out (note 3)	-	-	-
	<u>-</u>	<u>1,463,827</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	2,728,587	(245,340)	9,040,544
Fund Balance - Beginning	12,315,691	658,988	9,211,925
Fund Balance - End	<u>\$ 15,044,278</u>	<u>\$ 413,648</u>	<u>\$ 18,252,469</u>

See accompanying notes to financial statements.

COACHELLA VALLEY CONSERVATION COMMISSION

**Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds (Continued)**

Year ended June 30, 2023

(with comparative prior year information)

	Other Governmental Funds	Total Governmental Funds	
		2023	2022
Revenues:			
Development mitigation fees	\$ -	\$ 3,526,026	\$ 4,343,526
Agencies mitigation fees	-	11,966,366	4,631,009
Tipping fees	-	349,294	328,618
Grants	-	18,198	78,787
Investment income (loss)	175,253	562,829	(403,437)
Advertising revenue	-	7,489	3,554
Conservation easement endowment	-	-	77,158
Contributions	-	30,000	295,000
Miscellaneous	-	10,632	8,184
	<u>175,253</u>	<u>16,470,834</u>	<u>9,362,399</u>
Total Revenues			
Expenditures:			
Current:			
Administrative fees	-	35,274	36,472
Insurance	-	21,120	16,408
Per diem	-	7,900	9,000
General and office expenses	168	26,575	26,024
Professional services	1,746	293,817	100,027
Consultants	40,497	1,336,926	1,252,591
Land improvements	-	166,381	47,311
Capital outlay	-	4,390,035	9,000,149
	<u>42,411</u>	<u>6,278,028</u>	<u>10,487,982</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>132,842</u>	<u>10,192,806</u>	<u>(1,125,583)</u>
Other Financing Sources (Uses):			
Transfers in (note 3)	-	1,463,827	42,655
Transfers out (note 3)	<u>(1,463,827)</u>	<u>(1,463,827)</u>	<u>(42,655)</u>
Total Other Financing Sources (Uses)	<u>(1,463,827)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,330,985)	10,192,806	(1,125,583)
Fund Balance - Beginning	<u>7,662,932</u>	<u>29,849,536</u>	<u>30,975,119</u>
Fund Balance - End	<u>\$ 6,331,947</u>	<u>\$ 40,042,342</u>	<u>\$ 29,849,536</u>

See accompanying notes to financial statements.

This page intentionally left blank

COACHELLA VALLEY CONSERVATION COMMISSION

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities**

Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$ 10,192,806
--	---------------

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 costs of these assets is allocated over their estimated useful lives and reported as depreciation expense (if applicable).

Cost of assets capitalized	4,390,035
Depreciation expense	(2,352)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	<u>103,357</u>
--	----------------

Change in Net Position of Governmental Activities	<u>\$ 14,683,846</u>
---	----------------------

See accompanying notes to financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 1: Summary of Significant Accounting Policies

(a) Description of Reporting Entity

The Coachella Valley Conservation Commission (the Commission) was formed under California's Joint Powers Law on December 1, 2005 for the purpose of overseeing and administering the Coachella Valley Multiple Species Habitat Conservation Plan (the CVMSHCP), a regional habitat conservation plan which balances conservation of rare and endangered species and development on an area-wide and regional basis under Section 6500 et. seq. of the Government Code. The Commission's members are the Cities of Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage, Coachella Valley Water District, Imperial Irrigation District, and Mission Springs Water District. Nonvoting participants of the Commission are Coachella Valley Association of Governments, Riverside County Flood Control and Water Conservation District, Riverside County Regional Parks and Open Space District and Riverside County Waste Management District.

The CVMSHCP is a long-term habitat conservation plan permitted by the California Department of Fish and Game as of September 9, 2008 and the United States Fish and Wildlife Services as of October 1, 2008 under the authority of the state and federal Endangered Species Acts. Although the Commission was formed as an independent joint powers authority prior to issuance of the state and federal permits for the CVMSHCP, it did not begin functioning as an independent agency until October 2008. With the approval of the CVMSHCP permits, funding for the activities of the Commission, including land acquisition, land management and biological monitoring, became available as of October 1, 2008.

With the CVMSHCP, over 240,000 acres of open space will be protected as well as 27 species of plants and animals that are threatened or facing extinction. The Commission acquired its 100,000th acre in October 2021. The Commission is also empowered to acquire land and administer grant programs to not-for-profit programs and permittees to conserve lands that contribute to the CVMSHCP's reserves, and to coordinate conservation easement agreements with landowners, seek grants and other funding sources to assist with acquisition, and coordinate with other state and federal acquisition programs in the CVMSHCP's area to ensure efficiency and consistency among acquisition programs. The basic financial statements of the Commission include all activities for which the Commission is financially accountable.

Major sources of revenue for the Commission include a Local Development Mitigation Fee collected on new development, tipping fees from Riverside County landfills, and regional infrastructure mitigation funds from various agencies, including the Coachella Valley Association of Governments, Coachella Valley Water District and Imperial Irrigation District. Other funding sources may be identified in subsequent years.

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the reporting government as a whole, except for its fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges for services.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The Commission has no business-type activities, fiduciary activities, or component units.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances have been eliminated for purposes of the Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The underlying accounting system of the Commission is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements for the Commission's governmental funds are presented after the Government-wide Financial Statements. These statements display information about major funds individually and other governmental funds in the aggregate. All of the Commission's funds are considered major funds, with the exceptions of the Management Contingency, In-Lieu Fee, Lizard Endowment, Casey's June Beetle, and Travertine Point Monitoring Funds.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transaction are recognized in accordance with the requirements of GASB Statement No. 33.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts.

Under the modified accrual basis of accounting, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net 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.

The Commission has an item that qualifies for reporting in this category. Unavailable revenues, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

The governmental funds report unavailable revenues from one source. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources.

In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Governmental Fund Balances

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance — this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Restricted Fund Balance — this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted. The accompanying financial statements include restricted fund balance for management and monitoring, land acquisition, and endowment. The CVMSHCP that created the funding source restricted the use of these funds for specific purposes.

Committed Fund Balance — this includes amounts that can be used only for the specific purposes determined by a formal action of the Commission. It includes legislation (Commission action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Commission action limiting the use of the funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted. The Commission considers a resolution to constitute a formal action of the Commission for the purposes of establishing committed fund balance.

Assigned Fund Balance — this includes amounts that are designated or expressed by the Commission but does not require a formal action like a resolution or ordinance. The Commission may delegate the ability of an employee or committee to assign uses of specific funds, for specific purposes.

Unassigned Fund Balance — this includes the remaining spendable amounts which are not included in one of the other classifications.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

It is the Commission's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Commission.

(d) Fund Classifications

The Commission reports the following major governmental funds:

General Fund – This fund is used to account for all of the general revenues of the Commission not specifically levied or collected for special purposes, and for the expenditures related to the rendering of general services by the Commission.

Management and Monitoring Special Revenue Fund – This fund is used to account for the revenues associated with implementation of the land management program and the biological management program for the CVMSHCP. These programs are supported by grants and funds provided by various agencies to support implementation of the CVMSHCP.

Land Acquisition Special Revenue Fund – This fund is used to account for the revenues generated by the Local Development Mitigation Fee (LDMF) and mitigation contributions from various agencies. These revenues are used to support the acquisition of lands by the Commission on behalf of the Local Permittees to meet the goals of the CVMSHCP.

(e) Reclassification and Eliminations

Inter-fund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

(f) Cash and Investments

The Commission pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

(g) Capital Assets

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets, donated works of art and similar items, and capital assets received as part of a service concession arrangement, are recorded at acquisition value at the date of acquisition. Generally, the Commission capitalizes assets with a cost in excess of \$5,000 with a useful life in excess of one year.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation expense is charged as an expense against operations and accumulated depreciation is reported on the Statement of Net Position. The Commission currently reports no depreciable assets.

(h) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(i) Comparative Financial Statements

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Commission's prior year financial statements, from which selected financial data was derived. The Commission has reclassified certain prior year information to conform with current year presentations.

Note 2: Cash and Investments

Cash and investments of the Commission consisted of the following at June 30, 2023:

Cash and deposits:	
Deposits with financial institutions	\$ 2,141,541
Investments:	
Riverside County Pooled Investment Fund	<u>36,775,868</u>
Total cash and investments	<u>\$38,917,409</u>

Deposits

The Commission's deposits with financial institutions were insured or collateralized as required by State Law.

Investments Authorized by the California Government Code and the Commission's Investment Policy

The table below identifies the investment types that are authorized for the Commission by the California Government Code (or the Commission's investment policy, where more restrictive).

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 2: Cash and Investments (Continued)

The table also identifies certain provisions of the California Government Code (or the Commission's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Obligations	3 years	None	None
Money Market Mutual Funds investing in United States Treasury Investments	N/A	20%	10%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

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. One of the ways that the Commission manages its exposure to interest, rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Commission's investment in the Riverside County Pooled Investment Fund of \$36,775,867 is available on demand.

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. The Commission does not hold any investments subject to minimum credit ratings. The pooled investments held with the Riverside County Pooled Investment Fund are considered to be unrated.

Investment in Riverside County Investment Pool

The Commission is a voluntary participant in the County of Riverside Treasury Pool. The fair value of the Commission's investment in this pool is reported in the accompanying financial statements at amounts based upon the Commission's pro-rata share of the fair value provided by the County for the entire County portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County.

Fair Value Hierarchy

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 3: Interfund Activities

Transfers

The Management Contingency Fund transferred \$1,463,827 to the Management and Monitoring Special Revenue Fund to pay for expenditures incurred for construction of the Peninsular Big Horn Sheep Fence Barrier Project.

Note 4: Capital Assets

A summary of capital asset activity for the year ended June 30, 2023, is as follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Capital assets, not depreciated:				
Land	\$ 81,995,055	\$ 2,917,386	\$ -	\$ 84,912,441
Construction in Progress	462,972	1,463,827	-	1,926,799
Total capital assets, not depreciated	82,458,027	4,381,214	-	86,839,241
Capital assets, being depreciated:				
Equipment	-	8,821	-	8,821
Total capital assets, being depreciated	-	8,821	-	8,821
Less accumulated depreciation:				
Equipment	-	(2,352)	-	(2,352)
Total accumulated depreciation	-	(2,352)	-	(2,352)
Total capital assets, being depreciated,	-	6,469	-	6,469
Total capital assets, net	\$ 82,458,027	\$ 4,387,683	\$ -	\$ 86,845,710

Note 5: Liability, Property and Workers' Compensation Protection Description

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The Coachella Valley Conservation Commission is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine- member Executive Committee.

Primary Self-Insurance Programs of the Authority

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 5: Liability, Property and Workers' Compensation Protection Description (Continued)

Each member pays an annual contribution at the beginning of the coverage period. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula.

(2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer.

(3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer.

(4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2022-23.

Note 6: Future Funding

Per the 2011 Local Development Mitigation Fee Nexus Study, plan implementation costs include the direct and indirect costs associated with land acquisition, the Monitoring Program, and the Management Program, including Adaptive Management. Additional costs include staff costs associated with Plan Administration.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 6: Future Funding (Continued)

The estimated costs of Plan implementation for the permittees over the 75-year term are \$1,708,767,000. Revenue sources to fund these costs are as follows:

Local Development Mitigation Fee	\$1,212,881,000
Conservation Trust Fund	160,432,000
Regional Road Projects and Infrastructure Mitigation	100,814,000
Interest on Investments	<u>234,640,000</u>
Total Revenues	<u>\$1,708,767,000</u>

In accordance with the CVMSHCP, Coachella Valley Association of Governments (CVAG) committed \$30 million of future Measure A funds, which would mitigate all the regional transportation projects listed in the current Transportation Project Prioritization Study (TPPS). Under the CVMSHCP, the \$30 million in the CVAG transportation funds would contribute to both land acquisition and the establishment of the Endowment Fund, which would ensure monitoring and management of the acquired lands. The CVMSHCP area includes 1.1 million acres, encompassing the entire Coachella Valley and the surrounding mountains. The CVMSHCP will benefit the local jurisdictions by providing Take Authorization for all development, including public infrastructure projects, undertaken by the Permittees (signatories to the MSHCP) outside the Conservation Areas.

By providing Take Authorization for public and private development projects, the MSHCP eliminates the need for projects to conduct biological surveys and negotiate individual project mitigation with the U.S. Fish and Wildlife Service and the California Department of Fish and Game. At June 30, 2023, the outstanding commitment from CVAG is \$6,175,000. This commitment has not been recorded as a receivable because it has not met all the revenue recognition requirements.

Note 7: Related Party Transactions

The Commission entered into a contract with Coachella Valley Association of Governments (CVAG), whereby CVAG, under the direction of the Commission, will coordinate and administer the implementation of CVMSHCP. The contract calls for the Commission to pay CVAG based upon actual staff time spent at rates not to exceed the rates paid by CVAG. The amount shall not exceed \$943,408 for fiscal year 2022-2023. During the year, CVAG incurred and charged the Commission \$943,408 of staff time and allocated administrative expenses, all of which was accounted for in the fiscal year.

COACHELLA VALLEY CONSERVATION COMMISSION

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund**

Year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Agencies mitigation fees	\$ -	\$ -	\$ 2,773,979	\$ 2,773,979
Tipping fees	300,000	300,000	349,294	49,294
Investment income (loss)	<u>3,403</u>	<u>3,403</u>	<u>241,398</u>	<u>237,995</u>
 Total Revenues	 <u>303,403</u>	 <u>303,403</u>	 <u>3,364,671</u>	 <u>3,061,268</u>
Expenditures:				
Insurance	-	-	21,120	(21,120)
Per diem	12,993	12,993	7,900	5,093
General and office expenses	21,096	21,096	5,499	15,597
Professional services	53,256	53,256	75,682	(22,426)
Consultants	<u>366,068</u>	<u>366,068</u>	<u>525,883</u>	<u>(159,815)</u>
 Total Expenditures	 <u>453,413</u>	 <u>453,413</u>	 <u>636,084</u>	 <u>(182,671)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(150,010)</u>	 <u>(150,010)</u>	 <u>2,728,587</u>	 <u>3,243,939</u>
 Net Change in Fund Balance	 (150,010)	 (150,010)	 2,728,587	 2,878,597
 Fund Balance - Beginning	 <u>601,662</u>	 <u>601,662</u>	 <u>12,315,691</u>	 <u>11,714,029</u>
Fund Balance - Ending	<u>\$ 451,652</u>	<u>\$ 451,652</u>	<u>\$ 15,044,278</u>	<u>\$ 14,592,626</u>

See accompanying notes to required supplementary information.

COACHELLA VALLEY CONSERVATION COMMISSION

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Management and Monitoring**

Year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Development mitigation fees	\$ 501,180	\$ 501,180	\$ 599,167	\$ 97,987
Agencies mitigation fees	-	-	1,331	1,331
Grants	198,000	198,000	18,198	(179,802)
Investment income	4,529	4,529	8,586	4,057
Miscellaneous	<u>13,450</u>	<u>13,450</u>	<u>7,391</u>	<u>(6,059)</u>
Total Revenues	<u>717,159</u>	<u>717,159</u>	<u>634,673</u>	<u>(82,486)</u>
Expenditures:				
Administrative fees	5,012	5,012	5,992	(980)
General and office expenses	25,000	25,000	20,908	4,092
Professional services	619,000	619,000	80,333	538,667
Consultants	291,206	291,206	621,701	(330,495)
Land improvements	83,500	83,500	149,747	(66,247)
Equipment	20,000	20,000	-	20,000
Miscellaneous	500	500	-	500
Capital Outlay	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,472,648</u>	<u>327,352</u>
Total Expenditures	<u>2,844,218</u>	<u>2,844,218</u>	<u>2,351,329</u>	<u>492,889</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,127,059)</u>	<u>(2,127,059)</u>	<u>(1,716,656)</u>	<u>(575,375)</u>
Other Financing Sources (Uses):				
Transfers in	<u>2,026,521</u>	<u>2,026,521</u>	<u>1,463,827</u>	<u>(562,694)</u>
Total Other Financing Sources (Uses)	<u>2,026,521</u>	<u>2,026,521</u>	<u>1,463,827</u>	<u>(562,694)</u>
Net Change in Fund Balance	(100,538)	(100,538)	(252,829)	(152,291)
Fund Balance - Beginning	<u>602,785</u>	<u>602,785</u>	<u>658,988</u>	<u>56,203</u>
Fund Balance - Ending	<u>\$ 502,247</u>	<u>\$ 502,247</u>	<u>\$ 413,648</u>	<u>\$ (88,599)</u>

See accompanying notes to required supplementary information.

COACHELLA VALLEY CONSERVATION COMMISSION

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Land Acquisition**

Year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Development mitigation fees	\$ 2,446,937	\$ 2,446,937	\$ 2,926,859	\$ 479,922
Agencies mitigation fees	2,634,212	2,634,212	9,191,056	6,556,844
Contributions	-	-	33,241	33,241
Investment income (loss)	<u>70,304</u>	<u>70,304</u>	<u>137,592</u>	<u>67,288</u>
Total Revenues	<u>5,151,453</u>	<u>5,151,453</u>	<u>12,288,748</u>	<u>7,137,295</u>
Expenditures:				
Administrative fees	24,469	24,469	29,282	(4,813)
General and office expenses	500	500	-	500
Professional services	118,453	118,453	136,056	(17,603)
Consultants	179,244	179,244	148,845	30,399
Land improvements	300,000	300,000	16,634	283,366
Capital outlay	<u>5,635,018</u>	<u>5,635,018</u>	<u>2,917,387</u>	<u>2,717,631</u>
Total Expenditures	<u>6,257,684</u>	<u>6,257,684</u>	<u>3,248,204</u>	<u>3,009,480</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,106,231)</u>	<u>(1,106,231)</u>	<u>9,040,544</u>	<u>4,127,815</u>
Net Change in Fund Balance	(1,106,231)	(1,106,231)	9,040,544	10,146,775
Fund Balance - Beginning	<u>10,383,156</u>	<u>10,383,156</u>	<u>9,211,925</u>	<u>(1,171,231)</u>
Fund Balance - Ending	<u>\$ 9,276,925</u>	<u>\$ 9,276,925</u>	<u>\$ 18,252,469</u>	<u>\$ 8,975,544</u>

See accompanying notes to required supplementary information.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to Required Supplementary Information

Year ended June 30, 2023

Note 1: Budgets and Budgetary Accounting

The Commission adopts an annual budget prepared on the modified accrual basis of accounting for its governmental funds except for the Management Contingency, In-Lieu Fee, Lizard Endowment, Casey's June Beetle, and Travertine Point Monitoring Funds. The Executive Director or designee is authorized to transfer budgeted amounts between the accounts of any department. Revisions that alter the total appropriations of any fund are approved by the Commission's Board. Prior year appropriations lapse unless they are approved for carryover into the following fiscal year. Expenditures may not legally exceed appropriations at the fund level. Reserves for encumbrances are not recorded by the Commission.

Note 2: Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2023, expenditures exceeded appropriations in the General Fund by \$182,671.

COACHELLA VALLEY CONSERVATION COMMISSION

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2023

	Special Revenue Funds					
	Lizard Endowment	Management Contingency	In-Lieu Fee	Casey's June Beetle	Travertine Point Monitoring	Total Governmental Funds
Assets:						
Cash and investments	\$ 326,976	\$ 3,086,337	\$ 2,092,088	\$ 235,107	\$ 533,995	\$ 6,274,503
Interest receivable	<u>5,258</u>	<u>67,814</u>	<u>-</u>	<u>3,780</u>	<u>8,584</u>	<u>85,436</u>
Total Assets	<u>\$ 332,234</u>	<u>\$ 3,154,151</u>	<u>\$ 2,092,088</u>	<u>\$ 238,887</u>	<u>\$ 542,579</u>	<u>\$ 6,359,939</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 27,992	\$ -	\$ -	\$ 27,992
Total Liabilities	<u>-</u>	<u>-</u>	<u>27,992</u>	<u>-</u>	<u>-</u>	<u>27,992</u>
Fund Balances:						
Restricted:						
Endowment	332,234	-	-	-	-	332,234
Management and monitoring	<u>-</u>	<u>3,154,151</u>	<u>2,064,096</u>	<u>238,887</u>	<u>542,579</u>	<u>5,999,713</u>
Total Fund Balances	<u>332,234</u>	<u>3,154,151</u>	<u>2,064,096</u>	<u>238,887</u>	<u>542,579</u>	<u>6,331,947</u>
Total Liabilities and Fund Balances	<u>\$ 332,234</u>	<u>\$ 3,154,151</u>	<u>\$ 2,092,088</u>	<u>\$ 238,887</u>	<u>\$ 542,579</u>	<u>\$ 6,359,939</u>

COACHELLA VALLEY CONSERVATION COMMISSION

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds**

Year ended June 30, 2023

	Special Revenue Funds					
	Lizard Endowment	Management Contingency	In-Lieu Fee	Casey's June Beetle	Travertine Point Monitoring	Total Governmental Funds
Revenues:						
Investment income (loss)	\$ 7,792	\$ 134,767	\$ 14,366	\$ 5,606	\$ 12,722	\$ 175,253
Total Revenues	<u>7,792</u>	<u>134,767</u>	<u>14,366</u>	<u>5,606</u>	<u>12,722</u>	<u>175,253</u>
Expenditures:						
General and office expenses	-	-	168	-	-	168
Professional services	-	-	1,746	-	-	1,746
Consultants	<u>-</u>	<u>-</u>	<u>40,497</u>	<u>-</u>	<u>-</u>	<u>40,497</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>42,411</u>	<u>-</u>	<u>-</u>	<u>42,411</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,792</u>	<u>134,767</u>	<u>(28,045)</u>	<u>5,606</u>	<u>12,722</u>	<u>132,842</u>
Other Financing Sources (Uses):						
Transfers Out	<u>-</u>	<u>(1,463,827)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,463,827)</u>
Net Change in Fund Balances	<u>7,792</u>	<u>(1,329,060)</u>	<u>(28,045)</u>	<u>5,606</u>	<u>12,722</u>	<u>(1,330,985)</u>
Fund Balance - Beginning	<u>324,442</u>	<u>4,483,211</u>	<u>2,092,141</u>	<u>233,281</u>	<u>529,857</u>	<u>7,662,932</u>
Fund Balance - Ending	<u>\$ 332,234</u>	<u>\$ 3,154,151</u>	<u>\$ 2,064,096</u>	<u>\$ 238,887</u>	<u>\$ 542,579</u>	<u>\$ 6,331,947</u>