

COACHELLA VALLEY CONSERVATION COMMISSION
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024



DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

COACHELLA VALLEY CONSERVATION COMMISSION

Financial Statements

Year ended June 30, 2024

(With Independent Auditor's Report Thereon)

COACHELLA VALLEY CONSERVATION COMMISSION

Financial Statements

Year ended June 30, 2024

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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, 2024, 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, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described further in Note 1, during the year ended June 30, 2024, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No.103, Financial Reporting Model Improvements. Our opinion is not modified with respect to this matter.

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.

Report on Summarized Comparative Information

We have previously audited the Commission's 2023 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated December 12, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2024, 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.

DavisFarrLLP

Irvine, California
November 18, 2024

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**COACHELLA VALLEY CONSERVATION COMMISSION
MANAGEMENT DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2024**

The following is a discussion and analysis of Coachella Valley Conservation Commission's (CVCC or the Commission's) financial performance and includes a summary of CVCC's financial statements coupled with a detailed analysis of CVCC's financial position and results of operations for the fiscal year ended June 30, 2024, with comparative information from the fiscal year ended June 30, 2023. The purpose of management's discussion and analysis (MD&A) is to help CVCC member agencies and other stakeholders understand what the financial statements and notes in this financial report say about CVCC's financial health and why it has changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by CVCC staff's knowledge of CVCC's finances. Please read this discussion and analysis in conjunction with the financial statements, including the notes to the financial statements identified in the accompanying tables.

If you have any questions about this report or require further information, contact CVCC which is staffed by the Coachella Valley Association of Governments (CVAG) at 760.346.1127 and ask for the Finance Director.

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. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The Commission reports all of its governmental activities in governmental funds which include the general fund as well as special revenue funds.

The financial statements also include *notes* that delve deeper into the Commission's finances as reported in the basic financial statements. The information in the notes is as important to understanding the information in the financial statements as the statements themselves. The Commission uses notes to (1) present information in greater details than is possible within the financial statements, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain commitments). The statements and notes are followed by a section of *required supplementary information and notes to required supplementary information* that provide additional financial and budgetary-to-actuals information.

Types of Information in the Financial Statements

The government-wide financial statements use the economic resources measurement focus and accrual basis of accounting much like how private sector financial statements are presented. In other words, they comprehensively report all types of financial statement elements:

- *Assets* – resources that the Commission controls, which are mostly in the form of land.
- *Liabilities* - amounts the Commission owes to others such as to vendors for work performed but not yet paid.
- *Revenues and Expenses* – *inflows and outflows of resources, respectively, related to the current year.*

**COACHELLA VALLEY CONSERVATION COMMISSION
MANAGEMENT DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2024**

More detail about the measurement focuses and basis of accounting can be found in Note 1 of the notes to the financial statements, the summary of significant accounting policies.

Governmental fund financial statements use the *current economic resources measurement focus and modified accrual basis of accounting* to report on the sources, uses, and balances of current financial resources. The Commission's basic services such as management and monitoring of protected habitat are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end. The governmental funds do not report non-financial assets, such as capital assets, but they do report the flows of current financial resources related to those long-term items like the spending of cash to acquire land. In general, the governmental fund statements provide a detailed short-term view of the Commission's general government operations and the basic services it provides as opposed to the comprehensive, long-term view provided in the government-wide financial statements.

ANALYSIS OF THE COMMISSION'S FINANCES

Statement of Net Position
(amounts expressed in thousands)

	Fiscal Year 2024	Fiscal Year 2023	Dollar Change	Percent Change
Current and Other Assets	\$ 41,070	\$ 40,559	\$ 511	1.3%
Capital Assets, Net	90,818	86,846	3,972	4.6%
Total Assets	<u>131,887</u>	<u>127,404</u>	<u>4,483</u>	<u>3.5%</u>
Current Liabilities	580	413	167	40.5%
Total Liabilities	<u>580</u>	<u>413</u>	<u>167</u>	<u>40.5%</u>
Investment in Capital Assets	90,818	86,846	3,972	4.6%
Restricted	35,114	35,609	(495)	(1.4)%
Unrestricted	5,375	4,537	839	18.5%
Total Net Position	<u>\$ 131,307</u>	<u>\$ 126,991</u>	<u>\$ 4,315</u>	<u>3.4%</u>

Note: Totals may not sum precisely due to rounding differences.

The table above demonstrates that as of June 30, 2024, the Commission's total net position – assets minus liabilities – was about \$131 million, an increase of \$4.3 million or 3.4 percent compared with 2023. The increase is primarily due to a 4.6 percent or \$3.9 million increase in investment in capital assets. All the increase in net position was the result of the financial performance of the governmental activities as the Commission has no business-type activities. The following sections of the MD&A analyze the finances of the governmental activities.

**COACHELLA VALLEY CONSERVATION COMMISSION
MANAGEMENT DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2024**

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

Statement of Activities
(amounts expressed in thousands)

	Fiscal Year 2024	Fiscal Year 2023	Dollar Change	Percent Change
Program Revenues:				
Operating contributions and grants	\$ 1,515	\$ 3,742	\$ (2,227)	(59.5)%
Capital contributions and grants	2,725	12,251	(9,526)	(77.8)%
General Revenues:				
Investment Earnings	1,999	563	1,436	255.1%
Other revenues	18	18	(0)	(0.3)%
Total Revenues	<u>6,257</u>	<u>16,574</u>	<u>(10,317)</u>	<u>(62.2)%</u>
Program Expenses:				
Administrative	794	636	158	24.9%
Biological monitoring and land management program	<u>1,148</u>	<u>1,254</u>	<u>(107)</u>	<u>(8.5)%</u>
Total Expenses	1,942	1,890	52	2.7%
Changes in Net Position	4,315	14,684	(10,368)	(70.6)%
Net Position - Beginning of Period	<u>126,991</u>	<u>112,308</u>	<u>14,684</u>	<u>13.1%</u>
Net Position - End of Period	<u>\$ 131,307</u>	<u>\$ 126,991</u>	<u>\$ 4,315</u>	<u>3.4%</u>

Note: Totals may not sum precisely due to rounding differences.

The Statement of Activities shows that in fiscal year 2024, governmental revenues of \$6.3 million exceeded expenses of \$1.9 million resulting in the \$4.3 million increase in net position. Various events contributed to this increase in net position; yet some of the primary drivers included capital and operating contributions from Caltrans as part of its obligations to the Commission for mitigation as well as investment earnings. These items and other governmental activities will be discussed next.

Decreases in Program Revenues

During fiscal year 2024, there was a significant reduction in both operating and capital contributions and grants. The total revenue decreased by \$10.3 million, from \$16.6 million to \$6.3 million, representing approximately a 62.1 percent decline from the previous year. This decrease is primarily due to Caltrans providing advanced mitigation funds for projects that began in 2021 and concluded in 2023; hence the drop in both operating and capital contributions and grants in fiscal year 2024. Despite the overall revenue decline, interest earnings rose by \$1.4 million or 255.1 percent to about \$2.0 million due to higher cash flow.

Increases in Expenses

Total expenses increased from fiscal year 2023 by a modest 2.7 percent to arrive at \$1.9 million of total expenses in fiscal year 2024. This increase was largely attributable to higher administrative costs for things such as insurance, legal fees and staffing costs. Driving this increase was the July 1, 2023 full implementation of a Classification and Total Compensation Study by the Coachella Valley Association of Governments (CVAG). CVAG provides administrative and staffing support for

**COACHELLA VALLEY CONSERVATION COMMISSION
MANAGEMENT DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2024**

the Commission and bringing adjusted staff salary ranges to the market median contributed to the increase in administrative expenses which rose by 24.9 percent from the previous year, reaching approximately \$794,000.

Governmental Funds

The Commission reports three major funds individually in the governmental funds' financial statements. Those funds are the general fund, the management and monitoring fund, and the land acquisition fund, which will now be discussed in more detail.

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 net excess was about \$921 thousand, bringing the ending fund balance of the General Fund to \$15.96 million which is mostly restricted for endowment purposes. One of the key drivers to the net excess included agencies mitigation fees in the amount of about \$579 thousand which were received from two agencies contributing toward the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP), including \$500 thousand from CVAG; however, overall, this represents a decrease of approximately \$2.9 million from the prior year as an agreement between CVCC and Caltrans for land management endowments concluded in fiscal year 2023. Additionally, the Commission's investments in the Riverside County Treasurer's Pooled Investment Fund saw yields reach their highest levels in recent years, rising at historic rates during fiscal year 2024. This resulted in increased interest income, although it was 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 and biological monitoring programs for the CVMSHCP. The current fiscal year saw a net decrease in fund balance by \$257 thousand, bringing the total ending fund balance to \$157 thousand. One contributing factor to this decrease relates to the Commission adopted Local Development Mitigation Fees (LDMF) ordinance which designates part of these fees collected to be used for Management and Monitoring expenditures. The current year revenue in the management and monitoring fund was \$558 thousand, a decrease of about \$41 thousand from the amount received as revenue in fiscal year 2023. 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. Additionally, 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 typically generated by LDMF as well as other ad-hoc agency mitigation fees from various agencies based on their CVMSHCP obligations. The current fiscal year's increase in fund balance was \$561 thousand, bringing the total ending fund balance to \$18.8 million. In contrast, the prior fiscal year saw a \$9 million increase in fund balance due to excess of revenue over expenditures. This decrease in excess revenue over expenditures in fiscal year 2024 compared to 2023 is largely due to the expiration of an agreement between the commission and Caltrans for land management endowments which come to an end in fiscal year 2023. In addition, LDMF revenues decreased by \$201 thousand to \$2.7 million for the land acquisition fund in fiscal year 2024 which is also attributable to fewer projects permitted in previously undisturbed lands that needed to mitigate impacts to wildlife habitat. Please see the next section for details on capital outlay expenditures that result in investment in capital assets.

**COACHELLA VALLEY CONSERVATION COMMISSION
MANAGEMENT DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2024**

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets

Capital Assets
Net of Depreciation
(amounts expressed in thousands)

	Balance June 30,2024	Balance June 30,2023	Change	Percent Change
Land	\$ 87,808	\$ 84,912	\$ 2,896	3.4%
Land Improvement	3,007	-	3,007	100.0%
Equipment	3	6	(4)	(54.6)%
Construction in Progress	-	1,927	(1,927)	(100.0)%
Total	<u>\$ 90,818</u>	<u>\$ 86,846</u>	<u>\$ 3,972</u>	<u>4.6%</u>

Note: Totals may not sum precisely due to rounding differences.

Overall, the carrying value of the Commission's capital assets – original cost minus accumulated depreciation - increased by about \$4 million or roughly 4.6 percent. The main drivers for this increase were the acquisition of additional land by the Commission to the tune of approximately \$3 million and investments of approximately \$1.1 million in the Peninsular Bighorn Sheep Fence Project which was completed in March 2024 and reclassified from construction in progress to land improvement.

Significant Long-Term Financing Activity

During the fiscal year 2024, there were no significant long-term financing activities undertaken.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The Commission has identified several relevant factors that will influence the Commission's finances in the future and have either been included in the fiscal year 2025 budget or will be included in a future budget:

- **Grant Awards** - The Commission expects to receive additional external grant funding for management and monitoring, including from the Coachella Valley Mountains Conservancy's Climate Resiliency and Community Access (CRCA) Program to fund a Law Enforcement Management Analyst position for fiscal years 2025 through 2028 and anticipates receiving about \$150 thousand of this in 2025. Additionally, a two-year Wildlife Connectivity Assessment for Interstate 10 and Closely Associated Transportation Infrastructure in the Banning Pass was awarded the largest non-acquisition grant since the inception of the CVMSHCP from the California Department of Fish and Wildlife's 30x30 Implementation, with about \$500 thousand is budgeted for fiscal year 2025.
- **CalTrans Agreement** - Negotiations with CalTrans for Advanced Mitigation Fees are expected to increase revenue by slightly less than \$1.2 million in 2025, aiding in land acquisition and management.

**COACHELLA VALLEY CONSERVATION COMMISSION
MANAGEMENT DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2024**

- Reinstatement of Tipping Fees - While not known at the time of fiscal year 2025 budget production and approval, the Coachella/Indio Waste Transfer Authority has confirmed that it will reinstate payment of tipping fees obligated under the CVMSHCP beginning in July 2025 as well as provide payment for tipping fees in arrears that have been owed to the Commission since July 2021. While the timing of such payment is not currently known to Commission staff, estimates indicate at least \$500 thousand will be due through July 2025 and over \$100 thousand estimated to be collected yearly thereafter which can support general operations.
- Investment Income - Given the downward swing in short-term interest rates, the Commission expects a decrease in investment income for 2025 and conservatively budgeted a little over \$1.1 million as revenue compared to closer to \$2 million received in fiscal year 2023-2024.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, member agencies, 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 staffed by the Coachella Valley Association of Governments, attention: Finance Department, at 74-199 El Paseo, Suite 100, Palm Desert, CA 92260 or by calling 760.346.1127 and asking for the Finance Director.

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BASIC FINANCIAL STATEMENTS

COACHELLA VALLEY CONSERVATION COMMISSION

Statement of Net Position

June 30, 2024

(with comparative prior year information)

	Governmental Activities	
	2024	2023
Assets:		
Cash and investments (note 2)	\$ 39,619,508	\$ 38,917,409
Accounts receivable	128,470	118,237
Interest receivable	410,975	543,942
Deposits	14,725	14,725
Prepaid	-	3,000
Due from other governments	895,924	961,472
Capital assets, not depreciated (note 4)	87,808,240	86,839,241
Capital assets, net of depreciation (note 4)	<u>3,009,542</u>	<u>6,469</u>
Total Assets	<u>131,887,384</u>	<u>127,404,495</u>
Liabilities:		
Accounts payable	36,794	73,596
Deposits payable	25,518	20,518
Due to other governments	<u>518,183</u>	<u>318,972</u>
Total Liabilities	<u>580,495</u>	<u>413,086</u>
Net Position:		
Investment in capital assets	90,817,782	86,845,710
Restricted:		
Endowment	10,939,889	10,842,748
Management and monitoring	5,359,541	6,513,718
Land acquisition	18,814,286	18,252,469
Unrestricted	<u>5,375,391</u>	<u>4,536,764</u>
Total Net Position	<u>\$ 131,306,889</u>	<u>\$ 126,991,409</u>

See accompanying notes to financial statements.

COACHELLA VALLEY CONSERVATION COMMISSION

Statement of Activities

Year ended June 30, 2024

(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	
					2024	2023
Governmental Activities:						
Administrative	\$ 794,397	\$ -	\$ 931,335	\$ -	\$ 136,938	\$ 2,487,362
Biological monitoring and land management program	<u>1,147,543</u>	<u>-</u>	<u>583,834</u>	<u>2,725,446</u>	<u>2,161,737</u>	<u>11,615,534</u>
Total Governmental Activities	<u>\$ 1,941,940</u>	<u>\$ -</u>	<u>\$ 1,515,169</u>	<u>\$ 2,725,446</u>	<u>2,298,675</u>	<u>14,102,896</u>
			General Revenues:			
			Investment income (loss)		1,998,740	562,829
			Other revenues		<u>18,065</u>	<u>18,121</u>
			Total General Revenues		<u>2,016,805</u>	<u>580,950</u>
			Change in Net Position		4,315,480	14,683,846
		Net Position - Beginning			<u>126,991,409</u>	<u>112,307,563</u>
		Net Position - Ending			<u>\$ 131,306,889</u>	<u>\$ 126,991,409</u>

See accompanying notes to financial statements.

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COACHELLA VALLEY CONSERVATION COMMISSION

Balance Sheet - Governmental Funds

June 30, 2024

(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	\$ 15,557,180	\$ 358,981	\$ 18,299,588
Accounts receivable	15,049	111,949	1,472
Interest receivable	165,362	1,334	198,961
Deposits	-	14,725	-
Prepaid	-	-	-
Due from other funds	12,680	-	-
Due from other governments	<u>421,147</u>	<u>87,943</u>	<u>386,834</u>
 Total Assets	 <u>\$ 16,171,418</u>	 <u>\$ 574,932</u>	 <u>\$ 18,886,855</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 14,484	\$ 13,783	\$ 8,527
Deposits payable	5,000	20,518	-
Due to other funds	12,680	-	-
Due to other governments	<u>173,959</u>	<u>280,182</u>	<u>64,042</u>
 Total Liabilities	 <u>206,123</u>	 <u>314,483</u>	 <u>72,569</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	-	-	-
Restricted:			
Endowment	10,589,904	-	-
Management and monitoring	-	157,092	-
Land acquisition	-	-	18,814,286
Unassigned	<u>5,375,391</u>	<u>-</u>	<u>-</u>
 Total Fund Balances	 <u>15,965,295</u>	 <u>157,092</u>	 <u>18,814,286</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 16,171,418</u>	 <u>\$ 574,932</u>	 <u>\$ 18,886,855</u>

See accompanying notes to financial statements.

COACHELLA VALLEY CONSERVATION COMMISSION**Balance Sheet - Governmental Funds (Continued)****June 30, 2024****(with comparative prior year information)**

	Other Governmental Funds	Total Governmental Funds	
		2024	2023
Assets:			
Cash and investments	\$ 5,403,759	\$ 39,619,508	\$ 38,917,409
Accounts receivable	-	128,470	118,237
Interest receivable	45,318	410,975	543,942
Deposits	-	14,725	14,725
Prepaid	-	-	3,000
Due from other funds	-	12,680	-
Due from other governments	-	895,924	961,472
Total Assets	<u>\$ 5,449,077</u>	<u>\$ 41,082,282</u>	<u>\$ 40,558,785</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 36,794	\$ 73,596
Deposits payable	-	25,518	20,518
Due to other funds	-	12,680	-
Due to other governments	-	518,183	318,972
Total Liabilities	<u>-</u>	<u>593,175</u>	<u>413,086</u>
Deferred Inflows of Resources			
Unavailable revenue	-	103,357	103,357
Total Deferred Inflows of Resources	<u>-</u>	<u>103,357</u>	<u>103,357</u>
Fund Balances:			
Nonspendable	-	-	3,000
Restricted:			
Endowment	349,985	10,939,889	10,842,748
Management and monitoring	5,099,092	5,256,184	6,410,361
Land acquisition	-	18,814,286	18,252,469
Unassigned	-	5,375,391	4,533,764
Total Fund Balances	<u>5,449,077</u>	<u>40,385,750</u>	<u>40,042,342</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,449,077</u>	<u>\$ 41,082,282</u>	<u>\$ 40,558,785</u>

See accompanying notes to financial statements.

COACHELLA VALLEY CONSERVATION COMMISSION

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

June 30, 2024

Fund balances of governmental funds	\$ 40,385,750
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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	90,887,633
Accumulated depreciation	(69,851)

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>\$ 131,306,889</u>
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COACHELLA VALLEY CONSERVATION COMMISSION

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

Year ended June 30, 2024

(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	\$ -	\$ 558,223	\$ 2,725,446
Agencies mitigation fees	579,390	-	-
Tipping fees	341,757	-	-
Grants	-	25,611	-
Investment income	784,079	12,112	945,116
Advertising revenue	-	8,342	-
Contributions	-	-	-
Miscellaneous	<u>10,188</u>	<u>8,251</u>	<u>1,472</u>
Total Revenues	<u>1,715,414</u>	<u>612,539</u>	<u>3,672,034</u>
Expenditures:			
Current:			
Administrative fees	-	5,582	26,646
Insurance	24,246	-	-
Per diem	7,582	-	-
General and office expenses	2,965	20,825	-
Professional services	81,846	107,707	49,749
Consultants	677,758	649,054	152,301
Land improvements	-	81,633	8,558
Capital outlay	<u>-</u>	<u>1,143,772</u>	<u>2,872,963</u>
Total Expenditures	<u>794,397</u>	<u>2,008,573</u>	<u>3,110,217</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>921,017</u>	<u>(1,396,034)</u>	<u>561,817</u>
Other Financing Sources (Uses):			
Transfers in (note 3)	-	1,139,478	-
Transfers out (note 3)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,139,478</u>	<u>-</u>
Net Change in Fund Balances	921,017	(256,556)	561,817
Fund Balance - Beginning	<u>15,044,278</u>	<u>413,648</u>	<u>18,252,469</u>
Fund Balance - End	<u>\$ 15,965,295</u>	<u>\$ 157,092</u>	<u>\$ 18,814,286</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, 2024

(with comparative prior year information)

	Other Governmental Funds	Total Governmental Funds	
		2024	2023
Revenues:			
Development mitigation fees	\$ -	\$ 3,283,669	\$ 3,526,026
Agencies mitigation fees	-	579,390	11,966,366
Tipping fees	-	341,757	349,294
Grants	-	25,611	18,198
Investment income (loss)	257,433	1,998,740	562,829
Advertising revenue	-	8,342	7,489
Contributions	-	-	30,000
Miscellaneous	-	19,911	10,632
	<u>257,433</u>	<u>6,257,420</u>	<u>16,470,834</u>
Total Revenues			
Expenditures:			
Current:			
Administrative fees	-	32,228	35,274
Insurance	-	24,246	21,120
Per diem	-	7,582	8,658
General and office expenses	-	23,790	25,817
Professional services	-	239,302	293,817
Consultants	825	1,479,938	1,336,926
Land improvements	-	90,191	166,381
Capital outlay	-	4,016,735	4,390,035
	<u>825</u>	<u>5,914,012</u>	<u>6,278,028</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>256,608</u>	<u>343,408</u>	<u>10,192,806</u>
Other Financing Sources (Uses):			
Transfers in (note 3)	-	1,139,478	1,463,827
Transfers out (note 3)	<u>(1,139,478)</u>	<u>(1,139,478)</u>	<u>(1,463,827)</u>
Total Other Financing Sources (Uses)	<u>(1,139,478)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(882,870)	343,408	10,192,806
Fund Balance - Beginning	<u>6,331,947</u>	<u>40,042,342</u>	<u>29,849,536</u>
Fund Balance - End	<u>\$ 5,449,077</u>	<u>\$ 40,385,750</u>	<u>\$ 40,042,342</u>

See accompanying notes to financial statements.

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, 2024

Net change in fund balances - total governmental funds	\$ 343,408
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets is allocated over their estimated useful lives and reported as depreciation expense (if applicable).

Cost of assets capitalized	4,039,571
Depreciation expense	<u>(67,499)</u>

Change in Net Position of Governmental Activities	<u>\$ 4,315,480</u>
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See accompanying notes to financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2024

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, 2024

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.

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.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

(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.

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.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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:

Non-spendable 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).

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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) 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.

(e) 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.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

(f) 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.

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 ranges of lives used for depreciation purposes for each capital asset class are as follows:

Furniture and equipment	2-12 years
Land improvements	20 years

(g) 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.

(h) 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.

(i) Implementation of New Accounting Standard

During the year ended June 30, 2024, the Commission adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*, which seeks to improve key components of the financial reporting model including targeted improvements to the Management Discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses and changes in net position, major component unit information and budgetary comparison information.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 2: Cash and Investments

Cash and investments of the Commission consisted of the following at June 30, 2024:

Cash and deposits:	
Deposits with financial institutions	\$ 2,126,490
Investments:	
Riverside County Pooled Investment Fund	<u>37,493,018</u>
Total cash and investments	<u>\$39,619,508</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).

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 \$37,493,018 is available on demand.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 2: Cash and Investments (Continued)

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. All Commission investments are not subject to fair value rating.

Note 3: Interfund Activities

Transfers

The Management Contingency Fund transferred \$1,139,478 to the Management and Monitoring Special Revenue Fund to pay for expenditures incurred for construction of the Peninsular Big Horn Sheep Fence Barrier Project.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 4: Capital Assets

A summary of capital asset activity for the year ended June 30, 2024, is as follows:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
Capital assets, not depreciated:				
Land	\$ 84,912,442	\$ 2,895,798	\$ -	\$ 87,808,240
Construction in Progress	1,926,799	-	(1,926,799)	-
Total capital assets, not depreciated	86,839,241	2,895,798	(1,926,799)	87,808,240
Capital assets, being depreciated:				
Land Improvements	-	3,070,572	-	3,070,572
Equipment	8,821	-	-	8,821
Total capital assets, being depreciated	8,821	3,070,572	-	3,079,393
Less accumulated depreciation:				
Land Improvements	-	(63,970)	-	(63,970)
Equipment	(2,352)	(3,529)	-	(5,881)
Total accumulated depreciation	(2,352)	(67,499)	-	(69,851)
Total capital assets, being depreciated, net	6,469	3,003,073	-	3,009,542
Total capital assets, net	\$ 86,845,710	\$ 5,898,871	\$ (1,926,799)	\$ 90,817,782

Depreciation expense was charged to the following function in the Statement of Activities:

Biological monitoring and land management program \$67,499

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 126 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

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.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2024

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

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 \$100,000 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 \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer.

(4) Incurred costs from \$500,000 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 \$50 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/coverage/risk-sharing-pools>.

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 2023-24.

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.

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>

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 6: Future Funding (Continued)

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 individual biological surveys and negotiations for project mitigation with the U.S. Fish and Wildlife Service and the California Department of Fish and Game. At June 30, 2024, the outstanding commitment from CVAG is \$5,675,000. 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 an agreement with Coachella Valley Association of Governments (CVAG), whereby CVAG, under the direction of the Commission, will coordinate and administer the implementation of CVMSHCP. The agreement calls for the Commission to pay CVAG based upon actual staff time spent at rates not to exceed the rates paid by CVAG. The agreement between the Commission and Coachella Valley Association of Governments (CVAG) has undergone several amendments over the years, with the latest amendment approved by the CVCC and the CVAG Executive Committee in June 2023. This amended agreement sets a not-to-exceed contract amount based on the annual budget. For fiscal year 2023–2024, the amount shall not exceed \$1,236,705. During the year, CVAG incurred and charged the Commission \$1,195,493 for staff time and allocated administrative expenses.

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REQUIRED SUPPLEMENTARY INFORMATION

COACHELLA VALLEY CONSERVATION COMMISSION

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

Year ended June 30, 2024

	Budget Amounts		Variance with Original Budget Over (Under) Final Budget	Actual Amounts	Variance with Final Budget Over (Under) Actual Amounts
	Original	Final			
Revenues:					
Agencies mitigation fees	\$ 381,000	\$ 381,000	\$ -	\$ 579,390	\$ 198,390
County tipping fees	300,000	300,000	-	341,757	41,757
Investment income	313,666	313,666	-	784,079	470,413
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,188</u>	<u>10,188</u>
Total Revenues	<u>994,666</u>	<u>994,666</u>	<u>-</u>	<u>1,715,414</u>	<u>720,748</u>
Expenditures:					
Current:					
Meeting attendance stipends	10,200	10,200	-	7,582	(2,618)
Office operations	33,550	33,550	-	24,246	(9,304)
Professional services	82,300	82,300	-	84,811	2,511
CVAG admin reimbursement	<u>673,015</u>	<u>673,015</u>	<u>-</u>	<u>677,758</u>	<u>4,743</u>
Total Expenditures	<u>799,065</u>	<u>799,065</u>	<u>-</u>	<u>794,397</u>	<u>(4,668)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>195,601</u>	<u>195,601</u>	<u>-</u>	<u>921,017</u>	<u>725,416</u>
Other Financing Sources:					
Operating transfers in	<u>158,695</u>	<u>158,695</u>	<u>-</u>	<u>-</u>	<u>(158,695)</u>
Operating transfers out	<u>(386,556)</u>	<u>(386,556)</u>	<u>-</u>	<u>-</u>	<u>386,556</u>
Total Other Financing Sources	<u>(227,861)</u>	<u>(227,861)</u>	<u>-</u>	<u>-</u>	<u>227,861</u>
Net Change in Fund Balance	(32,260)	(32,260)	-	921,017	953,277
Fund Balance - Beginning	<u>14,690,922</u>	<u>14,690,922</u>	<u>-</u>	<u>15,044,278</u>	<u>353,356</u>
Fund Balance - Ending	<u>\$ 14,658,662</u>	<u>\$ 14,658,662</u>	<u>\$ -</u>	<u>\$ 15,965,295</u>	<u>\$ 1,306,633</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, 2024

	Budget Amounts		Variance with Original Budget Over (Under) Final Budget	Actual Amounts	Variance with Final Budget Over (Under) Actual Amounts
	Original	Final			
Revenues:					
Development mitigation fees	\$ 769,261	\$ 769,261	\$ -	\$ 558,223	\$ (211,038)
CA fish & game	85,000	85,000	-	25,611	(59,389)
Friends of the desert mountains	18,000	18,000	-	-	(18,000)
Investment income	20,008	20,008	-	12,112	(7,896)
Advertising revenue	3,500	3,500	-	8,342	4,842
Other revenue	<u>7,500</u>	<u>7,500</u>	-	<u>8,251</u>	<u>751</u>
Total Revenues	<u>903,269</u>	<u>903,269</u>	-	<u>612,539</u>	<u>(290,730)</u>
Expenditures:					
Current:					
Administrative fees	7,693	7,693	-	5,582	(2,111)
Office operations	5,112	5,112	-	-	(5,112)
Professional services	675,197	675,197	-	288,759	(386,438)
CVAG admin reimbursement	389,067	389,067	-	367,273	(21,794)
Land management costs	26,250	26,250	-	203,187	176,937
Miscellaneous	685	685	-	-	(685)
Capital Outlay	<u>735,349</u>	<u>735,349</u>	-	<u>1,143,772</u>	<u>408,423</u>
Total Expenditures	<u>1,839,353</u>	<u>1,839,353</u>	-	<u>2,008,573</u>	<u>169,220</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(936,084)</u>	<u>(936,084)</u>	-	<u>(1,396,034)</u>	<u>(459,950)</u>
Other Financing Sources:					
Transfers in	<u>963,210</u>	<u>963,210</u>	-	<u>1,139,478</u>	<u>176,268</u>
Total Other Financing Sources	<u>963,210</u>	<u>963,210</u>	-	<u>1,139,478</u>	<u>176,268</u>
Net Change in Fund Balance	27,126	27,126	-	(256,556)	(283,682)
Fund Balance - Beginning	<u>734,442</u>	<u>734,442</u>	-	<u>413,648</u>	<u>(320,794)</u>
Fund Balance - Ending	<u>\$ 761,568</u>	<u>\$ 761,568</u>	<u>\$ -</u>	<u>\$ 157,092</u>	<u>\$ (604,476)</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, 2024

	Budget Amounts		Variance with Original Budget Over (Under) Final Budget	Actual Amounts	Variance with Final Budget Over (Under) Actual Amounts
	Original	Final			
Revenues:					
Development mitigation fees	\$ 3,755,806	\$ 3,755,806	\$ -	\$ 2,725,446	\$ (1,030,360)
Agencies mitigation fees	119,000	119,000	-	-	(119,000)
Investment income	226,760	226,760	-	945,116	718,356
Other revenue	<u>41,000</u>	<u>41,000</u>	<u>-</u>	<u>1,472</u>	<u>(39,528)</u>
Total Revenues	<u>4,142,566</u>	<u>4,142,566</u>	<u>-</u>	<u>3,672,034</u>	<u>(470,532)</u>
Expenditures:					
Current:					
Administrative fees	37,558	37,558	-	26,646	(10,912)
Professional services	60,000	60,000	-	65,266	5,266
CVAG admin reimbursement	140,613	140,613	-	145,342	4,729
Land management costs	271,500	271,500	-	-	(271,500)
Land acquisitions	<u>2,220,196</u>	<u>4,720,196</u>	<u>(2,500,000)</u>	<u>2,872,963</u>	<u>(1,847,233)</u>
Total Expenditures	<u>2,729,867</u>	<u>5,229,867</u>	<u>(2,500,000)</u>	<u>3,110,217</u>	<u>(2,119,650)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,412,699</u>	<u>(1,087,301)</u>	<u>2,500,000</u>	<u>561,817</u>	<u>1,649,118</u>
Net Change in Fund Balance	1,412,699	(1,087,301)	2,500,000	561,817	1,649,118
Fund Balance - Beginning	<u>17,732,557</u>	<u>17,732,557</u>	<u>-</u>	<u>18,252,469</u>	<u>519,912</u>
Fund Balance - Ending	<u>\$ 19,145,256</u>	<u>\$ 16,645,256</u>	<u>\$ 2,500,000</u>	<u>\$ 18,814,286</u>	<u>\$ 2,169,030</u>

See accompanying notes to required supplementary information.

COACHELLA VALLEY CONSERVATION COMMISSION

**Required Supplementary Information
Note to Budgetary Comparison Schedules**

Year ended June 30, 2024

	General Fund Over (Under)	Management and Monitoring Fund Over (Under)	Land Acquisition Fund Over (Under)
BUDGETARY REVENUES			
Differences - final budget to actual:			
 Agencies mitigation fees: The increase in agency mitigation fees from the General Fund budget is primarily due to the apportionment of CVAG's annual contribution which was budgeted to be split between the Land Acquisition and General Fund yet actuals were fully attributed to the general fund.	\$ 198,390	\$ -	\$ -
 Investment income: The actual amount of interest income exceeded the budgeted amount due to the conservative estimates originally developed and higher yields.	470,413	-	718,356
 Development mitigation fees: The decrease in development mitigation fees from the budget is primarily due to fewer projects being permitted than expected on previously undisturbed lands that required mitigation for impacts to wildlife habitat.	-	(211,038)	(1,030,360)
 CA fish & game: The decrease in CA Fish & Game grants from the budget is due to a delay in issuing the 30x30 grant agreement.	-	(59,389)	-
 BUDGETARY EXPENSES			
Differences - final budget to actual:			
 Office operations: The decrease in office operations is mainly due to the budgeted expenditures for computer software and storage not occurring in the fiscal year as planned.	\$ -	\$ (5,112)	\$ -
 Professional services: The variance is caused by a realignment of account coding from budget to actuals. In the budget, the costs for some vendors are entirely categorized under Professional Services. However, for the fiscal year 2024 actuals, some of these expenditures are categorized as land management costs.	2,511	(386,438)	-
 CVAG admin reimbursement: In line with the staffing agreement between the Commission and CVAG, the total CVAG admin reimbursement came in under budget. This occurred because CVAG incurred fewer staff and overhead costs than originally anticipated. Variances exist due to staff time being charged differently between funds than budgeted.	4,743	(21,794)	-
 Land management costs: The variance is caused by a realignment of account coding from budget to actuals. In the budget, the costs for some vendors are entirely categorized under Professional Services. However, for the fiscal year 2024 actuals, some of these expenditures are categorized as land management costs.	-	176,937	-
 Capital Outlay: The final costs for building the sheep fence were higher than expected.	-	408,423	-
 Land acquisitions: In November 2023, the CVCC Board approved a \$2,500,000 budget increase, bringing the total land acquisition expenses budget to \$4,720,196. However, the actual land acquisition costs were lower due to less escrows closing by year end than anticipated.	-	-	(1,847,233)

See accompanying notes to required supplementary information.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to Required Supplementary Information

Year ended June 30, 2024

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, 2024, expenditures exceeded appropriations in the Management and Monitoring by \$169,220.

COACHELLA VALLEY CONSERVATION COMMISSION

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2024

	Special Revenue Funds					
	Lizard Endowment	Management Contingency	In-Lieu Fee	Casey's June Beetle	Travertine Point Monitoring	Total Governmental Funds
Assets:						
Cash and investments	\$ 346,112	\$ 2,157,918	\$ 2,085,690	\$ 248,794	\$ 565,245	\$ 5,403,759
Interest receivable	3,873	32,351	-	2,784	6,310	45,318
Total Assets	<u>\$ 349,985</u>	<u>\$ 2,190,269</u>	<u>\$ 2,085,690</u>	<u>\$ 251,578</u>	<u>\$ 571,555</u>	<u>\$ 5,449,077</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Restricted:						
Endowment	349,985	-	-	-	-	349,985
Management and monitoring	<u>-</u>	<u>2,190,269</u>	<u>2,085,690</u>	<u>251,578</u>	<u>571,555</u>	<u>5,099,092</u>
Total Fund Balances	<u>349,985</u>	<u>2,190,269</u>	<u>2,085,690</u>	<u>251,578</u>	<u>571,555</u>	<u>5,449,077</u>
Total Liabilities and Fund Balances	<u>\$ 349,985</u>	<u>\$ 2,190,269</u>	<u>\$ 2,085,690</u>	<u>\$ 251,578</u>	<u>\$ 571,555</u>	<u>\$ 5,449,077</u>

COACHELLA VALLEY CONSERVATION COMMISSION

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

Year ended June 30, 2024

	Special Revenue Funds					Total Governmental Funds
	Lizard Endowment	Management Contingency	In-Lieu Fee	Casey's June Beetle	Travertine Point Monitoring	
Revenues:						
Investment income (loss)	\$ 17,751	\$ 175,596	\$ 22,419	\$ 12,691	\$ 28,976	\$ 257,433
Total Revenues	<u>17,751</u>	<u>175,596</u>	<u>22,419</u>	<u>12,691</u>	<u>28,976</u>	<u>257,433</u>
Expenditures:						
Consultants	-	-	825	-	-	825
Total Expenditures	<u>-</u>	<u>-</u>	<u>825</u>	<u>-</u>	<u>-</u>	<u>825</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,751</u>	<u>175,596</u>	<u>21,594</u>	<u>12,691</u>	<u>28,976</u>	<u>256,608</u>
Other Financing Sources (Uses):						
Transfers Out	-	(1,139,478)	-	-	-	(1,139,478)
Net Change in Fund Balances	<u>17,751</u>	<u>(963,882)</u>	<u>21,594</u>	<u>12,691</u>	<u>28,976</u>	<u>(882,870)</u>
Fund Balance - Beginning	<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>
Fund Balance - Ending	<u>\$ 349,985</u>	<u>\$ 2,190,269</u>	<u>\$ 2,085,690</u>	<u>\$ 251,578</u>	<u>\$ 571,555</u>	<u>\$ 5,449,077</u>