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COACHELLA VALLEY CONSERVATION COMMISSION FINANCE COMMITTEE AGENDA

**MONDAY, MAY 2, 2022
2:00 PM**

*Pursuant to Assembly Bill 361 and the findings made by CVCC this meeting will only
be conducted via video/teleconferencing.*

INSTRUCTIONS FOR PUBLIC PARTICIPATION

Join Zoom Meeting:

<https://us02web.zoom.us/j/85285951525?pwd=QTBjUmNZWW9oQWlyL1VoYS85bXJoZz09>

Meeting ID: 852 8595 1525

Password: 146569

One tap mobile

+16699009128,,85285951525#

Dial by your location

+1 669 900 9128 US (San Jose)

Meeting ID: 852 8595 1525

**THIS MEETING IS HANDICAPPED ACCESSIBLE.
ACTION MAY RESULT ON ANY ITEMS ON THIS AGENDA.**

1. **CALL TO ORDER / ROLL CALL** – Chair Linda Evans, City of La Quinta and Jennifer Nelson, Clerk

A. Member Roster

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2. **PUBLIC COMMENTS ON AGENDA ITEMS**

This is the time and place for members of the public to address the Finance Committee on agenda items. At the discretion of the Chair, comments may be taken at the time items are presented. Please limit comments to three (3) minutes.

3. **CONSENT CALENDAR**

A. Approve June 1, 2021 CVCC Finance Committee Meeting Minutes

4

B. Approve CVCC's existing Investment Policy as CVCC Policy 22-01

6

4. **DISCUSSION /ACTION**

A. CVCC's Audit for Fiscal Year 2020/21 and Related Reports – Claude Kilgore

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Recommendation: Receive and file the Audited Financial Statements for the fiscal year ended June 30, 2021, Report on Internal Controls over Financial Reporting, and the Auditor's Communication with Those Charged with Governance

5. **PUBLIC COMMENTS ON NON AGENDA ITEMS**

This is the time and place for members of the public to address the Finance Committee on items of general interest within the purview of this committee. Please limit comments to two (2) minutes.

6. **ANNOUNCEMENTS**

Upcoming Zoom Meetings:

Coachella Valley Conservation Commission – Thursday, May 12, 2022 at 10:30 a.m.

CVCC Finance Committee – Tuesday, May 24, 2022 at 11 a.m.

7. **ADJOURNMENT**

Item 1A

**Coachella Valley Conservation Commission
FINANCE COMMITTEE
Member Roster**



City of Coachella	Mayor Steven Hernandez , <i>CVCC Vice Chair</i>
City of Desert Hot Springs	Mayor Pro Tem Gary Gardner
City of Indian Wells	Finance Director Kevin McCarthy
City of La Quinta	Mayor Linda Evans , <i>CVCC Chair</i>

Staff
Tom Kirk, Executive Director
Claude Kilgore, CVCC Auditor
Kathleen Brundige, Director of Conservation

ITEM 3A

**Coachella Valley Conservation Commission
Finance Committee Meeting Minutes
June 1, 2021**



- 1. CALL TO ORDER / ROLL CALL** – The meeting was called to order by Chair Linda Evans at 11:33 a.m. via Zoom, pursuant to Gov. Newsom’s executive order governing how public meetings are held during the COVID-19 pandemic.

ROLL CALL – Roll call was taken and it was determined that a quorum was present.

Members Present

Councilmember Gary Gardner
Finance Director Kevin McCarthy
Mayor Linda Evans, Chair

Agency

City of Desert Hot Springs
City of Indian Wells
City of La Quinta

Others Present

Tom Kirk
Katie Barrows
Claude Kilgore
Trisha Stull
Joanna Stueckle
One other individual who did not
provide a full name

CVAG
CVAG
CVAG
CVAG
CVAG

Members Not Present

Mayor Steven Hernandez, Vice Chair

Agency

City of Coachella

2. PUBLIC COMMENTS ON AGENDA ITEMS

None

3. CONSENT CALENDAR

IT WAS MOVED BY COUNCILMEMBER GARDNER AND SECONDED BY FINANCE DIRECTOR MCCARTHY TO:

A. Approve February 26, 2021 CVCC Finance Committee Meeting Minutes

THE MOTION CARRIED WITH 3 AYES AND 1 ABSENT.

Mayor Steven Hernandez
Councilmember Gary Gardner
Finance Director Kevin McCarthy
Mayor Linda Evans

Absent
Aye
Aye
Aye

4. DISCUSSION / ACTION

A. Fiscal Year 2021/2022 Agency-Wide, Programs, and Individual Funds Budget

Claude Kilgore provided a budget overview, which included reviewing expected revenues and expenditures. Committee members provided feedback and staff addressed various questions.

B. Annual Review of CVCC's Investment Policy

Claude Kilgore introduced the annual CVCC Investment Policy. Brief member discussion ensued.

IT WAS MOVED BY FINANCE DIRECTOR MCCARTHY AND SECONDED BY COUNCILMEMBER GARDNER TO APPROVE CVCC's EXISTING INVESTMENT POLICY AS CVCC POLICY 21-02.

THE MOTION CARRIED WITH 3 AYES AND 1 ABSENT.

Mayor Steven Hernandez	Absent
Councilmember Gary Gardner	Aye
Finance Director Kevin McCarthy	Aye
Mayor Linda Evans	Aye

5. INFORMATION

A. Selection of Independent Auditor for CVAG, CVCC and DCE

6. PUBLIC COMMENTS ON NON-AGENDA ITEMS

None

7. ANNOUNCEMENTS

Upcoming Zoom Meetings:

- Coachella Valley Conservation Commission – June 10, 2021 at 10:30 a.m.

8. ADJOURNMENT

The meeting was adjourned at 12:10 p.m.

Respectfully submitted,

Trisha Stull

Item 3B

Coachella Valley Conservation Commission
Finance Committee

May 2, 2022



STAFF REPORT

Subject: Annual Review of CVCC's Investment Policy

Contact: Claude T. Kilgore, CVCC Auditor / Director of Finance/Admin. (ckilgore@cvag.org)

Recommendation: Approve CVCC's existing Investment Policy as CVCC Policy 22-01

Background: Pursuant to California Government Code Section 53646(a)(2), local agencies (other than counties) "may annually render to his/her legislative body and any oversight committee an investment policy." While not explicitly required by statute, CVCC staff has long maintained that an investment policy should always be in place and provided to the Commission for annual review.

This review is a continuation of CVCC's commitment to uphold the best interest of its members and to ensure shared fiduciary responsibility, increased authority and legitimacy of the investment policy, as well as transparency and disclosure to CVCC members.

CVCC staff has reviewed the existing investment policy and finds that it is sufficient. Staff recommends that the policy be approved as CVCC 22-01.

Fiscal Analysis: There is no cost to passing the resolution.

Attachment: CVCC Policy 22-01

CVCC POLICY NUMBER: 22-01

COACHELLA VALLEY CONSERVATION COMMISSION (CVCC) INVESTMENT POLICY FOR CVCC FUNDS

It is the policy of Coachella Valley Conservation Commission (CVCC) to invest public funds in accordance with the requirements of State law to achieve a market rate of return while minimizing the potential for losses, to meet daily cash flow needs of CVCC and to comply with all laws of the State of California regarding the investment of public funds. The ultimate goal is to enhance CVCC's financial condition while protecting its financial assets.

This investment policy is intended to provide guidelines for the prudent investment of CVCC's temporarily idle cash and to identify CVCC's policies regarding the investment process. Investments of public funds shall be made in accordance with the following policy.

1. Investment Objectives:
 - Safety – preservation of the public's funds so that necessary public projects and programs can be constructed and managed;
 - Liquidity – assurance of liquidity to meet daily cash flow needs; and
 - Yield – obtaining the maximum investment yield consistent with the above.
2. Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for the herein defined individual security's credit risk or market price changes, provided deviations from expectations are reported in the herein defined timely fashion and appropriate action is taken to control adverse developments.

3. The CVCC Secretary, and designee, the CVCC Auditor, are responsible for establishing and maintaining an internal control structure designed to ensure the safety of the assets of CVCC and that CVCC assets are protected from loss, theft or misuse. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (a) the cost of a control should not exceed the benefits likely to be derived; and, (b) the valuation of costs and benefits requires estimates and judgments by management. Accordingly, the CVCC

Secretary, and designee, the CVCC Auditor, shall maintain an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

4. All security transactions entered into by the Coachella Valley Conservation Commission shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the CVCC Auditor and evidenced by safekeeping receipts. Funds invested with the Riverside County Pooled Investment Fund are exempt from this paragraph.
5. Pursuant to CVCC's policies and prior direction, the CVCC Secretary and designee, the CVCC Auditor, are hereby delegated the authority to implement the investment policy set forth herein.
6. Except for those funds necessary to assure maintenance of ongoing CVCC operations, CVCC investment may include:
 - United States Treasury Bonds, Treasury Notes or Treasury Bills
 - Certificates of Deposit, placed with commercial banks and savings and loan companies (not to exceed the FDIC guarantee of \$250,000 per financial institution unless collateralized per Section 7)
 - State of California Local Agency Investment Fund (LAIF)
 - AAA-rated Money Market Funds investing in US Treasury investments
 - Riverside County Pooled Investment Fund

The County of Riverside (County) serves as CVCC's treasurer. The County's Pool is professionally managed and maintains liquidity and diversification so as to minimize risk to the public agencies whose funds are held by the Pool. CVCC Staff reviews the County Treasurer's Investment Portfolio monthly, as well as providing a quarterly investment report to CVCC's Executive Committee (see section 13).

7. Collateralization will be required on demand deposits, certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, a minimum collateralization level is required.

Surplus funds can only be deposited in state or federal commercial banks and savings associations, state or federal credit unions, State of California Local Agency Investment Fund (LAIF) or the Riverside County Pooled Investment Fund within the State of California. The deposits cannot exceed the amount of the bank's or savings and loan's paid-up capital and surplus. The bank or savings and loan must secure public funds deposits with eligible securities having a market value of 110% of the total amount of the deposits. State law also allows as an eligible security, first trust deeds having a value of 150% of the total amount of the deposits.

The CVCC Secretary or CVCC Auditor may waive security for that portion of a deposit which is insured pursuant to Federal law. Currently, the first \$250,000 of a deposit is federally insured. Deposits in excess of \$250,000 are required to be collateralized as previously indicated.

8. CVCC, to ensure the safety of its investment portfolio, will diversify its investments by security type and institution. No more than 55% of CVCC's total investment portfolio shall be placed with any single financial institution, with the exception of LAIF, whereby CVCC has the option of investing up to the maximum allowable by LAIF.
9. The CVCC Auditor shall develop and maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness, who maintain an office in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

No public deposit shall be made except in a qualified public depository as established by state laws. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the CVCC Auditor with the following: audited financial statements, proof of National Association of Security Dealers' certification, and proof of State of California registration. A current (for the fiscal year most recently ended) audited financial statement is required to be on file for each financial institution and broker/dealer in which CVCC invests.

10. The list of permissible investments in Section 6 is intentionally more limited than those set forth in California Government Code Sections 53601 and 53635.
11. Unless further restricted by state law, all investments hereunder shall be limited to a maximum maturity date of three years from date of purchase. A minimum of fifty percent (50%) of CVCC's invested funds must be invested in securities with maturities of one year or less. A minimum of seventy five percent (75%) of CVCC's invested funds must be invested in securities with maturities of two years or less.
12. Excluded from this resolution are investments of employee deferred compensation, employee cafeteria plan and retirement plan funds.
13. This investment policy shall be reviewed at least annually by the Executive Committee and CVCC Secretary in accordance with California Government Code Section 53646 requirements.
14. Under provisions of the California Government Code Section 53646, there shall be a report, at least quarterly, to the Executive Committee on the status of all CVCC investments. This quarterly report will include the following information: Amount on Deposit, Market Value, Source for Market Values, Yield (rate of interest), Type of Investment and Institution. In addition, quarterly report shall:
 1. State compliance of the portfolio to CVCC's investment policy or manner in which the portfolio is not in compliance; and
 2. Include a statement denoting the ability of CVCC to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

15. The CVCC Secretary, or designee, shall suggest such amendments to this policy as he or she, from time to time, deems necessary or prudent.

ADOPTED this twelfth day of May 2022.

Linda Evans, Chair
Coachella Valley Conservation Commission

ATTEST:

Tom Kirk
CVCC Executive Director/ Secretary

Coachella Valley Conservation Commission
Finance Committee

May 2, 2022



STAFF REPORT

Subject: CVCC's Audit for Fiscal Year 2020/21 and Related Reports

Contact: Claude T. Kilgore, Director of Finance/Administration (ckilgore@cvag.org)

Recommendation: Receive and file the Audited Financial Statements for the fiscal year ended June 30, 2021, Report on Internal Controls over Financial Reporting, and the Auditor's Communication with Those Charged with Governance

Background: CVCC has engaged the Coachella Valley Association of Governments (CVAG) to provide staffing and other administrative tasks since its inception. CVAG's Financial Statements Audit Procurement Policy, adopted on June 3, 2002, requires CVAG to obtain from qualified auditing firms, proposals to perform CVAG's annual financial audit every five years. In June 2021, CVAG hired the audit firm of Davis Farr LLP – a firm with an impressive history of professional work in the Coachella Valley – for engagement as CVAG/CVCC/DCE independent auditor for the five fiscal years starting with Fiscal year 2020/21. The firm has an impressive history of professional work in the Coachella Valley.

Davis Farr LLP performed the annual audit over CVCC's Basic Financial Statements as of June 30, 2021, and for the fiscal year then ended which include the Government-Wide Financial Statements including the Statement of Net Position and Statement of Activities as well as the Fund Financial Statements which include the Balance Sheet – Governmental Funds, Reconciliation of the Governmental Funds Balance Sheets to the Statement of Net Position, Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds, Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, and Notes to the Basic Financial Statements. Davis Farr issued an Unmodified Opinion, which means that CVCC's Basic Financial Statements present fairly, in all material respects, the respective financial position of the of the governmental activities, each major fund, and the aggregate remaining fund information of the Commission, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America

In accordance with Government Auditing Standards, Davis Farr also issued a report on their consideration of CVCC's internal control over financial reporting and their tests of CVCC's compliance with certain provisions of laws, regulations, contracts, and grant agreements as well as other matters; Davis Farr was not engaged to provide an opinion on internal control over financial reporting or on compliance. During its testing, Davis Farr did not identify any material weaknesses or significant deficiencies in internal controls. However, the auditors are recommending that CVCC adopt its own procurement policy, instead of relying on CVAG's policy. Staff is currently working on this policy and anticipates bringing it forward to the CVCC at an

upcoming meeting. Finally, Davis Farr has provided a letter to the CVCC Commission Members outlining Significant Audit Findings as promulgated by AU-C Section 260, "The Auditor's Communication with Those Charged With Governance."

CVCC staff appreciated working with, and would like to thank, the Davis Farr team which was led by Partner Shannon Ayala for their diligence and hard work in issuing the reports and findings. A member of the Davis Farr team will present the reports and be available to address any Board questions or comments.

Fiscal Analysis: The professional fees associated with the audit were previously budgeted and there is no additional financial impact.

Attachments:

1. CVCC's Audited Financial Statements for the year ended June 30, 2021
2. Report on Internal Controls over Financial Reporting
3. Auditor's Communication with Those Charged with Governance

COACHELLA VALLEY CONSERVATION COMMISSION

Financial Statements

Year ended June 30, 2021

(With Independent Auditor's Report Thereon)

COACHELLA VALLEY CONSERVATION COMMISSION

Financial Statements

Year ended June 30, 2021

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Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above 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, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of the Coachella Valley Conservation Commission for the year ended June 30, 2020 were audited by other auditors whose report dated January 11, 2021 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

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 and individual nonmajor fund financial statements* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining 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 and individual 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 April 22, 2022 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 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
April 22, 2022

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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, 2021. 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

Statements of Net Position

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Assets:				
Cash and investments	\$ 30,534,082	\$ 25,379,955	\$ 5,154,127	20.3%
Account receivable	1,294,125	1,309,727	(15,602)	(1.2)%
Other current assets	19,329	72,647	(53,318)	(73.4)%
Capital assets, not depreciated	<u>73,457,878</u>	<u>71,968,512</u>	<u>1,489,366</u>	<u>2.1%</u>
Total Assets	<u>105,305,414</u>	<u>98,730,841</u>	<u>6,574,573</u>	<u>6.7%</u>
Liabilities:				
Accounts payable	178,735	60,264	118,471	196.6%
Due to other governments	<u>817,793</u>	<u>415,370</u>	<u>402,423</u>	<u>96.9%</u>
Total Liabilities	<u>996,528</u>	<u>475,634</u>	<u>520,894</u>	<u>109.5%</u>
Net Position:				
Investment in capital assets	73,457,878	71,968,512	1,489,366	2.1%
Restricted	30,160,257	25,591,718	4,568,539	17.9%
Unrestricted	<u>690,751</u>	<u>694,977</u>	<u>(4,226)</u>	<u>(0.6)%</u>
Total Net Position	<u>\$104,308,886</u>	<u>\$ 98,255,207</u>	<u>\$6,053,679</u>	<u>6.2%</u>

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

Statements of Activities

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Operating Expenses:				
Administrative	\$ 467,919	266,679	201,240	75.5%
Biological monitoring and land management program	<u>1,015,273</u>	<u>1,267,042</u>	<u>(251,769)</u>	<u>(19.9)%</u>
Total Expenses	<u>1,483,192</u>	<u>1,533,721</u>	<u>(50,529)</u>	<u>(3.3)%</u>
Program Revenues:				
Operating contributions and grants	3,462,816	3,027,957	434,859	14.4%
Capital contributions and grants	4,060,411	2,514,324	1,546,087	61.5%
General Revenues:				
Interest income	18,875	386,093	(367,218)	(95.1)%
Other revenues	<u>6,955</u>	<u>219,765</u>	<u>(212,810)</u>	<u>(96.8)%</u>
Total Revenues	<u>7,549,057</u>	<u>6,148,139</u>	<u>1,400,918</u>	<u>22.8%</u>
Changes in Net Position	6,065,865	4,614,418	1,451,447	31.5%
Net Position - Beginning, as restated	<u>98,243,021</u>	<u>93,640,789</u>	<u>4,602,232</u>	<u>4.9%</u>
Net Position - Ending	<u>\$104,308,886</u>	<u>98,255,207</u>	<u>6,053,679</u>	<u>6.2%</u>

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 6.2% (\$104.3 million compared to \$98.3 million). The net position of the Commission changed as a result of the revenue and expense fluctuations and also capital assets described below for the activities of the Commission.

MAJOR FUNDS

General Fund - The General Fund accounts for all of 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 \$1,442,103, bringing the ending fund balance of the General Fund to \$11,201,265.

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 \$1,439,940 were received from a few agencies contributing toward the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP), an increase of \$434,440 from the prior year.

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 (\$159,849), bringing the total ending fund balance to \$515,713.

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 Development Mitigation fees collected to be used for Management and Monitoring. Current year amount allocated to this fund was \$ 457,096, a decrease of \$378 from the prior year's revenue.
- Consultant expenditures were \$544,665, a decrease of \$37,917 from the prior year's expenditures, partially due to capital outlays associated with the construction of the sheep barrier fence being classified as such.

Land Acquisition Fund - The Land Acquisition Fund accounts for the revenues generated by the Local Development Mitigation Fee (LDMF) and mitigation contributions from various agencies. The current fiscal year's excess was \$2,690,431, bringing the total ending fund balance to \$11,705,923.

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

- As noted in the Management and Monitoring Fund section, a fee ordinance was adopted in FY 2011/12 and since part of the development fee was allocated, the Development Mitigation fee that allocated to this fund was \$2,233,290 a decrease of \$259 from the prior year's revenue.
- Capital outlay expense decreased by \$785,436, from \$1,854,485 in the prior year to \$1,069,049 in the current year due to timing of escrow close on land acquisitions.

Management Contingency Fund - The Management Contingency Fund accounts for the funds established for the purpose of which is to provide the ability to address immediate and/or large scale Monitoring and Management Program needs on the Permittees lands. The current fiscal year's decrease in fund balance was (\$418,310), bringing the ending fund balance to \$4,595,271.

The reasons for significant amount in the expenditures of the Commission's Management Contingency Fund are as follows:

- \$ 420,317 was transferred out to the Management and Monitoring Fund for expenditures incurred on the sheep barrier project, an increase of \$415,024.

In-Lieu Fee Fund - The In-Lieu Fee Fund accounts for the funds generated from mitigation for unavoidable impacts to Waters of the U.S. and are used to perform restoration projects. The current fiscal year's excess was \$1,021,777, bringing the ending fund balance to \$1,965,450.

The reasons for significant amount in the expenditures of the Commission's Management Contingency Fund are as follows:

- Agencies mitigation fees in the amount of \$1,045,974 was received in the current year, a decrease of \$11,350 from the prior year's amount.
- Consultant expenditures was \$22,134, a decrease of \$78,710 from the prior year's expenditure, mainly due to a decrease in work performed by a vendor.

CAPITAL ASSETS

Capital Assets
(not being depreciated)

	Balance <u>June 30, 2021</u>	Balance <u>June 30, 2020</u>	<u>Increase</u>
Land	\$ 73,037,561	\$ 71,968,512	\$ 1,069,049
Construction in Progress	<u>420,317</u>	<u>-</u>	<u>420,317</u>
Total	<u>\$ 73,457,878</u>	<u>\$ 71,968,512</u>	<u>\$ 1,489,366</u>

The major additions to capital assets were land acquisitions within the conservation area.

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: Auditor, at 73710 Fred Waring Drive, Suite 200, Palm Desert, California 92260.

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BASIC FINANCIAL STATEMENTS

COACHELLA VALLEY CONSERVATION COMMISSION

Statement of Net Position

June 30, 2021

(with comparative prior year information)

	Governmental Activities	
	2021	2020
Assets:		
Cash and investments (note 2)	\$ 30,534,082	25,379,955
Interest receivable	19,329	56,592
Accounts receivable	10,000	-
Deposits	-	16,055
Due from other governments	1,284,125	1,309,727
Capital assets, not depreciated (note 4)	<u>73,457,878</u>	<u>71,968,512</u>
Total Assets	<u>105,305,414</u>	<u>98,730,841</u>
Liabilities:		
Accounts payable	178,735	60,264
Due to other governments	<u>817,793</u>	<u>415,370</u>
Total Liabilities	<u>996,528</u>	<u>475,634</u>
Net Position:		
Investment in capital assets	73,457,878	71,968,512
Restricted:		
Endowment	10,839,926	9,393,466
Management and monitoring	7,614,408	7,424,734
Land acquisition	11,705,923	8,773,518
Unrestricted	<u>690,751</u>	<u>694,977</u>
Total Net Position	<u>\$ 104,308,886</u>	<u>98,255,207</u>

See accompanying notes to financial statements.

COACHELLA VALLEY CONSERVATION COMMISSION

Statement of Activities

Year ended June 30, 2021

(with comparative prior year information)

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	
					2021	2020
Governmental Activities:						
Administrative	\$ 467,919	-	1,902,930	-	1,435,011	1,190,447
Biological monitoring and land management program	<u>1,015,273</u>	-	<u>1,559,886</u>	<u>4,060,411</u>	<u>4,605,024</u>	<u>2,818,113</u>
Total Governmental Activities	<u>\$ 1,483,192</u>	-	<u>3,462,816</u>	<u>4,060,411</u>	<u>6,040,035</u>	<u>4,008,560</u>
General Revenues:						
Investment income					18,875	386,093
Other revenues					<u>6,955</u>	<u>219,765</u>
Total General Revenues					<u>25,830</u>	<u>605,858</u>
Change in Net Position					6,065,865	4,614,418
Net Position - Beginning, as restated (note 8)					<u>98,243,021</u>	<u>93,640,789</u>
Net Position - Ending					<u>\$ 104,308,886</u>	<u>98,255,207</u>

See accompanying notes to financial statements.

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COACHELLA VALLEY CONSERVATION COMMISSION

Balance Sheet - Governmental Funds

June 30, 2021

(with comparative prior year information)

		Special Revenue Funds		
	General Fund	Management and Monitoring	Land Acquisition	Management Contingency
Assets:				
Cash and investments	\$ 10,578,724	789,881	11,676,309	4,591,798
Interest receivable	7,725	200	7,330	3,473
Deposits	-	-	-	-
Accounts receivable	-	-	10,000	-
Due from other funds (note 3)	48,423	-	-	-
Due from other governments	<u>962,990</u>	<u>56,816</u>	<u>264,319</u>	<u>-</u>
Total Assets	<u>\$ 11,597,862</u>	<u>846,897</u>	<u>11,957,958</u>	<u>4,595,271</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,009	132,521	39,714	-
Due to other funds (note 3)	-	-	-	-
Due to other governments	<u>394,588</u>	<u>198,663</u>	<u>212,321</u>	<u>-</u>
Total Liabilities	<u>396,597</u>	<u>331,184</u>	<u>252,035</u>	<u>-</u>
Fund Balances:				
Restricted:				
Endowment	10,510,514	-	-	-
Management and monitoring	-	515,713	-	4,595,271
Land acquisition	-	-	11,705,923	-
Unassigned	<u>690,751</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>11,201,265</u>	<u>515,713</u>	<u>11,705,923</u>	<u>4,595,271</u>
Total Liabilities and Fund Balances	<u>\$ 11,597,862</u>	<u>846,897</u>	<u>11,957,958</u>	<u>4,595,271</u>

See accompanying notes to financial statements.

COACHELLA VALLEY CONSERVATION COMMISSION

Balance Sheet - Governmental Funds (Continued)

June 30, 2021

(with comparative prior year information)

Special Revenue Fund	Other Governmental Funds	Total Governmental Funds	
		2021	2020
In-Lieu Fee			
2,030,585	866,785	30,534,082	25,379,955
-	601	19,329	56,592
-	-	-	16,055
-	-	10,000	-
-	-	48,423	-
-	-	1,284,125	1,309,727
<u>2,030,585</u>	<u>867,386</u>	<u>31,895,959</u>	<u>26,762,329</u>
4,491	-	178,735	60,264
48,423	-	48,423	-
<u>12,221</u>	<u>-</u>	<u>817,793</u>	<u>415,370</u>
<u>65,135</u>	<u>-</u>	<u>1,044,951</u>	<u>475,634</u>
-	329,412	10,839,926	9,393,466
1,965,450	537,974	7,614,408	7,424,734
-	-	11,705,923	8,773,518
-	-	690,751	694,977
<u>1,965,450</u>	<u>867,386</u>	<u>30,851,008</u>	<u>26,286,695</u>
<u>2,030,585</u>	<u>867,386</u>	<u>31,895,959</u>	<u>26,762,329</u>

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COACHELLA VALLEY CONSERVATION COMMISSION

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

June 30, 2021

Fund balances of governmental funds	\$ 30,851,008
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.	<u>73,457,878</u>
Net Position of Governmental Activities	<u>\$ 104,308,886</u>

See accompanying notes to financial statements.

COACHELLA VALLEY CONSERVATION COMMISSION

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

Year ended June 30, 2021

(with comparative prior year information)

		<u>Special Revenue Funds</u>		
	General Fund	Management and Monitoring	Land Acquisition	Management Contingency
Revenues:				
Development mitigation fees	\$ -	457,096	2,233,290	-
Agencies mitigation fees	1,439,940	56,296	1,827,121	-
Tipping fees	462,990	-	-	-
Grants	-	520	-	-
Investment income	7,092	2,554	6,736	2,007
Miscellaneous	-	6,955	-	-
	<u>1,910,022</u>	<u>523,421</u>	<u>4,067,147</u>	<u>2,007</u>
Total Revenues				
Expenditures:				
Current:				
Administrative fees	-	4,571	22,334	-
Insurance	13,442	-	-	-
Per diem	8,700	-	-	-
General and office expenses	11,054	44,597	-	-
Professional services	29,301	3,988	50,900	-
Consultants	405,422	544,665	210,341	-
Land improvements	-	56,712	24,092	-
Equipment	-	28,737	-	-
Capital outlay	-	420,317	1,069,049	-
	<u>467,919</u>	<u>1,103,587</u>	<u>1,376,716</u>	<u>-</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,442,103</u>	<u>(580,166)</u>	<u>2,690,431</u>	<u>2,007</u>
Other Financing Sources (Uses):				
Transfers in (note 3)	-	420,317	-	-
Transfers out (note 3)	-	-	-	(420,317)
	<u>-</u>	<u>420,317</u>	<u>-</u>	<u>(420,317)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	1,442,103	(159,849)	2,690,431	(418,310)
Fund Balance - Beginning, as restated (note 8)	<u>9,759,162</u>	<u>675,562</u>	<u>9,015,492</u>	<u>5,013,581</u>
Fund Balance - End	<u>\$ 11,201,265</u>	<u>515,713</u>	<u>11,705,923</u>	<u>4,595,271</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, 2021

(with comparative prior year information)

Special Revenue Fund	In-Lieu Fee	Other Governmental Funds	Total Governmental Funds	
			2021	2020
	-	-	2,690,386	2,691,023
	1,045,974	-	4,369,331	2,167,771
	-	-	462,990	451,626
	-	-	520	231,861
	140	347	18,876	386,093
	-	-	6,955	219,765
	<u>1,046,114</u>	<u>347</u>	<u>7,549,058</u>	<u>6,148,139</u>
	-	-	26,905	25,535
	-	-	13,442	9,295
	-	-	8,700	4,275
	2,203	-	57,854	21,623
	-	-	84,189	81,280
	22,134	-	1,182,562	1,143,715
	-	-	80,804	239,011
	-	-	28,737	8,987
	-	-	1,489,366	1,854,485
	<u>24,337</u>	<u>-</u>	<u>2,972,559</u>	<u>3,388,206</u>
	<u>1,021,777</u>	<u>347</u>	<u>4,576,499</u>	<u>2,759,933</u>
	-	-	420,317	5,293
	-	-	(420,317)	(5,293)
	-	-	-	-
	1,021,777	347	4,576,499	2,759,933
	<u>943,673</u>	<u>867,039</u>	<u>26,274,509</u>	<u>23,526,762</u>
	<u>1,965,450</u>	<u>867,386</u>	<u>30,851,008</u>	<u>26,286,695</u>

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, 2021

Net change in fund balances - total governmental funds	\$	4,576,499
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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). This amount of capital outlays during the year, as the Commission holds no assets being depreciated.

<u>1,489,366</u>

Change in Net Position of Governmental Activities	\$	<u>6,065,865</u>
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NOTES TO THE BASIC FINANCIAL STATEMENTS

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2021

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 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, 2021

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, with the exceptions of the Lizard Endowment and Travertine Point Monitoring Funds, are considered major 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.

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.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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 financial 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 position 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 financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission does not have any items that qualify for reporting in this category.

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

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Management Contingency Special Revenue Fund – This fund is used for the ability to address immediate and/or large-scale Monitoring and Management Program needs on the permittees' lands. According to the Coachella Valley Multiple Species Habitat Conservation Plan, the Commission will establish a \$5.0 million management contingency fund as a subset of the Monitoring and Management Program budgets. This one-time Management Contingency Fund will be established within the first 10 years after permit issuance (2008) and will be included in the Operating Fund Budget as a separate item.

In-Lieu Fee Special Revenue Fund – This fund is used to account for monies received from fees charged to other agencies for environmental mitigation.

(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, 2021

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, 2021:

Cash and deposits:	
Deposits with financial institutions	\$ 2,074,790
Investments:	
Riverside County Pooled Investment Fund	<u>28,459,292</u>
Total cash and investments	<u>\$30,534,082</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, 2021

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 \$28,459,292 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. The Commission has all the investments in Level 2 inputs.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2021

Note 3: Interfund Activities

Transfers

The Management Contingency Fund transferred \$420,317 to the Management and Monitoring Special Revenue Fund to pay for expenditures incurred for construction of the Peninsular Big Horn Sheep Fence Barrier Project.

Due to/from Other Funds

Interfund receivables and payables are as follows at June 30, 2021:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 48,423	-
In-Lieu Fee fund	-	48,423
Total	<u>\$ 48,423</u>	<u>\$ 48,423</u>

Interfund borrowings were to cover the In-Lieu Fee fund temporary cash deficits.

Note 4: Capital Assets

A summary of capital asset activity for the year ended June 30, 2021, is as follows:

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2021</u>
Capital assets, not depreciated:				
Land	\$ 71,968,512	1,069,049	-	73,037,561
Construction in Progress	-	420,317	-	420,317
Total capital assets, not depreciated	<u>\$ 71,968,512</u>	<u>1,489,366</u>	<u>-</u>	<u>73,457,878</u>

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 California JPIA 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.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2021

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

Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. 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 2020-21.

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:

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2021

Note 6: Future Funding (Continued)

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, 2021, the outstanding commitment from CVAG is \$7,175,000. 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 \$850,000 for fiscal year 2020-2021. During the year, CVAG incurred and charged the Commission \$766,500 of staff time and allocated administrative expenses, all of which was accounted for in the fiscal year.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2021

Note 8: Prior Period Adjustments

During the fiscal year ended June 30, 2021, CVCC recorded a prior period adjustment between the Land Acquisition and In Lieu Fee Fund for mitigation fees. CVCC also recorded a correction for consulting expenses related to prior fiscal year. See the following adjustments as shown below:

	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	
	Governmental Activities	Land Acquisition Fund	In Lieu Fee Fund
Beginning net position/fund balance, as previously reported	\$ 98,255,207	8,773,518	1,197,833
Mitigation Fees	-	241,974	(241,974)
Consulting expenses	<u>(12,186)</u>	<u>-</u>	<u>(12,186)</u>
Beginning net position/fund balance, as restated	<u>\$ 98,243,021</u>	<u>9,015,492</u>	<u>943,673</u>

COACHELLA VALLEY CONSERVATION COMMISSION

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

Year ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Agencies mitigation fees	\$ -	-	1,439,940	1,439,940
Tipping fees	440,000	440,000	462,990	22,990
Investment income	<u>3,850</u>	<u>3,850</u>	<u>7,092</u>	<u>3,242</u>
Total Revenues	<u>443,850</u>	<u>443,850</u>	<u>1,910,022</u>	<u>1,466,172</u>
Expenditures:				
Insurance	13,442	13,442	13,442	-
Per diem	10,200	10,200	8,700	1,500
General and office expenses	10,187	10,187	11,054	(867)
Professional services	40,200	40,200	29,301	10,899
Consultants	<u>262,506</u>	<u>262,506</u>	<u>405,422</u>	<u>(142,916)</u>
Total Expenditures	<u>336,535</u>	<u>336,535</u>	<u>467,919</u>	<u>(131,384)</u>
Excess of Revenues over Expenditures	<u>107,315</u>	<u>107,315</u>	<u>1,442,103</u>	<u>1,597,556</u>
Other Financing Sources (Uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	107,315	107,315	1,442,103	1,334,788
Fund Balance - Beginning	<u>9,759,162</u>	<u>9,759,162</u>	<u>9,759,162</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 9,866,477</u>	<u>9,866,477</u>	<u>11,201,265</u>	<u>1,334,788</u>

See 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, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Development mitigation fees	\$ 253,601	253,601	457,096	203,495
Agencies mitigation fees	-	-	56,296	56,296
Grants	240,407	240,407	520	(239,887)
Investment income	8,450	8,450	2,554	(5,896)
Miscellaneous	7,500	7,500	6,955	(545)
Total Revenues	<u>509,958</u>	<u>509,958</u>	<u>523,421</u>	<u>13,463</u>
Expenditures:				
Administrative fees	2,536	2,536	4,571	(2,035)
General and office expenses	3,700	3,700	44,597	(40,897)
Professional services	6,000	6,000	3,988	2,012
Consultants	1,059,261	1,059,261	544,665	514,596
Land improvements	2,103,816	2,103,816	56,712	2,047,104
Equipment	-	-	28,737	(28,737)
Utilities	15,000	15,000	-	15,000
Capital outlay	-	-	420,317	(420,317)
Total Expenditures	<u>3,190,313</u>	<u>3,190,313</u>	<u>1,103,587</u>	<u>2,086,726</u>
Deficiency of Revenues under Expenditures	<u>(2,680,355)</u>	<u>(2,680,355)</u>	<u>(580,166)</u>	<u>(2,073,263)</u>
Other Financing Sources (Uses):				
Transfers in	<u>2,403,830</u>	<u>2,403,830</u>	<u>420,317</u>	<u>(1,983,513)</u>
Total Other Financing (Uses)	<u>2,403,830</u>	<u>2,403,830</u>	<u>420,317</u>	<u>(1,983,513)</u>
Net Change in Fund Balance	(276,525)	(276,525)	(159,849)	116,676
Fund Balance - Beginning	<u>675,562</u>	<u>675,562</u>	<u>675,562</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 399,037</u>	<u>399,037</u>	<u>515,713</u>	<u>116,676</u>

See 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, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Development mitigation fees	\$ 1,238,169	1,238,169	2,233,290	995,121
Agencies mitigation fees	1,500,000	1,500,000	1,827,121	327,121
Investment income	<u>82,615</u>	<u>82,615</u>	<u>6,736</u>	<u>(75,879)</u>
Total Revenues	<u>2,820,784</u>	<u>2,820,784</u>	<u>4,067,147</u>	<u>1,246,363</u>
Expenditures:				
Administrative fees	12,382	12,382	22,334	(9,952)
General and office expenses	500	500	-	500
Professional services	170,000	170,000	50,900	119,100
Consultants	351,897	351,897	210,341	141,556
Land improvements	500,000	500,000	24,092	475,908
Capital outlay	<u>8,500,000</u>	<u>8,500,000</u>	<u>1,069,049</u>	<u>7,430,951</u>
Total Expenditures	<u>9,534,779</u>	<u>9,534,779</u>	<u>1,376,716</u>	<u>8,158,063</u>
Excess (Deficiency) of Revenues over/under Expenditures	<u>(6,713,995)</u>	<u>(6,713,995)</u>	<u>2,690,431</u>	<u>(6,911,700)</u>
Net Change in Fund Balance	(6,713,995)	(6,713,995)	2,690,431	9,404,426
Fund Balance - Beginning, as restated	<u>9,015,492</u>	<u>9,015,492</u>	<u>9,015,492</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,301,497</u>	<u>2,301,497</u>	<u>11,705,923</u>	<u>9,404,426</u>

See notes to required supplementary information.

COACHELLA VALLEY CONSERVATION COMMISSION

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

Year ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 50,275	50,275	2,007	(48,268)
Total Revenues	50,275	50,275	2,007	(48,268)
Other Financing Sources (Uses):				
Transfers out	(2,103,816)	(2,103,816)	(420,317)	1,683,499
Total Other Financing (Uses)	(2,103,816)	(2,103,816)	(420,317)	1,683,499
Net Change in Fund Balance	(2,053,541)	(2,053,541)	(418,310)	1,635,231
Fund Balance - Beginning	5,013,581	5,013,581	5,013,581	-
Fund Balance - Ending	\$ 2,960,040	2,960,040	4,595,271	1,635,231

See notes to required supplementary information.

COACHELLA VALLEY CONSERVATION COMMISSION

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - In Lieu Fee**

Year ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Agencies mitigation fees	\$ -	-	1,045,974	1,045,974
Investment income	<u>100</u>	<u>100</u>	<u>140</u>	<u>40</u>
Total Revenues	<u>100</u>	<u>100</u>	<u>1,046,114</u>	<u>1,046,014</u>
Expenditures:				
General and office expenses	1,985	1,985	2,203	(218)
Consultants	<u>54,164</u>	<u>54,164</u>	<u>22,134</u>	<u>32,030</u>
Total Expenditures	<u>56,149</u>	<u>56,149</u>	<u>24,337</u>	<u>31,812</u>
Excess (Deficiency) of Revenues over/under Expenditures	<u>(56,049)</u>	<u>(56,049)</u>	<u>1,021,777</u>	<u>1,014,202</u>
Net Change in Fund Balance	(56,049)	(56,049)	1,021,777	1,077,826
Fund Balance - Beginning, as restated	<u>943,673</u>	<u>943,673</u>	<u>943,673</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 887,624</u>	<u>887,624</u>	<u>1,965,450</u>	<u>1,077,826</u>

See notes to required supplementary information.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to Required Supplementary Information

Year ended June 30, 2021

Note 1: Budgets and Budgetary Accounting

The Commission adopts an annual budget prepared on the modified accrual basis of accounting for its governmental 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, 2021, expenditures exceeded appropriations in the General Fund by \$139,687.

COACHELLA VALLEY CONSERVATION COMMISSION

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2021

	<u>Special Revenue Funds</u>		
	<u>Lizard Endowment</u>	<u>Travertine Point Monitoring</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and investments	\$ 329,184	537,601	866,785
Interest receivable	<u>228</u>	<u>373</u>	<u>601</u>
Total Assets	<u>\$ 329,412</u>	<u>537,974</u>	<u>867,386</u>
Fund Balances:			
Restricted:			
Endowment	\$ 329,412	-	329,412
Management and monitoring	<u>-</u>	<u>537,974</u>	<u>537,974</u>
Total Fund Balances	<u>\$ 329,412</u>	<u>537,974</u>	<u>867,386</u>

COACHELLA VALLEY CONSERVATION COMMISSION

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

Year ended June 30, 2021

	<u>Special Revenue Funds</u>		
	<u>Lizard Endowment</u>	<u>Travertine Point Monitoring</u>	<u>Total Governmental Funds</u>
Revenues:			
Investment income	\$ 131	216	347
Total Revenues	131	216	347
Net Change in Fund Balances	131	216	347
Fund Balance - Beginning	329,281	537,758	867,039
Fund Balance - Ending	<u>\$ 329,412</u>	<u>537,974</u>	<u>867,386</u>

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

Independent Auditor's Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Coachella Valley Conservation Commission (CVCC), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise CVCC's basic financial statements, and have issued our report thereon dated April 22, 2022.

Internal Control Over Financial Reporting

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

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

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

In addition, as a service to you we identified other matters during our audit that provide you an opportunity to enhance your existing internal controls. The matter below is provided as recommendation for your consideration and is not considered to be material weaknesses or significant deficiencies in internal control.

(2021-001) Procurement Policy

Coachella Valley Conservation Commission (CVCC) currently does not have its own procurement policy. CVCC follows the Coachella Valley Association of Government's procurement policy. We recommend CVCC create its own purchasing guidelines and follow its own procurement policies.

Compliance and Other Matters

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

Purpose of this Report

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

DavisFarrLLP

Irvine, California
April 22, 2022

To the Commission Members
Coachella Valley Conservation Commission

We have audited the financial statements of Coachella Valley Conservation Commission (CVCC) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 30, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by CVCC are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered into by CVCC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting CVCC's financial statements were:

- Estimates involving estimated acquisition value of donated land. We evaluated the key factors and assumptions used to develop certain estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Additionally, the following immaterial misstatements detected as a result of audit procedures

were not corrected by management:

- Correction of revenue recorded related to the prior fiscal year

Management believes these adjustments are not material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 22, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to CVCC's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as CVCC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Commission Members and management of CVCC and is not intended to be, and should not be, used by anyone other than these specified parties.

DavisFarrLLP

Irvine, California
April 22, 2022