

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2021**



**DavisFarr**

CERTIFIED PUBLIC ACCOUNTANTS

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Financial Statements**

**Year ended June 30, 2021**

**(With Independent Auditor's Report Thereon)**

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Financial Statements

Year ended June 30, 2021

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## **Independent Auditor's Report**

To the Executive Committee  
Coachella Valley Association of Governments  
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 the Coachella Valley Association of Governments (CVAG), as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise CVAG'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 CVAG, as of June 30, 2021, and the respective changes in financial position thereof 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 Association of Governments 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 schedules* for the General Fund and each major special revenue fund and *schedule of the proportionate share of the net pension liability – miscellaneous plan and schedule of plan contributions – miscellaneous plan* 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 CVAG'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 and individual nonmajor fund financial statements* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion,

the *combining 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 May 24, 2022 on our consideration of CVAG'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 CVAG's internal control over financial reporting and compliance.

DavisFarrLLP

Irvine, California  
May 24, 2022

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

The following discussion and analysis of the financial performance of Coachella Valley Association of Governments ("CVAG") provides an overview of CVAG'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 CVAG as a whole and present a long-term view of CVAG'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 CVAG's operations in more detail than the government-wide statements by providing information about CVAG's most significant funds.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of four parts - *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *supplementary information* that presents *combining statements* for nonmajor governmental funds. The *basic financial statements* include two kinds of statements that present different views of CVAG:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about CVAG's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting CVAG'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 provided additional financial and budgetary information.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2021

### **OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

#### Reporting CVAG as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for CVAG as a whole. One of the most important questions asked about CVAG's finances is, "Is CVAG 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 CVAG 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 CVAG's net position and changes in it. You can think of CVAG's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources - as one way to measure CVAG's financial health, or *financial position*. Over time, *increases and decreases* in CVAG's net assets are one indicator of whether its *financial health* is improving or deteriorating.

#### Reporting CVAG's Major Funds

The **fund financial statements** provide detailed information about CVAG's most significant funds - not CVAG as a whole. Some funds are required to be established by grant or legal requirements. However, the Executive Committee 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* - CVAG'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 CVAG'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 CVAG's programs.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2021

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

A summary of the government-wide *statement of net position* follows:

Statement of Net Position

	Fiscal Year 2021	Fiscal Year 2020	Dollar Change	Total Percentage Change
<b><u>Assets:</u></b>				
Cash and investments	\$57,483,992	\$52,487,432	\$ 4,996,560	9.52%
Accounts receivable	917	11,677	(10,760)	(92.15%)
Interest receivable	42,287	162,156	(119,869)	(73.92%)
Due from other governments	12,503,824	13,649,693	(1,145,869)	(8.39%)
Loans receivable	187,623	756,178	(568,555)	(75.19%)
Restricted cash and investments	15,109,753	15,136,406	(26,653)	(0.18%)
Capital assets:				
Land	15,696,238	10,682,344	5,013,894	46.94%
Other capital assets, net	57,989	76,575	(18,586)	(24.27%)
Total Assets	<u>101,082,623</u>	<u>92,962,461</u>	<u>8,120,162</u>	8.73%
<b><u>Deferred Outflows of Resources:</u></b>				
Deferred pension related items	<u>1,407,746</u>	<u>1,730,948</u>	<u>(323,202)</u>	(18.67%)
Total Deferred Outflows of Resources	<u>1,407,746</u>	<u>1,730,948</u>	<u>(323,202)</u>	(18.67%)
<b><u>Liabilities:</u></b>				
Current liabilities				
Accounts payable	2,687,998	1,521,250	1,166,748	76.70%
Due to other governments	8,501,528	5,245,146	3,256,382	62.08%
Accrued liabilities	39,236	-	39,236	100.00%
Deposits payable	15,109,753	15,136,406	(26,653)	(0.18%)

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2021

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)**

Statement of Net Position (continued)

	Fiscal Year 2021	Fiscal Year 2020	Dollar Change	Total Percentage Change
<b><u>Liabilities (continued):</u></b>				
Noncurrent liabilities:				
Due within one year:				
Revenue bonds payable	1,893,146	1,782,895	110,251	6.18%
Compensated absences	113,357	127,589	(14,232)	(11.15%)
Due in more than one year:				
Revenue bonds payable	17,480,279	19,373,425	(1,893,146)	(9.77%)
Compensated absences	37,785	14,176	23,609	166.54%
Net pension liability	1,631,820	2,457,681	(825,861)	(33.60%)
Total Liabilities	<u>47,494,902</u>	<u>45,658,568</u>	<u>1,836,334</u>	4.02%
<b><u>Deferred Inflows of Resources:</u></b>				
Deferred pension related items	661,013	178,922	482,091	269.44%
Total Deferred Inflows of Resources	<u>661,013</u>	<u>178,922</u>	<u>482,091</u>	269.44%
<b><u>Net Position:</u></b>				
Net investment in capital assets	15,754,227	10,758,919	4,995,308	46.43%
Restricted:				
Transportation	36,185,599	35,950,102	235,497	0.66%
Environmental	501,135	757,858	(256,723)	(33.87%)
Homeless	1,786,498	1,103,326	683,172	61.92%
Unrestricted	106,995	285,714	(178,719)	(62.55%)
Total Net Position	<u>\$ 54,334,454</u>	<u>\$48,855,919</u>	<u>\$ 5,478,535</u>	11.21%

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2021

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

Statement of Activities

	Fiscal Year 2021	Fiscal Year 2020	Dollar Change	Total Percentage Change
<b><u>Operating Expenses:</u></b>				
Administrative	\$ 1,734,634	\$ 1,742,152	\$ (7,518)	(0.43%)
Transportation	22,696,616	24,192,079	(1,495,463)	(6.18%)
Other	2,064,812	3,199,252	(1,134,440)	(35.46%)
Interest expense	1,229,338	1,333,066	(103,728)	(7.78%)
Total Expenses	<u>27,725,400</u>	<u>30,466,549</u>	<u>(2,741,149)</u>	(9.00%)
<b><u>Program Revenues:</u></b>				
Charges for services	1,330,421	607,001	723,420	119.18%
Operating contributions and grants	8,706,961	6,338,016	2,368,945	37.38%
Capital contributions and grants	23,075,935	23,137,092	(61,157)	(0.26%)
<b><u>General Revenues:</u></b>				
Interest income	73,454	196,778	(123,324)	(62.67%)
Total Revenues	<u>33,186,771</u>	<u>30,278,887</u>	<u>2,907,884</u>	9.60%
Changes in Net Position	5,461,371	(187,662)	5,649,033	(3010.22%)
Net Position – Beginning, as Restated	48,873,083	49,043,581	(170,498)	(0.35%)
Net Position - Ending	<u>\$ 54,334,454</u>	<u>\$ 48,855,919</u>	<u>\$ 5,478,535</u>	11.21%

The increase or decrease in net position can provide an indication as to whether the overall financial position of CVAG improved or deteriorated during the year. Net Position of CVAG's governmental activities increased by 11.21 percent (\$48.9 million compared to \$54.3 million).

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2021

**MAJOR FUNDS**

**General Fund** - The General Fund accounts for all of the general revenues of CVAG not specifically levied or collected for some special purpose, and for the expenditures related to the rendering of general services by CVAG. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1,650,320.

The reasons for significant changes in the revenues and expenditures of CVAG's General Fund from the prior year are as follows:

- A decrease in the Total Revenues by \$58,327 is mainly due to the completion of a grant program.
- A decrease in Total Expenditures by \$985,889 is mainly due to a one-time paydown of the CalPERS Unfunded Accrued Liability for over one million dollars in the prior fiscal year.

**Transportation Uniform Mitigation Fees (TUMF) Fund** - The TUMF Fund accounts for the revenues generated by the Traffic Mitigation Fees and provides additional funds necessary to construct the transportation improvements generated by the development in the valley. At the end of the current fiscal year, the total fund balance was \$4,299,513.

The reasons for significant changes in the revenues and expenditures of CVAG's TUMF Fund from the prior year are as follows:

- An increase in Total Revenues by \$1,484,751 is mainly due to an increase in TUMF revenues collected in the current fiscal year as opposed to the prior fiscal year which saw a decline in revenue due to the global Covid-19 pandemic.
- A decrease in Total Expenditures by \$1,288,996 is mainly due to a decrease in Project Cost reimbursements, which are dependent on work completed on various arterial projects as well as the timing of the jurisdictions submitting requests for reimbursements.

**Measure A Fund** - The Measure A Fund accounts for the revenues generated by the Measure A half cent sales tax and is used mainly for the construction and/or improvement of the regional arterials in the Coachella Valley. At the end of the current fiscal year, the total fund balance was \$44,806,324.

The reasons for significant changes in the revenues and expenditures of CVAG's Measure A Fund from the prior year are as follows:

- A decrease in Measure A revenues by \$9,208,146 is mainly due to a decrease in Measure A revenues recorded. This increase does not have a direct relationship to the actual amount of sales tax collected, but the amount of reimbursement that was requested by CVAG. Please see Note 15 for further clarification.
- A decrease in Total Expenditures by \$3,118,898 is mainly due to a decrease in Project Cost reimbursements, which are dependent on work completed on various arterial projects as well as the timing of the jurisdictions submitting requests for reimbursements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2021

**CV Link Fund** - The CV Link Fund accounts for the revenues generated from Grants and is used mainly for the construction of the CV Link project in the Coachella Valley. At the end of the current fiscal year, the total fund balance was (\$4,455).

The reasons for significant changes in the revenues and expenditures of CVAG's CV Link Fund from the prior year are as follows:

- An increase in Total Revenues by \$3,734,820 is mainly due to an increase in funds received from reimbursement fundings.
- An increase in Total Expenditures by \$6,471,173 is mainly due to an increase in construction work on the CV Link.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

A summary of CVAG's *capital assets* follows:

Capital Assets  
(net of depreciation)

	Balance June 30, 2021	Balance June 30, 2020	Increase (Decrease)
Land and Construction-In-Progress	\$ 15,696,238	\$ 10,682,344	\$ 5,013,894
Furniture and equipment	17,035	15,964	1,071
Vehicles	40,954	60,611	(19,657)
Total	<u>\$ 15,754,227</u>	<u>\$ 10,758,919</u>	<u>\$ 4,995,308</u>

The increase to Furniture and Equipment is mainly due to the purchase of a new server while the decrease in Vehicles is mainly due to depreciation.

Additional information on CVAG's capital assets is presented in Note 7 of the Notes to Basic Financial Statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2021

**DEBT ADMINISTRATION**

The only activity relating to long-term debt was scheduled annual retirements.

Long-Term Debt

	Balance <u>June 30, 2021</u>	Balance <u>June 30, 2020</u>	Increase <u>(Decrease)</u>
Revenue bonds payable	\$ 19,373,425	\$ 21,156,320	\$ (1,782,895)
Compensated absences	151,142	141,765	9,377
Total	<u>\$ 19,524,567</u>	<u>\$ 21,298,085</u>	<u>\$ (1,773,518)</u>

Additional information on long-term debt is presented in Note 9 and 10 of the Notes to Basic Financial Statements.

**GENERAL FUND BUDGET**

There were some major deviations between the final budget of the General Fund and its actual operating results namely:

- Salaries expenditures under budget by \$ 281,365
- Benefits expenditures under budget by \$ 135,886
- Transfers in under budget by \$ 548,274

The deviations occurred because the budget reflected the budgeted expenditures for the General Fund with a Transfers In from other funds to cover the allocated costs to those funds. However, for the financial statements, instead of affecting the Transfers In, the expenditures allocations are transferred to the respective funds directly.

**CONTACTING THE ASSOCIATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, members, and resource providers with a general overview of CVAG's finances and to show CVAG's accountability for the money it receives. If you have questions about this report or need additional financial information, contact CVAG's Office, attention Director of Administrative Services Department, at 73710 Fred Waring Drive, Suite 200, Palm Desert, California 92260.

## **BASIC FINANCIAL STATEMENTS**

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Statement of Net Position**

**June 30, 2021**

**(with comparative prior year information)**

	Governmental Activities	
	2021	2020
Assets:		
Cash and investments (note 3)	\$ 57,483,992	52,487,432
Accounts receivable	917	11,677
Interest receivable	42,287	162,156
Loans receivable (note 4)	187,623	756,178
Due from other governments	12,503,824	13,649,693
Restricted cash and investments (note 3)	15,109,753	15,136,406
Capital assets, not being depreciated (note 7)	15,696,238	10,682,344
Capital assets, net of depreciation (note 7)	57,989	76,575
Total Assets	101,082,623	92,962,461
Deferred Outflows of Resources:		
Deferred amounts from pension plans (note 13)	1,407,746	1,730,948
Total Deferred Outflows of Resources	1,407,746	1,730,948
Liabilities:		
Accounts payable	2,687,998	1,521,250
Accrued liabilities	39,236	-
Deposits payable	15,109,753	15,136,406
Due to other governments	8,501,528	5,245,146
Noncurrent Liabilities		
Due within one year		
Bonds payable (note 9)	1,893,146	1,782,895
Compensated absences (note 10)	113,357	127,589
Due in more than one year		
Bonds payable (note 9)	17,480,279	19,373,425
Compensated absences (note 10)	37,785	14,176
Net pension liability (note 13)	1,631,820	2,457,681
Total Liabilities	47,494,902	45,658,568
Deferred Inflows of Resources:		
Deferred amounts from pension plans (note 13)	661,013	178,922
Total Deferred Inflows of Resources	661,013	178,922
Net Position:		
Investment in capital assets	15,754,227	10,758,919
Restricted:		
Transportation	36,185,599	35,950,102
Environmental	501,135	757,858
Homeless	1,786,498	1,103,326
Unrestricted	106,995	285,714
Total Net Position	\$ 54,334,454	48,855,919

See accompanying notes to the basic financial statements.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**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	\$ 1,734,634	1,330,421	461,291	-	57,078	3,167,533
Transportation	22,696,616	-	5,519,078	23,075,935	5,898,397	(1,054,987)
Other	2,064,812	-	2,726,592	-	661,780	(1,163,920)
Interest expense	1,229,338	-	-	-	(1,229,338)	(1,333,066)
Total Governmental Activities	\$ 27,725,400	1,330,421	8,706,961	23,075,935	5,387,917	(384,440)
			General Revenues:			
			Investment income		73,454	196,778
			Total General Revenues		73,454	196,778
			Change in Net Position		5,461,371	(187,662)
			Net Position - Beginning, as Restated (note 17)		48,873,083	49,043,581
			Net Position - Ending		\$ 54,334,454	48,855,919

See accompanying notes to the basic financial statements.

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**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Balance Sheet - Governmental Funds**

**June 30, 2021**

**(with comparative prior year information)**

		Special Revenue Funds		
	General	Transportation Uniform Mitigation Fees	Measure A	CV Link
<b>Assets:</b>				
Cash and investments (note 3)	\$ 999,073	6,120,554	42,789,831	4,940,042
Accounts receivable	560	-	-	-
Interest receivable	3,446	11,943	23,410	-
Due from other governments	-	823,782	6,753,264	1,784,671
Due from other funds (note 5)	683,168	13,720	4,941,249	-
Restricted cash and investments (note 3)	-	-	15,109,753	-
<b>Total Assets</b>	<b>\$ 1,686,247</b>	<b>6,969,999</b>	<b>69,617,507</b>	<b>6,724,713</b>
 <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 22,788	349,908	729,576	990,242
Accrued liabilities	3,875	4,113	6,507	4,454
Due to other governments	4,284	2,048,085	3,803,586	2,157,966
Due to other funds (note 5)	4,980	61,462	259,972	3,576,506
Deposits payable	-	-	15,109,753	-
<b>Total Liabilities</b>	<b>35,927</b>	<b>2,463,568</b>	<b>19,909,394</b>	<b>6,729,168</b>
 <b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	206,918	4,901,789	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>206,918</b>	<b>4,901,789</b>	<b>-</b>
 <b>Fund Balances (Deficits):</b>				
<b>Restricted:</b>				
Transportation	-	4,299,513	44,806,324	-
Environmental	-	-	-	-
Homeless	-	-	-	-
Unassigned	1,650,320	-	-	(4,455)
<b>Total Fund Balances (Deficits)</b>	<b>1,650,320</b>	<b>4,299,513</b>	<b>44,806,324</b>	<b>(4,455)</b>
 <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>				
	<b>\$ 1,686,247</b>	<b>6,969,999</b>	<b>69,617,507</b>	<b>6,724,713</b>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds	
	2021	2020
2,634,492	57,483,992	52,487,432
357	917	11,677
3,488	42,287	162,156
3,142,107	12,503,824	13,649,693
336,642	5,974,779	4,697,472
-	15,109,753	15,136,406
<u>6,117,086</u>	<u>91,115,552</u>	<u>86,144,836</u>

595,484	2,687,998	1,521,250
20,287	39,236	-
487,607	8,501,528	5,245,146
2,071,859	5,974,779	4,697,472
-	15,109,753	15,136,406
<u>3,175,237</u>	<u>32,313,294</u>	<u>26,600,274</u>

<u>1,320,558</u>	<u>6,429,265</u>	<u>1,743,368</u>
<u>1,320,558</u>	<u>6,429,265</u>	<u>1,743,368</u>

23,922	49,129,759	55,654,296
501,135	501,135	707,427
1,786,498	1,786,498	877,352
(690,264)	955,601	562,119
<u>1,621,291</u>	<u>52,372,993</u>	<u>57,801,194</u>

<u>6,117,086</u>	<u>91,115,552</u>	<u>86,144,836</u>
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See accompanying notes to the basic financial statements.

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**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

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

**June 30, 2021**

Fund Balances of Governmental Funds	\$ 52,372,993
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	16,488,460
Accumulated depreciation	(734,233)
Loans receivable that have not been included in the governmental fund activity that do not provide current financial resources and are recognized in the statement of activities.	187,623
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds payable	(19,373,425)
Compensated absences	(151,142)
Net pension liability	(1,631,820)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in intergovernmental revenues in the governmental fund activity.	6,429,265
Deferred outflows of resources related to pensions	1,407,746
Deferred inflows of resources related to pensions	<u>(661,013)</u>
Net Position of Governmental Activities	<u>\$ 54,334,454</u>

See accompanying notes to the basic financial statements.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

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

**Year ended June 30, 2021**

**(with comparative prior year information)**

	<u>General</u>	<u>Transportation Uniform Mitigation Fees</u>	<u>Measure A</u>
Revenues:			
Member dues	\$ 450,834	-	-
Mitigation fees	-	6,490,521	-
Measure A	-	-	8,631,242
Grants	-	-	-
Investment income (loss)	(365)	25,209	33,130
Loan repayments	-	-	643,070
Other governmental	-	2,310	81,633
Miscellaneous	<u>10,822</u>	<u>208,950</u>	<u>-</u>
Total Revenues	<u>461,291</u>	<u>6,726,990</u>	<u>9,389,075</u>
Expenditures:			
Current:			
Salaries	187,620	199,117	315,059
Benefits	100,535	97,922	158,882
Communications	3,534	3,743	5,922
Advertising	2,440	1,593	2,876
Insurance	8,842	9,546	15,110
Memberships and per diem	9,740	3,200	5,656
General and office expenses	6,980	8,025	15,357
Professional services	9,993	50,137	90,387
Consultants	41,694	371,169	1,233,383
Leases and maintenance	13,068	12,862	20,415
Staff training	829	883	1,397
Transportation and meetings	2,577	1,034	1,724
Utilities	1,035	1,095	1,732
Project costs	-	4,188,611	7,777,055
Capital outlay	1,418	1,393	2,200
Debt service:			
Principal retirement	-	-	1,782,895
Interest and fiscal charges	-	-	1,229,338
Total Expenditures	<u>390,305</u>	<u>4,950,330</u>	<u>12,659,388</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>70,986</u>	<u>1,776,660</u>	<u>(3,270,313)</u>
Other Financing Sources (Uses):			
Transfers in (note 6)	-	-	-
Transfers out (note 6)	<u>(913)</u>	<u>-</u>	<u>(5,030,884)</u>
Total Other Financing Sources (Uses)	<u>(913)</u>	<u>-</u>	<u>(5,030,884)</u>
Net Change in Fund Balances	70,073	1,776,660	(8,301,197)
Fund Balance (Deficit) - Beginning, as Restated (note 17)	<u>1,580,247</u>	<u>2,522,853</u>	<u>53,107,521</u>
Fund Balance (Deficit) - Ending	<u>\$ 1,650,320</u>	<u>4,299,513</u>	<u>44,806,324</u>

See accompanying notes to the basic financial statements.

CV Link	Other Governmental Funds	Total Governmental Funds	
		2021	2020
-	-	450,834	442,466
-	-	6,490,521	4,990,263
-	1	8,631,243	16,581,438
7,853,414	667,597	8,521,011	3,423,020
11,742	3,373	73,089	1,176,097
-	-	643,070	568,595
73,854	3,828,610	3,986,407	4,047,932
<u>26,563</u>	<u>26,919</u>	<u>273,254</u>	<u>2,200,818</u>
<u>7,965,573</u>	<u>4,526,500</u>	<u>29,069,429</u>	<u>33,430,629</u>
215,635	982,249	1,899,680	1,810,003
100,872	479,577	937,788	1,665,689
4,246	19,424	36,869	28,809
331	13,984	21,224	6,240
10,379	44,165	88,042	104,044
1,134	10,806	30,536	26,039
7,899	112,581	150,842	343,005
763,377	214,406	1,128,300	1,693,747
586,046	2,017,655	4,249,947	4,793,245
13,661	275,728	335,734	116,680
958	4,516	8,583	10,611
610	13,680	19,625	14,232
1,185	14,631	19,678	9,178
4,597,615	994,728	17,558,009	19,644,867
5,000,801	11,892	5,017,704	4,242
-	-	1,782,895	1,679,167
-	-	<u>1,229,338</u>	<u>1,333,066</u>
<u>11,304,749</u>	<u>5,210,022</u>	<u>34,514,794</u>	<u>33,282,864</u>
<u>(3,339,176)</u>	<u>(683,522)</u>	<u>(5,445,365)</u>	<u>147,765</u>
3,695,697	1,938,654	5,634,351	2,631,461
-	(602,554)	(5,634,351)	(2,631,461)
<u>3,695,697</u>	<u>1,336,100</u>	<u>-</u>	<u>-</u>
356,521	652,578	(5,445,365)	147,765
<u>(360,976)</u>	<u>968,713</u>	<u>57,818,358</u>	<u>57,653,429</u>
<u>(4,455)</u>	<u>1,621,291</u>	<u>52,372,993</u>	<u>57,801,194</u>

See accompanying notes to the basic financial statements.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**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 \$ (5,445,365)

Amounts reported for the 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 are allocated over their estimated useful lives as depreciation expense.

Cost of assets capitalized	5,017,706
Depreciation expense	(22,398)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,782,895
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Repayment on loans receivable are recorded as a reduction of the loan receivable balance for the statement of activities.	(568,555)
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Revenues are reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.	4,685,897
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Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences	(9,377)
Changes in net pension liability and related deferred inflows and outflows of resources	<u>20,568</u>

Change in Net Position of Governmental Activities	<u>\$ 5,461,371</u>
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See accompanying notes to the basic financial statements.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## 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 Association of Governments (CVAG) was formed under California's Joint Powers Law on January 22, 1974 for the purpose of improving and coordinating the common governmental responsibilities and services on an area-wide and regional basis under Section 6500 et. seq. of the Government Code.

During its early years, CVAG served as an environmental watch dog and as a forum for the exchange of ideas. In 1984, as a result of a major rethinking of CVAG's purpose, goals and objectives, CVAG's work was expanded to include providing direct services along with its prior work. The basic financial statements of CVAG include all activities for which CVAG is financially accountable.

In June 1989, CVAG's Joint Powers Agreement was amended to provide additional powers that could be used to operate programs created through implementing agreements. The first such agreement was to make CVAG the Transportation Authority for the Coachella Valley. As this Authority, CVAG has the responsibility to coordinate the building of \$890,000,000 worth of regional arterials and advise the Riverside County Transportation Commission (RCTC) on State highway projects on Highways 86 and 111. The philosophy behind the new agreements is that CVAG should serve as an umbrella, for programs that might otherwise become single purpose special districts that could operate without concern for how their operations affect each other and general-purpose local governments. The structure of CVAG assures that regional programs will be integrated with each other, so we get a better overall result.

In 1991, CVAG and the South Coast Air Quality Management District (SCAQMD) pioneered a new way to address air quality issues around the PM-10 mitigation issue. Instead of promulgating rules for the area, SCAQMD indicates the standards that must be met and works with local government to develop measures tailored to the sub-region that can help it meet the standards.

In early 1992, CVAG and County Waste Management began implementation of the AB 939 garbage reduction plan previously developed by CVAG and its members. The goal is implementation of coordinated valley-wide efforts to meet the State's mandated goals of 25% reduction in waste going into landfills by 1995 and 50% by 2000. CVAG coordinates with Riverside County Waste Management on the implementation of AB939 which mandates reduction of waste disposal to local landfills. AB939 established an integrated framework for program implementation, solid waste planning, and solid waste facility and landfill compliance. Since implementation, CVAG has coordinated annual events for both used oil and tire recycling and often hosts recycling roundtables with member agencies and other counterparts.

Major sources of revenue for CVAG consists of Measure A half-cent sales taxes and Transportation Uniform Mitigation Fees. CVAG has an agreement with RCTC to receive a share of the Measure A half-cent sales taxes.

#### General Assembly

The General Assembly is a 65-member body composed of the five members of the Riverside County Board of Supervisors, Mayors, City Council members, and five Tribal members of each member Tribe.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2021

### **Note 1: Summary of Significant Accounting Policies (Continued)**

Current members are: The County of Riverside, the Cities of Blythe, Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage, the Agua Caliente Band of Cahuilla Indians, and the Cabazon Band of Mission Indians. The General Assembly is the top policy making body of CVAG and is required to meet annually to elect officers and adopt work plans and budgets for the ensuing year.

#### Executive Committee

The Executive Committee is a 17-member body composed of the five members of the Riverside County Board of Supervisors, Mayors of each City, and the Tribal Council Chairmen, unless a member's jurisdictional body designates another member of CVAG General Assembly or Tribal Council to serve as the member. It is the top policy making body of CVAG between sessions of the General Assembly and acts for the General Assembly except when the General Assembly is in session. It employs and oversees the work of CVAG's Executive Director and Legal Counsel. In turn, the Executive Director employs and terminates the staff needed to carry out the overall work programs of CVAG.

#### Advisory Committees

A number of advisory committees have developed over the years to provide input to CVAG's Executive Committee's decision making.

#### (b) Basis of Accounting and Measurement Focus

The basic financial statements of CVAG are composed of the following:

- Government-Wide financial statements
- Fund financial statements
- Notes to the basic financial statements

#### Government-Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. CVAG has no business-type activities or discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, administrative expenses have not been allocated as indirect expenses to the various functions of CVAG.

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.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2021

### **Note 1: Summary of Significant Accounting Policies (Continued)**

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 transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

#### Fund Financial Statements

The underlying accounting system of CVAG 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 balances, 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.

Fund financial statements for the primary government'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.

#### Governmental Funds

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. CVAG generally considers revenues available if they are collected within 90 days after the fiscal year-end. Significant revenues subject to accrual under the measurable and available criteria include grant revenues.

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed nonexchange transactions are recognized as revenues in the period for which they were imposed.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2021

### **Note 1: Summary of Significant Accounting Policies (Continued)**

If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first.

Government-mandated and voluntary nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the current-financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Long-term loans to other agencies are reported as expenditures (outflows of current financial resources). Repayments of the same are reported as revenues (inflows of current financial resources). 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. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies under this type of reporting; deferred items related to pension obligations.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2021

### **Note 1: Summary of Significant Accounting Policies (Continued)**

The government has two items that qualifies for reporting in this category. Unavailable revenues, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source for a grant. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, reported in the government-wide statement of net position, relates to deferred items related to pension obligations.

#### Net Pension Liability

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note 13 and the required supplementary information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, CVAG recognizes a net pension liability, which represents CVAG's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of CVAG's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of CVAG's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

#### Net Position

In governmental-wide financial statements, Net Position are categorized as follows:

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2021

### **Note 1: Summary of Significant Accounting Policies (Continued)**

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When expenses are incurred for purposes for which both restricted and unrestricted Net Position are available, CVAG's policy is to apply restricted Net Position first, then unrestricted Net Position as they are needed.

#### 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 Executive Committee action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

Committed Fund Balance — this includes amounts that can be used only for the specific purposes determined by a formal action of the Executive Committee. It includes legislation (Executive Committee action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Executive Committee 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. CVAG considers a resolution to constitute a formal action of the Executive Committee for the purposes of establishing committed fund balance.

Assigned Fund Balance — this includes amounts that are designated or expressed by the Executive Committee but does not require a formal action like a resolution or ordinance. The Executive Committee 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 CVAG'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 Executive Committee.

#### (c) Fund Classifications

CVAG reports the following major governmental funds:

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2021

### **Note 1: Summary of Significant Accounting Policies (Continued)**

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

Transportation Uniform Mitigation Fees Special Revenue Fund - This fund is used to account for the revenues generated by the Traffic Uniform Mitigation Fees and provides additional funds necessary to construct the transportation improvements generated by the development in the valley.

Measure A Special Revenue Fund - This fund is used to account for the revenues generated by the Measure A half-cent sales tax and is used mainly for the construction and/or improvement of the regional arterials in the Coachella Valley.

CV Link Special Revenue Fund - This fund is used to account for revenues and expenditures specifically generated for and by the CV Link project.

CVAG's fund structure also includes the following fund type:

Special Revenue Funds - These funds are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

(d) Reclassification and Eliminations

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

(e) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

CVAG 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.

(f) Employee Leave Benefits

Vacation time begins to accumulate as of the first day of employment to a maximum of two and a half times the employee's annual entitlement. Sick leave accumulates at the rate of 8.67 hours per month without limit. Employees are not entitled to compensation for accrued sick time upon separation from CVAG.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**Note 1: Summary of Significant Accounting Policies (Continued)**

(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, CVAG capitalizes capital assets purchases in excess of \$5,000 for capital assets. Capital outlay expenditures include payments to other governments for capital projects that are managed by other governments and ongoing maintenance of those assets lies with those other governments. As such those capital assets, have not been reflected in the statement of net position of CVAG.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation expense is charged as an expense against operations and accumulated depreciation is reported on the Statement of Net Position. The ranges of lives used for depreciation purposes for each capital asset class are as follows:

Furniture and equipment	7-25 years
Vehicles	7 years

(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) Prior Year Data

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 government's prior year financial statements, from which this selected financial data was derived. In addition, certain minor reclassifications of the prior year data have been made to enhance their comparability to the current year.

**Note 2: Stewardship, Compliance, and Accountability**

(a) Deficit Fund Balance in Nonmajor Funds

The CV Link, Other Transportation, Tire Amnesty and Desert Community Energy Funds reported a fund deficit at June 30, 2021 in the amount of (\$4,455), (\$120,521), (\$98) and (\$569,945), respectively.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**Note 3: Cash and Investments**

Cash and investments of CVAG consisted of the following at June 30, 2021:

Cash on hand	\$	300
Deposits with financial institutions		<u>425,057</u>
Total cash and deposits		<u>425,357</u>
Investments:		
Local Agency Investment Fund		30,495,778
Riverside County Pooled Investment Fund		26,562,857
California Asset Management Program		<u>15,109,753</u>
Total investments		<u>72,168,388</u>
Total cash and investments	\$	<u>72,593,745</u>
Cash and investments	\$	57,483,992
Restricted cash and investments		<u>15,109,753</u>
Total cash and investments	\$	<u>72,593,745</u>

Deposits

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

Investments Authorized by the California Government Code and CVAG’s Investment Policy

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**Note 3: Cash and Investments (Continued)**

One of the ways that CVAG 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 as necessary to provide the cash flow and liquidity needed for operations.

CVAG's investments in the Local Agency Investment Fund of \$30,495,778, Riverside County Pooled Investment Fund of \$26,562,857, and the California Asset Management Program of \$15,109,753 are 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. Presented below is the minimum rating required by (where applicable) the California Government Code, CVAG's investment policy, or debt agreements, and the actual rating as of year-end for each investment type:

<u>Investment Type</u>	<u>Minimum Rating</u>	<u>Amount</u>
Local Agency Investment Fund	N/A	\$ 30,495,778
Riverside County Pooled Investment Fund	AAA	26,562,857
California Asset Management Program	AAA	5,109,753
Total		<u>\$ 72,168,388</u>

Investment in State Investment Pool (LAIF)

CVAG is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of CVAG's investment in this pool is reported in the accompanying financial statements at amounts based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, CVAG's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

Investment in Riverside County Investment Pool

CVAG is a voluntary participant in the County of Riverside Treasury Pool. The fair value of CVAG's investment in this pool is reported in the accompanying financial statements at amounts based upon CVAG'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.

Investment in California Asset Management Program

CVAG is a voluntary participant in the California Asset Management Program (CAMP). The funds are invested in a short-term money market portfolio rated AAA and as such, the fair market value is equivalent to the amount invested. The balance available for withdrawal is based on the accounting records maintained by CAMP.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**Note 3: Cash and Investments (Continued)**

Fair Value Hierarchy

CVAG categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All CVAG investments are not subject to fair value rating.

**Note 4: Loans Receivable**

	<u>Outstanding Balance at June 30, 2021</u>
CVAG made a loan to the following entity for the construction of mesquite Avenue from Gene Autry Trail to Dinah Shore Drive:	
City of Palm Springs, payable through 2039	<u>\$ 187,623</u>
Total loans receivable	<u><u>\$ 187,623</u></u>

**Note 5: Interfund Receivables and Payables**

Interfund receivables and payables represent short-term borrowings to manage cash flows.

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Other Governmental Funds	General Fund	<u>\$ 683,168</u>
Other Governmental Funds	TUMF	<u>13,720</u>
Other Governmental Funds	Measure A	1,364,743
CV Link	Measure A	<u>3,576,506</u>
		<u>4,941,249</u>
General Fund	Other Governmental Funds	4,980
TUMF	Other Governmental Funds	61,462
Other Governmental Funds	Other Governmental Funds	10,228
Measure A	Other Governmental Funds	<u>259,972</u>
		<u>336,642</u>
		<u>\$ 5,974,779</u>

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**Note 6: Interfund Transfers**

Transfers in and out between funds for the year ended June 30, 2021 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 913
CV Link	Measure A	3,340,838
Other Governmental Funds	Measure A	<u>1,690,046</u>
		<u>5,030,884</u>
Other Governmental Funds	Other Governmental Funds	247,695
CV Link	Other Governmental Funds	<u>354,859</u>
		<u>602,554</u>
	Total	<u>\$ 5,634,351</u>

The two largest transfers above were from the Measure A Funds to the Other Governmental Funds in the amount of \$1,690,046, which were for expenditures incurred by the Signal Synchronization Project and from the Measure A Funds to the CV Link in the amount of \$3,340,838 for project expenditures incurred.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**Note 7: Capital Assets**

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

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Capital assets, not depreciated:				
Land	\$ 10,682,344	-	-	10,682,344
Construction in progress	<u>-</u>	<u>5,013,894</u>	<u>-</u>	<u>5,013,894</u>
Total capital assets, not depreciated	<u>10,682,344</u>	<u>5,013,894</u>	<u>-</u>	<u>15,696,238</u>
Capital asset, being depreciated:				
Furniture and equipment	101,337	3,812	-	105,149
Vehicles	<u>687,073</u>	<u>-</u>	<u>-</u>	<u>687,073</u>
Total capital assets, being depreciated	<u>788,410</u>	<u>3,812</u>	<u>-</u>	<u>792,222</u>
Less accumulated depreciation:				
Furniture and equipment	(85,373)	(2,741)	-	(88,114)
Vehicles	<u>(626,462)</u>	<u>(19,657)</u>	<u>-</u>	<u>(646,119)</u>
Total accumulated depreciation	<u>(711,835)</u>	<u>(22,398)</u>	<u>-</u>	<u>(734,233)</u>
Total capital assets, being depreciated, net	<u>76,575</u>	<u>(18,586)</u>	<u>-</u>	<u>57,989</u>
Total capital assets, net	<u>\$ 10,758,919</u>	<u>4,995,308</u>	<u>-</u>	<u>15,754,227</u>

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

Transportation	<u>\$22,398</u>
----------------	-----------------

**Note 8: Transportation Uniform Mitigation Fee Program**

As required under Measure A, Measure A monies cannot be allocated to individual cities in the Coachella Valley unless they participate in the Traffic Uniform Mitigation Fee (TUMF) program necessary for implementation of the planned Regional Arterial System. The participating cities collected the following amounts of TUMF since inception, which have been remitted to CVAG:

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**Note 8: Transportation Uniform Mitigation Fee Program (Continued)**

<u>Fiscal Period</u>		<u>Fiscal Year</u>	
<u>From</u>	<u>To</u>	<u>Ending</u>	
1990	1994		\$ 13,585,887
1995	1999		13,642,573
2000	2004		26,394,448
2005	2009		40,898,960
2010	2014		11,556,909
2015	2019		19,017,989
		2020	4,990,263
		2021	<u>5,897,592</u>
			<u>\$ 135,984,621</u>

In addition, CVAG received \$24,383,399 cumulatively through June 30, 2021 relating to Measure A in lieu of TUMF for the Cities of Coachella and Desert Hot Springs, which were not participating in the TUMF program previously, and the City of La Quinta, which was not participating in the TUMF program until April 22, 2013.

**Note 9: Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2021, is as follows:

	<u>Balance at</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u>	<u>Due within</u>
	<u>July 1, 2020</u>			<u>June 30, 2021</u>	<u>One Year</u>
Public offering:					
Revenue bonds payable	<u>\$ 21,156,320</u>	<u>-</u>	<u>(1,782,895)</u>	<u>19,373,425</u>	<u>1,893,146</u>

**Revenue Bonds Payable**

On October 1, 2009, Riverside County Transportation Commission (RCTC) issued \$185,000,000 of 2009 Sales Tax Revenue Bonds Series A, B and C (Bonds). CVAG's participation in the Bonds was \$25,349,990. CVAG's portion of the Bond proceeds is for reimbursement of CVAG's highway and regional arterial program expenditures.

Principal and interest on the Bonds are payable monthly through September 1, 2029. The rate of interest is 4.972% and 5.662% per annum.

On November 17, 2010, RCTC issued \$150,000,000 of 2010 Sales Tax Revenue Bonds, Series A and B. CVAG's participation in the Bonds was \$8,584,820. CVAG's portion of the Bond proceeds was for reimbursement of CVAG's highway and regional arterial program expenditures that were previously reflected in long-term liabilities as Advancement of Measure A funds. Principal and interest on the Bonds are payable monthly through September 1, 2029. The rate of interest is 7.307% per annum.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**Note 9: Long-Term Liabilities (Continued)**

As of June 30, 2021, annual debt service requirement of the revenue bonds payable is as follows:

Fiscal Year Ending	Principal	Interest	Total
2022	\$ 1,893,146	1,119,088	3,012,234
2023	2,010,339	1,001,895	3,012,234
2024	2,134,917	877,317	3,012,234
2025	2,267,354	744,880	3,012,234
2026	2,408,160	604,074	3,012,234
2027-2031	8,659,509	879,226	9,538,735
	<u>\$ 19,373,425</u>	<u>5,226,480</u>	<u>24,599,905</u>

There are no assets pledged as collateral for the debt, no required reserve, and no unused lines of credit. There are no finance-related consequences related to significant events of default or termination, and there are no acceleration clauses.

**Note 10: Compensated Absences**

CVAG's policies relating to compensated absences are described in Note 1. This liability amounting to \$151,142 at June 30, 2021 is expected to be paid in future years from future resources and is typically liquidated from the General Fund.

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021	Due within One Year
Compensated absences	\$ 141,765	112,012	(102,635)	151,142	113,357
Totals	<u>\$ 141,765</u>	<u>112,012</u>	<u>(102,635)</u>	<u>151,142</u>	<u>113,357</u>

**Note 11: Liability, Property and Workers' Compensation Protection**

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The Coachella Valley Association of Governments is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 116 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 ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2021

### **Note 11: Liability, Property and Workers' Compensation Protection (Continued)**

#### Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. The total funding requirement for primary 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>.

#### Purchased Insurance

##### *Property Insurance*

The Coachella Valley Association of Governments participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. Coachella Valley Association of Governments property is currently insured according to a schedule of covered property submitted by the Coachella Valley Association of Governments to the Authority.

Coachella Valley Association of Governments property currently has all-risk property insurance protection in the amount of "Non-participant." There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

##### *Crime Insurance*

The Coachella Valley Association of Governments purchases crime insurance coverage in the amount of "Non-Participant" with a "Non-Participant" deductible. The fidelity coverage is provided through the Authority.

#### 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.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2021

### **Note 11: Liability, Property and Workers' Compensation Protection (Continued)**

The aforementioned information is not included in the accompanying financial statements. Complete financial statements for the Insurance Authority may be obtained at their administrative office located at 8081 Moody Street, La Palma, California 90623.

### **Note 12: Operating Leases**

CVAG leases office space under an operating lease which was amended in September 1998 to extend the lease term to August 14, 2016. The lease was again amended in February 2008 to increase the amount of office space leased. The base rent is subject to annual revisions based on changes in the Consumer Price Index. The lease also requires payment of a share of common area operating costs. The rental expense for the fiscal year ended June 30, 2021 was \$102,348.

### **Note 13: Pension Plan**

#### Plan Description

CVAG contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan. All qualified permanent and probationary employees are eligible to participate in the CVAG's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by CalPERS. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and CVAG Executive Committee resolution. Copies of CalPERS' annual financial report may be obtained from their executive office located at 400 P Street, Sacramento, California 95814.

#### Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Public Employees' Pension Reform Act of 2013 (PEPRA) mandated new benefit formulas and new member contributions for new members (as defined by PEPRA) hired after January 1, 2013.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**Note 13: Pension Plan (Continued)**

The provisions and benefits of the plan in effect at June 30, 2021, are summarized as follows:

	Tier 1	PEPRA
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 and up	52 and up
Monthly benefits, as a % of eligible compensation	1.43% - 2.42%	1.00% - 2.50%
Required employee contribution rates	6.906%	7.3%
Required employer contribution rates	23.282%	8.058%

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Local Government is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2021, the contributions recognized as part of pension expense was \$1,341,435.

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

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

	<b>Total Pension Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (c) = (a) - (b)</b>
Measurement Date:			
Balance at: 6/30/20	\$ 10,547,727	8,090,046	2,457,681
Balance at: 6/30/21	11,263,336	9,631,516	1,631,820
Net Changes During 2020-21	<u>\$ 715,609</u>	<u>1,541,470</u>	<u>(825,861)</u>

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**Note 13: Pension Plan (Continued)**

CVAG’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. CVAG’s proportion of the net pension liability was based on a projection of the CVAG’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The CVAG’s proportionate share of the net pension liability for each Plan as of June 30, 2019 and 2020, was as follows:

Proportion - June 30, 2019	0.02398%
Proportion - June 30, 2020	<u>0.01500%</u>
Change - Increase (Decrease)	<u>-0.00898%</u>

For the year ended June 30, 2021, CVAG recognized a total pension expense of \$546,324 for all plans in total. At June 30, 2021, the CVAG reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 552,524	-
Differences between expected and actual experience	84,093	-
Changes in assumptions	-	11,639
Adjustment due to difference in contributions	671,338	30,797
Adjustment due to difference in proportions	51,315	618,577
Net difference between projected and actual earnings on pension plan investments	48,476	-
	<u>\$ 1,407,746</u>	<u>661,013</u>

The \$552,524 reported as deferred outflows of resources related to contributions subsequent to the measurement date and contributions made in excess of CVAG’s proportionate share of contributions; will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Amount
2022	\$ 49,858
2023	71,001
2024	50,100
2025	23,250
2026	-
	<u>\$ 194,209</u>

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**Note 13: Pension Plan (Continued)**

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds <sup>(1)</sup>
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

<sup>(1)</sup> The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**Note 13: Pension Plan (Continued)**

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class <sup>1</sup>	Assumed Asset Allocation	Real Return Years 1-10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00	2.62
Inflation assets	0%	0.77	1.81
Private equity	8%	6.30	7.23
Real assets	13%	3.75	4.93
Liquidity	1%	-	(0.92)
Total	100%		

<sup>1</sup> In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup> An expected inflation of 2.00% used for this period.

<sup>3</sup> An expected inflation of 2.92% used for this period.

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

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

	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Net pension liability	\$ 3,130,695	\$ 1,631,820	\$ 393,346

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**Note 14: Capital Projects and Programs**

The following represents the unexpended project budgets as of June 30, 2021. Unexpended project budgets may be reprogrammed to other projects upon finalization of all pending items (final bills, disposition of change orders, etc.)

Portola / I-10 Interchange	\$ 51,563,380
CV Link	16,304,303
Jefferson / I-10 Interchange	13,953,234
Avenue 50 (between Calhoun St. & Cesar Chaves)	9,861,543
Interchange Preparation Fund	8,537,424
Frank Sinatra Bridge over WWR & Frank Sinatra Dr. Intersection Hwy. 111	7,992,096
Airport Blvd. (Harrison Street to Hwy 111)	7,898,603
Vista Chino Drive Bridge	7,823,101
Ramon Road Bridge Widening	6,366,967
Avenue 50 Bridge	6,173,896
Indian Avenue (Garnet to and including Railroad Crossing Bridge)	5,710,954
Bicycle and Pedestrian Safety Program	3,929,205
Avenue 66 Grade Separation	3,226,975
Madison Street (Avenue 52 to Indio Boulevard)	2,977,596
Jefferson Street and Varner Road (North of I-10)	2,888,246
Regional Traffic Signal Synchronization	2,653,506
Date Palm Drive Improvement (I-10 and Varner Rd.) & Bridge	2,204,628
Interchange Improvement (I-10 and Avenue 50)	1,875,000
Varner Road (from Ramon Rd. to Monterey Ave.)	1,870,758
Cathedral Canyon Bridge	1,747,742
Avenue 56 Grade Separation	1,509,535
Indian Canyon Dr. (between Camino Parocela to Aleo Road)	1,500,000
Grapefruit Blvd (between Leoco Lane and 9th Street)	1,453,821
North Indian Canyon Drive Widening	1,354,051
Dune Palms Road Bridge	1,269,040
Avenue 50 and Jackson St. Intersection Improvements	1,222,428
Varner Road (Intersection Improvements at Ramon Rd.)	1,164,000
Avenue 44 Bridge	1,161,235
Portola Avenue (NW of Fred Waring Dr.) & (North of Gerald Ford)	1,134,935
East Palm Canyon Dr. Bridge (over Palm Canyon Wash)	910,031
Monterey Ave. Widening (Dinah Shore to Gerald Ford)	770,034
Changeable Message Signs Palm Drive and N Indian Canyon	703,591
S. Palm Canyon Dr. Bridge (over Tahquitz Creek Channel)	650,991
Avenue 48 (between Van Buren and Dillon Road)	517,946
Avenue 50 (between SR86 and I-10)	345,575
Washington St. & Fred Waring Dr. Intersection Improvements	213,518
Dillon Road (I-10 & Dillon Road/SR86S Interchanges)	149,239
Hwy 111 (between Rubidoux St. & 760 W. of Madison St.)	<u>21,568</u>
Total unexpended project budgets	181,610,695
Less: amounts to be provided in future years	<u>(131,594,794)</u>
Restricted fund balance associated with specific capital projects and programs	<u>\$ 50,015,901</u>

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**Note 15: Measure A Fund Program**

Measure A is a half-cent local retail transaction and use tax that was initially approved by the voters in November 1988 for 20 years and extended in November 2009 for an additional 30 years, through June 2039, to fund key transportation improvements in Riverside County. RCTC has the responsibility of receiving and managing the Measure A funds, including the allocation of the Measure A funds to the three geographic areas of the County and the programs within each area. CVAG does not have direct control over the Coachella Valley highways and regional arterial program funds that are allocated by RCTC in accordance with the extended Measure A ordinance. Revenues are recognized when a Measure A highway or regional arterial program project expenditures, including debt service payments on advances (see Note 9), have been incurred. Measure A funds controlled by RCTC related to the Coachella Valley highway and regional arterial program that have not been expended by CVAG are held by RCTC in a separate restricted special revenue fund. CVAG's allocation of the Measure A funds for the past five years is as follows:

Fiscal Year Ended June 30,	
2017	\$ 19,027,147
2018	19,256,161
2019	21,619,378
2020	20,916,167
2021	26,018,189

**Note 16: Commitments and Contingencies**

CVAG approved a contribution of \$30 million for the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP), which would mitigate all of the regional transportation projects listed in the current Transportation Project Prioritization Study (TPPS).

Under the CVMSHCP, the \$30 million of transportation funds would contribute to both land acquisition and the establishment of an 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 MSHCP 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 US Fish and Wildlife Service and the California Department of Fish and Game. At June 30, 2021, the remaining commitment to the MSHCP is \$7,175,000. The liability has not been recorded in the accompanying financial statements because the contributions are contingent upon the receipt of future transportation revenues that are uncertain as to the timing and amount of collection.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**Note 17: Prior Period Adjustments**

During the year ended June 30, 2021, CVAG determined there were expenditures recorded in the current year that related to prior year. As a result the beginning net position/fund balance was adjusted as noted below.

Statement of Activities:

	<u>Governmental Activities</u>
Net Position at July 1, 2020	\$ 48,855,919
Adjustment to correct prior year expenditures	<u>17,164</u>
Net Position at July 1, 2020, as restated	<u>\$ 48,873,083</u>

Statement of Revenues, Expenditures and Changes in Fund Balances:

	<u>Street Sweeping</u>
Net Position at July 1, 2020	\$ 442,086
Adjustment to correct prior year expenditures	<u>17,164</u>
Net Position at July 1, 2020, as restated	<u>\$ 459,250</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**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
	Original	Final		Positive (Negative)
Revenues:				
Member dues	\$ 446,346	446,346	450,834	4,488
Grants	32,000	32,000	-	(32,000)
Investment income (loss)	7,000	7,000	(365)	(7,365)
Miscellaneous	-	-	10,822	10,822
Total Revenues	<u>485,346</u>	<u>485,346</u>	<u>461,291</u>	<u>(24,055)</u>
Expenditures:				
Salaries	468,985	468,985	187,620	281,365
Benefits	236,421	236,421	100,535	135,886
Communications	5,974	5,974	3,534	2,440
Advertising	227	227	2,440	(2,213)
Insurance	19,363	19,363	8,842	10,521
Memberships and per diem	33,028	33,028	9,740	23,288
General and office expenses	14,785	14,785	6,980	7,805
Professional services	33,663	33,663	9,993	23,670
Consultants	-	-	41,694	(41,694)
Leases and maintenance	32,574	32,574	13,068	19,506
Staff training	6,731	6,731	829	5,902
Transportation and meetings	36,841	36,841	2,577	34,264
Utilities	3,415	3,415	1,035	2,380
Capital outlay	80,000	80,000	1,418	78,582
Total Expenditures	<u>972,007</u>	<u>972,007</u>	<u>390,305</u>	<u>581,702</u>
Excess of Revenues over Expenditures	<u>(486,661)</u>	<u>(486,661)</u>	<u>70,986</u>	<u>(605,757)</u>
Other Financing Sources (Uses):				
Transfers in	548,274	548,274	-	548,274
Transfers out	<u>(56,245)</u>	<u>(56,245)</u>	<u>(913)</u>	<u>55,332</u>
Total Other Financing Sources (Uses)	<u>492,029</u>	<u>492,029</u>	<u>(913)</u>	<u>603,606</u>
Net Change in Fund Balance	5,368	5,368	70,073	64,705
Fund Balance - Beginning, as Restated	<u>1,580,247</u>	<u>1,580,247</u>	<u>1,580,247</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,585,615</u>	<u>1,585,615</u>	<u>1,650,320</u>	<u>64,705</u>

See accompanying notes to required supplementary information.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Transportation Uniform Mitigation Fees**

**Year ended June 30, 2021**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Mitigation fees	\$ 3,000,000	3,000,000	6,490,521	3,490,521
Measure A	-	-	-	-
Investment income	10,000	10,000	25,209	15,209
Other governmental	-	-	2,310	2,310
Miscellaneous	-	-	208,950	208,950
Total Revenues	3,010,000	3,010,000	6,726,990	3,716,990
Expenditures:				
Salaries	211,928	211,928	199,117	12,811
Benefits	102,236	102,236	97,922	4,314
Communications	2,698	2,698	3,743	(1,045)
Advertising	1,503	1,503	1,593	(90)
Insurance	8,747	8,747	9,546	(799)
Memberships and per diem	7,348	7,348	3,200	4,148
General and office expenses	8,201	8,201	8,025	176
Professional services	19,905	19,905	50,137	(30,232)
Consultants	237,500	237,500	371,169	(133,669)
Leases and maintenance	15,115	15,115	12,862	2,253
Staff training	3,041	3,041	883	2,158
Transportation and meetings	2,594	2,594	1,034	1,560
Utilities	1,544	1,544	1,095	449
Project costs	2,300,000	2,300,000	4,188,611	(1,888,611)
Capital outlay	-	-	1,393	(1,393)
Total Expenditures	2,922,360	2,922,360	4,950,330	(2,027,970)
Excess of Revenues over Expenditures	87,640	87,640	1,776,660	5,744,960
Other Financing Sources (Uses):				
Transfers out	(66,354)	(66,354)	-	66,354
Total Other Financing Sources (Uses)	(66,354)	(66,354)	-	66,354
Net Change in Fund Balance	21,286	21,286	1,776,660	1,755,374
Fund Balance - Beginning	2,522,853	2,522,853	2,522,853	-
Fund Balance - Ending	\$ 2,544,139	2,544,139	4,299,513	1,755,374

See accompanying notes to required supplementary information.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

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

**Year ended June 30, 2021**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Measure A	\$ 17,159,000	17,159,000	8,631,242	(8,527,758)
Investment income	700,000	700,000	33,130	(666,870)
Loan repayments	568,595	568,595	643,070	74,475
Other governmental	<u>74,434,139</u>	<u>74,434,139</u>	<u>81,633</u>	<u>(74,352,506)</u>
Total Revenues	<u>92,861,734</u>	<u>92,861,734</u>	<u>9,389,075</u>	<u>(83,472,659)</u>
Expenditures:				
Salaries	384,143	384,143	315,059	69,084
Benefits	185,362	185,362	158,882	26,480
Communications	4,893	4,893	5,922	(1,029)
Advertising	2,787	2,787	2,876	(89)
Insurance	15,861	15,861	15,110	751
Memberships and per diem	13,642	13,642	5,656	7,986
General and office expenses	15,368	15,368	15,357	11
Professional services	36,338	36,338	90,387	(54,049)
Consultants	162,500	162,500	1,233,383	(1,070,883)
Leases and maintenance	26,684	26,684	20,415	6,269
Staff training	5,514	5,514	1,397	4,117
Transportation and meetings	4,765	4,765	1,724	3,041
Utilities	2,799	2,799	1,732	1,067
Project costs	108,223,532	108,223,532	7,777,055	100,446,477
Capital outlay	-	-	2,200	(2,200)
Debt service:				
Principal	1,679,167	1,679,167	1,782,895	(103,728)
Interest	<u>1,333,066</u>	<u>1,333,066</u>	<u>1,229,338</u>	<u>103,728</u>
Total Expenditures	<u>112,096,421</u>	<u>112,096,421</u>	<u>12,659,388</u>	<u>99,437,033</u>
Excess of Revenues over Expenditures	<u>(19,234,687)</u>	<u>(19,234,687)</u>	<u>(3,270,313)</u>	<u>(182,909,692)</u>
Other Financing Sources (Uses):				
Transfers out	<u>(2,775,179)</u>	<u>(2,775,179)</u>	<u>(5,030,884)</u>	<u>(2,255,705)</u>
Total Other Financing Sources (Uses)	<u>(2,775,179)</u>	<u>(2,775,179)</u>	<u>(5,030,884)</u>	<u>(2,255,705)</u>
Net Change in Fund Balance	(22,009,866)	(22,009,866)	(8,301,197)	13,708,669
Fund Balance - Beginning	<u>53,107,521</u>	<u>53,107,521</u>	<u>53,107,521</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 31,097,655</u>	<u>31,097,655</u>	<u>44,806,324</u>	<u>13,708,669</u>

See accompanying notes to required supplementary information.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

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

**Year ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Grants	\$ -	-	7,853,414	7,853,414
Investment income	-	-	11,742	11,742
Other governmental	20,000	20,000	73,854	53,854
Miscellaneous	<u>29,576,000</u>	<u>29,576,000</u>	<u>26,563</u>	<u>(29,549,437)</u>
Total Revenues	<u>29,596,000</u>	<u>29,596,000</u>	<u>7,965,573</u>	<u>(21,630,427)</u>
Expenditures:				
Salaries	215,990	215,990	215,635	355
Benefits	104,556	104,556	100,872	3,684
Communications	2,750	2,750	4,246	(1,496)
Advertising	3,105	3,105	331	2,774
Insurance	8,916	8,916	10,379	(1,463)
Memberships and per diem	104	104	1,134	(1,030)
General and office expenses	5,502	5,502	7,899	(2,397)
Professional services	514,581	514,581	763,377	(248,796)
Consultants	1,170,000	1,170,000	586,046	583,954
Leases and maintenance	15,000	15,000	13,661	1,339
Staff training	3,099	3,099	958	2,141
Transportation and meetings	1,718	1,718	610	1,108
Utilities	1,573	1,573	1,185	388
Project costs	27,906,000	27,906,000	4,597,615	23,308,385
Capital outlay	-	-	<u>5,000,801</u>	<u>(5,000,801)</u>
Total Expenditures	<u>29,952,894</u>	<u>29,952,894</u>	<u>11,304,749</u>	<u>18,648,145</u>
Excess of Revenues over Expenditures	<u>(356,894)</u>	<u>(356,894)</u>	<u>(3,339,176)</u>	<u>(2,982,282)</u>
Other Financing Sources (Uses):				
Transfers in	424,484	424,484	3,695,697	3,271,213
Transfers out	<u>(67,590)</u>	<u>(67,590)</u>	-	67,590
Total Other Financing Sources (Uses)	<u>356,894</u>	<u>356,894</u>	<u>3,695,697</u>	<u>3,338,803</u>
Net Change in Fund Balance	-	-	356,521	356,521
Fund Balance (Deficit) - Beginning	<u>(360,976)</u>	<u>(360,976)</u>	<u>(360,976)</u>	-
Fund Balance (Deficit) - Ending	<u>\$ (360,976)</u>	<u>(360,976)</u>	<u>(4,455)</u>	<u>356,521</u>

See accompanying notes to required supplementary information.

**Coachella Valley Association of Governments**  
**Notes to Required Supplementary Information**

**June 30, 2021**

**Note 1: Budgets and Budgetary Accounting**

CVAG 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 department or fund are approved by the Executive Committee. 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.

**Note 2: Expenditures in Excess of Appropriations**

The Traffic Uniform Mitigation Fee fund had expenditures in excess of appropriations of \$2,027,970.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Schedule of Proportionate Share of the Net Pension Liability - Miscellaneous Plan**

**Last Ten Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>
	06/30/20	06/30/19	06/30/18
Measurement Date			
Proportion of the net pension liability	0.01500%	0.02398%	0.02306%
Proportionate share of the net pension liability	\$ 1,631,820	2,457,681	2,222,478
Covered payroll **	\$ 1,787,612	1,757,237	1,399,410
Proportionate Share of the net pension liability as a percentage of covered payroll	91.28%	139.86%	158.82%
Plan fiduciary net position as a percentage of the total pension liability	77.71%	75.26%	73.39%

\* - Fiscal year 2015 was the first year of implementation, therefore, only seven years are shown.

\*\* - For the year ending on the measurement date

Summary of Changes of Benefits or Assumptions:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amounts to be separate financed employer-specific liabilities.

Changes in Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Schedule of Proportionate Share of the Net Pension Liability - Miscellaneous Plan (Continued)**

**Last Ten Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement Date	06/30/17	06/30/16	06/30/15	06/30/14
Proportion of the net pension liability	0.02283%	0.02221%	0.02071%	0.02196%
Proportionate share of the net pension liability	\$ 2,264,005	1,921,675	1,421,670	1,366,589
Covered payroll **	\$ 1,595,046	1,555,017	1,364,384	1,367,374
Proportionate Share of the net pension liability as a percentage of covered payroll	141.94%	123.58%	104.20%	99.94%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	75.87%	79.89%	81.15%

\* - Fiscal year 2015 was the first year of implementation, therefore, only seven years are shown.

\*\* - For the year ending on the measurement date

Summary of Changes of Benefits or Assumptions:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amounts to be separate financed employer-specific liabilities.

Changes in Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Schedule of Pension Contributions - Miscellaneous Plan**

**Last Ten Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contributions - Miscellaneous	\$ 552,524	1,341,435	294,482
Contributions in relation to the actuarially determined contribution	<u>(552,524)</u>	<u>(1,341,435)</u>	<u>(294,482)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Covered payroll**	\$ 1,800,316	1,787,612	1,757,237
Contributions as a percentage of covered payroll	30.69%	75.04%	16.76%

\* - Fiscal year 2015 was the first year of implementation, therefore, seven years are shown.

\*\* - For the fiscal year ending on the date shown

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	7.00%
Projected Salary	Varies by entry age and service
Inflation	2.50%
Payroll Growth	2.75%

Changes in Assumptions: At its December 2016 meeting, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuations. The minimum employer contributions for Fiscal Year 2019-20 determined in this valuation were calculated using a discount rate of 7.25 percent.

On December 19, 2017, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. In addition, the Board adopted a new asset portfolio as part of its Asset Liability Management. The new asset mix supports a 7.00 percent discount rate. The reduction of the inflation assumption will be implemented in two steps in conjunction with the decreases in the discount rate. For the June 30, 2017 valuation an inflation rate of 2.625 percent will be used and a rate of 2.50 percent in the following valuation.

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Schedule of Pension Contributions - Miscellaneous Plan (Continued)**

**Last Ten Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions - Miscellaneous	\$ 242,382	221,669	217,333	214,845
Contributions in relation to the actuarially determined contribution	<u>(242,382)</u>	<u>(221,669)</u>	<u>(217,333)</u>	<u>(214,845)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll**	\$ 1,399,410	1,595,046	1,555,017	1,364,384
Contributions as a percentage of covered payroll	17.32%	13.90%	13.98%	15.75%

\* - Fiscal year 2015 was the first year of implementation, therefore, seven years are shown.

\*\* - For the fiscal year ending on the date shown

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	7.00%
Projected Salary	Varies by entry age and service
Inflation	2.50%
Payroll Growth	2.75%

Changes in Assumptions: At its December 2016 meeting, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuations. The minimum employer contributions for Fiscal Year 2019-20 determined in this valuation were calculated using a discount rate of 7.25 percent.

On December 19, 2017, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. In addition, the Board adopted a new asset portfolio as part of its Asset Liability Management. The new asset mix supports a 7.00 percent discount rate. The reduction of the inflation assumption will be implemented in two steps in conjunction with the decreases in the discount rate. For the June 30, 2017 valuation an inflation rate of 2.625 percent will be used and a rate of 2.50 percent in the following valuation.

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

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**SUPPLEMENTARY INFORMATION**

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Combining Balance Sheet  
Nonmajor Governmental Funds**

**June 30, 2021**

	Special Revenue Funds				
	Other Transportation	Special Projects	Multi-Species Habitat Conservation	AB2766 Grant	Oil Grant
<b>Assets:</b>					
Cash and investments	\$ 672,386	52,994	-	150,000	85,461
Accounts receivable	-	-	-	-	-
Interest receivable	1	-	-	-	196
Due from other governments	654,449	-	766,500	274,150	-
Due from other funds	322,045	-	10,097	392	-
<b>Total Assets</b>	<b>\$ 1,648,881</b>	<b>52,994</b>	<b>776,597</b>	<b>424,542</b>	<b>85,657</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 469,025	-	354	450	41,522
Accrued liabilities	1,560	-	9,145	207	127
Due to other governments	-	-	1,337	-	-
Due to other funds	644,368	-	742,576	99,045	-
<b>Total Liabilities</b>	<b>1,114,953</b>	<b>-</b>	<b>753,412</b>	<b>99,702</b>	<b>41,649</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	654,449	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>654,449</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits):</b>					
<b>Restricted:</b>					
Transportation	-	23,922	-	-	-
Environmental	-	-	23,185	324,840	44,008
Homeless	-	29,072	-	-	-
Unassigned	(120,521)	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>(120,521)</b>	<b>52,994</b>	<b>23,185</b>	<b>324,840</b>	<b>44,008</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 1,648,881</b>	<b>52,994</b>	<b>776,597</b>	<b>424,542</b>	<b>85,657</b>

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Combining Balance Sheet  
Nonmajor Governmental Funds**

**June 30, 2021**

Special Revenue Funds (Continued)

<u>AB939 Grant</u>	<u>Air Quality Enhancement</u>	<u>Street Sweeping</u>	<u>Homeless</u>	<u>Tire Amnesty</u>	<u>Tipping Fees</u>	<u>Desert Community Energy</u>	<u>Total Governmental Funds</u>
42,989	913	122,801	1,418,691	-	88,257	-	2,634,492
-	-	-	357	-	-	-	357
206	-	1,154	1,931	-	-	-	3,488
-	-	2,188	505,385	-	374,733	564,702	3,142,107
226	-	-	3,882	-	-	-	336,642
<u>43,421</u>	<u>913</u>	<u>\$ 126,143</u>	<u>1,930,246</u>	<u>-</u>	<u>462,990</u>	<u>564,702</u>	<u>6,117,086</u>
-	-	58,569	18,727	-	-	6,837	595,484
205	5	76	3,139	98	-	5,725	20,287
-	-	-	22,500	-	462,990	780	487,607
9	323	-	28,454	-	-	557,084	2,071,859
<u>214</u>	<u>328</u>	<u>58,645</u>	<u>72,820</u>	<u>98</u>	<u>462,990</u>	<u>570,426</u>	<u>3,175,237</u>
-	-	2,188	100,000	-	-	563,921	1,320,558
-	-	2,188	100,000	-	-	563,921	1,320,558
-	-	-	-	-	-	-	23,922
43,207	585	65,310	-	-	-	-	501,135
-	-	-	1,757,426	-	-	-	1,786,498
-	-	-	-	(98)	-	(569,645)	(690,264)
<u>43,207</u>	<u>585</u>	<u>65,310</u>	<u>1,757,426</u>	<u>(98)</u>	<u>-</u>	<u>(569,645)</u>	<u>1,621,291</u>
<u>43,421</u>	<u>913</u>	<u>126,143</u>	<u>1,930,246</u>	<u>-</u>	<u>462,990</u>	<u>564,702</u>	<u>6,117,086</u>

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year ended June 30, 2021**

	Special Revenue Funds				
	Other Transportation	Special Projects	Multi-Species Habitat Conservation	AB2766 Grant	Oil Grant
Revenues:					
Measure A	\$ 1	-	-	-	-
Grants	617,254	-	-	-	50,343
Investment income	1,676	-	-	-	164
Other governmental	369,000	-	766,500	513,027	-
Miscellaneous	-	2,500	-	-	-
Total Revenues	<u>987,931</u>	<u>2,500</u>	<u>766,500</u>	<u>513,027</u>	<u>50,507</u>
Expenditures:					
Current:					
Salaries	75,565	-	442,747	10,030	6,147
Benefits	37,345	-	224,031	4,922	2,957
Communications	1,443	-	8,444	191	116
Advertising	4,871	-	2,271	21	4,316
Insurance	3,159	-	18,719	433	282
Memberships and per diem	3,699	-	2,381	1,154	33
General and office expenses	2,807	-	22,233	395	883
Professional services	60,063	-	24,324	495	305
Consultants	1,242,537	-	-	1,780	77,655
Leases and maintenance	4,872	-	29,423	644	392
Staff training	323	-	2,247	44	27
Transportation and meetings	386	-	1,675	49	19
Utilities	428	-	2,365	56	34
Project costs	348,138	2,998	-	-	2,934
Capital outlay	851	-	4,834	103	52
Total Expenditures	<u>1,786,487</u>	<u>2,998</u>	<u>785,694</u>	<u>20,317</u>	<u>96,152</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(798,556)</u>	<u>(498)</u>	<u>(19,194)</u>	<u>492,710</u>	<u>(45,645)</u>
Other Financing Sources (Uses):					
Transfers in	1,693,498	-	-	-	4,877
Transfers out	<u>(358,311)</u>	-	-	<u>(231,542)</u>	-
Total Other Financing Sources (Uses)	<u>1,335,187</u>	-	-	<u>(231,542)</u>	<u>4,877</u>
Net Change in Fund Balances	536,631	(498)	(19,194)	261,168	(40,768)
Fund Balance (Deficit) - Beginning, as Restated	<u>(657,152)</u>	<u>53,492</u>	<u>42,379</u>	<u>63,672</u>	<u>84,776</u>
Fund Balance (Deficit) - Ending	<u>\$ (120,521)</u>	<u>52,994</u>	<u>23,185</u>	<u>324,840</u>	<u>44,008</u>

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**Year ended June 30, 2021**

Special Revenue Funds (Continued)

<u>AB939 Grant</u>	<u>Air Quality Enhancement</u>	<u>Street Sweeping</u>	<u>Homeless</u>	<u>Tire Amnesty</u>	<u>Desert Community Energy</u>	<u>Total Governmental Funds</u>
-	-	-	-	-	-	1
-	-	-	-	-	-	667,597
(110)	-	(137)	1,780	-	-	3,373
-	-	-	2,180,083	-	-	3,828,610
-	-	24,062	357	-	-	26,919
<u>(110)</u>	<u>-</u>	<u>23,925</u>	<u>2,182,220</u>	<u>-</u>	<u>-</u>	<u>4,526,500</u>
9,927	231	3,703	151,973	4,759	277,167	982,249
4,687	32	1,079	72,428	2,000	130,096	479,577
190	5	75	3,594	90	5,276	19,424
22	2	18	1,893	8	562	13,984
416	-	3,676	5,250	219	12,011	44,165
1,154	1	21	849	25	1,489	10,806
713	16	211	72,909	180	12,234	112,581
498	10	175	21,856	236	106,444	214,406
-	-	-	695,683	-	-	2,017,655
640	16	255	221,388	303	17,795	275,728
42	1	14	602	21	1,195	4,516
39	3	31	10,465	15	998	13,680
57	2	23	10,085	26	1,555	14,631
-	-	640,021	637	-	-	994,728
<u>111</u>	<u>9</u>	<u>105</u>	<u>2,964</u>	<u>40</u>	<u>2,823</u>	<u>11,892</u>
<u>18,496</u>	<u>328</u>	<u>649,407</u>	<u>1,272,576</u>	<u>7,922</u>	<u>569,645</u>	<u>5,210,022</u>
<u>(18,606)</u>	<u>(328)</u>	<u>(625,482)</u>	<u>909,644</u>	<u>(7,922)</u>	<u>(569,645)</u>	<u>(683,522)</u>
-	913	231,542	-	7,824	-	1,938,654
(12,701)	-	-	-	-	-	(602,554)
<u>(12,701)</u>	<u>913</u>	<u>231,542</u>	<u>-</u>	<u>7,824</u>	<u>-</u>	<u>1,336,100</u>
(31,307)	585	(393,940)	909,644	(98)	(569,645)	652,578
<u>74,514</u>	<u>-</u>	<u>459,250</u>	<u>847,782</u>	<u>-</u>	<u>-</u>	<u>968,713</u>
<u>43,207</u>	<u>585</u>	<u>65,310</u>	<u>1,757,426</u>	<u>(98)</u>	<u>(569,645)</u>	<u>1,621,291</u>