

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**



**DavisFarr**  
CERTIFIED PUBLIC ACCOUNTANTS

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**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Financial Statements**

**Year ended June 30, 2024**

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

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# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Financial Statements

Year ended June 30, 2024

### TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet – Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Notes to Basic Financial Statements	28
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund	56
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Transportation Uniform Mitigation Fees	57
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Measure A	58
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - CV Link	59
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – CV Sync	60
Schedule of Proportionate Share of Net Pension Liability (Asset) – Miscellaneous Plan	61
Schedule of Pension Contributions – Miscellaneous Plan	62
Notes to Required Supplementary Information	63
Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	70

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## **Independent Auditor's Report**

To the Executive Committee  
Coachella Valley Association of Governments  
Palm Desert, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coachella Valley Association of Governments (CVAG), as of and for the year June 30, 2024, and the related notes to the financial statements, which collectively comprise CVAG's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of CVAG, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

The financial statements for the year ended June 30, 2024 reflect a prior period adjustment as described further in Notes 1 and 16 due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, and GASB Statement No. 103, Financial Reporting Model Improvements. Our opinion is not modified with respect to these matters.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison information and pension schedules* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Report on Summarized Comparative Information**

We have previously audited CVAG’s 2023 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated January 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise CVAG’s basic financial statements. The *combining nonmajor fund financial statements* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining nonmajor fund financial statements* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining nonmajor fund financial statements* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2025 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 the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CVAG’s internal control over financial reporting and compliance.

DavisFarrLLP

Irvine, California  
January 31, 2025

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COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024

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

If you have any questions about this report or require further information, please contact 760.346.1127 and ask for the Finance Director.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the 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 Association's government, reporting CVAG's operations in more detail than the government-wide statements.

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

**Types of Information in the Financial Statements**

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

- Assets – resources that the Association controls, which are mostly in the form of capital assets like CV Sync, an infrastructure asset and other construction in progress, as well as receivables from other governments, and cash and investments.

- Liabilities - amounts CVAG owes to others such as to vendors for work performed but not yet paid.
- Deferred outflows of resources and deferred inflows of resources—flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.
- Revenues and Expenses - inflows and outflows of resources, respectively, related to the current year.

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

Governmental fund financial statements use the current economic resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. CVAG's basic services such as project and program costs are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end. Governmental funds do not report non-financial assets, such as capital assets, but they do report the flows of current financial resources related to those long-term items like the spending of cash on construction of CV Sync and the related cash receipt of grant funding reimbursements. In general, the governmental fund statements provide a detailed short-term view of CVAG general government operations and the basic services it provides as opposed to the comprehensive, long-term view provided in the government-wide financial statements.

## **ANALYSIS OF CVAG'S FINANCES**

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

### Statement of Net Position (amounts expressed in thousands)

	Fiscal Year 2024	Fiscal Year 2023	Dollar Change	Total Percentage Change
<b><u>Assets:</u></b>				
Cash and investments	\$ 42,880	\$ 56,813	\$ (13,933)	(24.52%)
Other current assets	60,482	32,003	28,479	88.99%
Capital assets, net of depreciation	158,294	75,334	82,960	110.12%
Total Assets	<u>261,656</u>	<u>164,150</u>	<u>97,506</u>	<u>59.40%</u>
<b><u>Deferred Outflows of Resources:</u></b>				
Deferred pension related items	1,440	1,663	(223)	(13.41%)
Total Deferred Outflows of Resources	<u>1,440</u>	<u>1,663</u>	<u>(223)</u>	<u>(13.41%)</u>
<b><u>Liabilities:</u></b>				
Current liabilities	19,818	10,278	9,540	92.82%
Noncurrent liabilities:				
Due within one year:	2,672	2,388	284	11.90%
Due in more than one year:	14,870	16,588	(1,718)	(10.36%)
Total Liabilities	<u>37,361</u>	<u>29,254</u>	<u>8,106</u>	<u>27.71%</u>
<b><u>Deferred Inflows of Resources:</u></b>				
Deferred pension related items	130	336	(206)	(61.34%)
Total Deferred Inflows of Resources	<u>130</u>	<u>336</u>	<u>(206)</u>	<u>(61.34%)</u>
<b><u>Net Position:</u></b>				
Investment in capital assets	156,308	73,713	82,595	112.05%
Restricted:				
Transportation	67,941	62,143	5,798	9.33%
Environmental	904	1,112	(208)	(18.69%)
Homeless	2,459	2,604	(144)	(5.55%)
Unrestricted	(2,008)	(3,349)	1,342	40.06%
Total Net Position	<u>\$ 225,605</u>	<u>\$ 136,223</u>	<u>\$ 89,382</u>	<u>65.61%</u>

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

The table above demonstrates that as of June 30, 2024, CVAG's total net position – assets and deferred outflows minus liabilities and deferred inflows – was about \$225.6 million, an increase of \$89.3 million or 65.6 percent compared with 2023. The increase is primarily due to a 112.1 percent or \$82.6 million increase in investment in capital assets, mostly for transportation projects like CV Sync and CV Link. All the increase in net position was the result of the financial performance of the governmental activities as CVAG has no business-type activities. The following sections of the MD&A analyze the finances of the governmental activities.

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

**Statements of Activities**  
(amounts expressed in thousands)

	Fiscal Year 2024	Fiscal Year 2023	Dollar Change	Total Percentage Change
<b><u>Operating Expenses:</u></b>				
Administrative	\$ 2,810	\$ 2,887	\$ (77)	(2.67%)
Transportation	22,374	13,331	9,043	67.83%
Other	1,782	2,205	(423)	(19.20%)
Interest expense	937	1,019	(82)	(8.02%)
Total Expenses	<u>27,903</u>	<u>19,442</u>	<u>8,461</u>	<u>43.52%</u>
<b><u>Program Revenues:</u></b>				
Charges for services	2,475	1,708	767	44.88%
Operating contributions and grants	9,434	11,132	(1,698)	(15.26%)
Capital contributions and grants	102,451	47,679	54,772	114.88%
<b><u>General Revenues:</u></b>				
Investment income (loss)	2,611	1,361	1,250	91.87%
Gain on sale of land	370	-	370	100.00%
Total Revenues	<u>117,341</u>	<u>61,880</u>	<u>55,091</u>	<u>89.03%</u>
Changes in Net Position	89,438	42,438	47,000	110.75%
Net Position – Beginning, as restated (note 16)	136,167	93,785	42,382	45.19%
Net Position - Ending	<u>\$ 225,605</u>	<u>\$ 136,223</u>	<u>\$ 89,382</u>	<u>65.61%</u>

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

The Statement of Activities shows that in fiscal year 2024, governmental revenues of \$117.3 million exceeded expenses of \$28.0 million resulting in the \$89.4 million increase in net position. Several factors contributed to this growth, with key drivers including capital and operating contributions from other jurisdictions, such as Caltrans and Riverside County Transportation Commission (RCTC), which provide reimbursement for many of CVAG’s projects. These items and other governmental activities will be discussed next.

**Increases in Program Revenues**

In fiscal year 2024, total program revenue experienced a significant increase, primarily driven by higher capital contributions and grants. This growth was largely attributable to elevated construction activity for CV Sync and CV Link, as well as regional arterial projects like Jackson/I-10, Dune Palms Bridge, and Madison Street in Indio. These projects incurred higher construction costs compared to the prior year as cities and lead agencies advanced additional construction phases as did CVAG for the projects it leads. Reimbursements associated with these increased construction activities further contributed to revenue growth.

### **Increases in Expenses**

Total expenses increased by \$8.5 million, or 43.8 percent, from fiscal year 2023. This increase is primarily attributed to heightened transportation construction activity, as outlined in the "Increase in Program Revenues" section. Key regional arterial projects, such as Jackson/I-10, Dune Palms Bridge, and Madison Street in Indio, incurred higher construction costs compared to the prior year as cities and other lead agencies advanced additional phases of construction. CVAG does not capitalize the regional arterial constructed by other agencies.

### **Governmental Funds**

**General Fund** - The General Fund accounts for all 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, the fund balance of the General Fund was about \$2.8 million.

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

- Investment revenue increased by \$55 thousand in fiscal year 2024 compared to fiscal year 2023. This growth was primarily driven by higher interest rates on investments, which resulted in greater returns on the organization's portfolio. Additionally, improved cash flow in general fund allowed for higher balances in interest-earning accounts, further boosting investment income. Meanwhile, miscellaneous revenue also saw an increase, driven by contributions from the Imperial Irrigation District (IID) and Coachella Valley Water District (CVWD) related to long-term governance and strategic initiatives for the Coachella Valley Energy Commission.
- Total expenditures decreased by \$907 thousand, primarily due to fewer new contracts with consultants entered into during fiscal year 2024. In fiscal year 2023, CVAG entered into new leases under GASB No. 87, resulting in project costs of about \$1.4 million. In fiscal year 2024, CVAG entered into a new contract with Oracle for a cloud service related to the new ERP system, which led to project costs of \$480 thousand. This represents a decrease of \$886 thousand in project costs compared to the prior year. The accounting treatment for these leases and the ERP project costs was counterbalanced by the reporting of lease revenue issuance in the General Fund.

**Transportation Uniform Mitigation Fees (TUMF) Fund** - The TUMF Fund accounts 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. At the end of the current fiscal year, the total fund balance was \$15.7 million.

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

- A decrease in Total Revenues by \$2.9 million. Although there was an increase in the base calculation for TUMF, there was an overall decrease in collections because there were fewer growth-oriented building development projects permitted within CVAG's member jurisdictions.

- The increase in total expenditures by \$1.1 million is primarily attributable to higher project cost reimbursements, driven by increased transportation construction activity for ongoing regional arterial projects like Dune Palms Bridge and the Monroe/I-10 interchange.

**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 regional arterials in the Coachella Valley. All taxes collected are held by the Riverside County Transportation Commission (RCTC) and CVAG requests reimbursement on eligible project costs once incurred. At the end of the current fiscal year, the total fund balance was \$54.0 million.

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

- The reimbursements for CV SYNC, CV Link, Arts and Music Line and regional arterial projects significantly increased in FY24 due to a higher volume of project activities as well as a shift in the reimbursement strategy as external funding becomes exhausted as some of the projects like CV Sync and CV Link near completion.
- The increase in active arterial projects is also reflected as a rise in total expenditures by \$4.8 million for work completed on various arterial projects.

**CV Link Fund** - The CV Link Fund is used 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 (\$36) thousand. The fund deficit is offset by incoming grant revenue on the government-wide financial statements that is treated as a deferred inflow of resources on the governmental funds financial statements.

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

- A decrease in grants of \$3.7 million is mainly due to a shift in the reimbursement strategy to utilize more Measure A funding as external funding becomes exhausted as the project nears completion.
- Total expenditure increased from the prior year by \$4.6 million due to increased activity on multiple segments of the CV Link project during fiscal year 2024 as it nears completion.

**CV Sync Fund** - The CV Sync Fund is used for the construction and preparation of the CV Sync project in the Coachella Valley which provides traffic signal synchronization utilizing broadband fiber networks. At the end of the current fiscal year, the total fund balance was (\$2.8) million. The fund deficit is offset by incoming grant revenue of \$2.8 million on the government-wide financial statements that is treated as a deferred inflow of resources on the governmental funds financial statements.

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

- The grants revenues increased significantly by \$32.3 million, largely due to a rise in grant revenue, which covered project cost reimbursements as CV Sync transitioned into Phase II and III.
- Accelerated progress led to the completion of additional work during fiscal year 2024, resulting in the project costs increasing by \$49.2 million.

**SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY**

**CAPITAL ASSETS**

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

Capital Assets  
Net of Depreciation  
(amounts expressed in thousands)

	Balance <u>June 30, 2024</u>	Balance <u>June 30, 2023</u>	Increase (Decrease)	Total Percentage Change
Land and construction in progress	\$ 129,810	\$ 49,465	\$ 80,345	162.43%
Infrastructure	25,096	23,288	1,807	7.76%
Furniture	53	41	12	29.41%
Easement	1,377	941	436	46.34%
Right to use assets	1,363	1,516	(152)	(10.06%)
Subscription asset	519	58	461	789.95%
Equipment and Vehicles	76	24	51	210.65%
Total	<u>\$ 158,294</u>	<u>\$ 75,334</u>	<u>\$ 82,960</u>	<u>110.12%</u>

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

The increase in land and construction-in-progress assets is primarily attributed to the ongoing construction of CV Link, CV Sync, and the Arts and Music Line. Additionally, the subscription assets account grew in 2024 when CVAG formed a new contract for the subscription and implementation of a new ERP system. Additional information on CVAG's capital assets is presented in Note 7 of the Notes to Basic Financial Statements.

## **DEBT ADMINISTRATION**

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

### Long-Term Debt (amounts expressed in thousands)

	Balance	Balance	Increase	Total
	June 30, 2024	June 30, 2023	(Decrease)	Percentage
				Change
Revenue bonds payable	\$ 13,335	\$ 15,470	\$ (2,135)	(13.80%)
Compensated absences	310	167	143	85.71%
Lease Liability	1,463	1,560	(97)	(6.24%)
Subscription-based IT payable	523	61	462	760.77%
Total	<u>\$ 15,630</u>	<u>\$ 17,258</u>	<u>\$ (1,627)</u>	<u>(9.43%)</u>

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

In fiscal year 2024, CVAG entered into a new agreement for the implementation services and subscription of a cloud-based ERP system, which significantly impacted the subscription-based IT payable. This contract, a key part of CVAG's strategic investment in technology, resulted in an increase in subscription assets and associated liabilities. The financing structure for the ERP system is based on a subscription model, which will be paid over the contract's term. This shift to subscription-based IT payables reflects CVAG's move towards modernizing its systems, and the associated long-term liabilities will be amortized over the duration of the contract.

CVAG also implemented the new GASB standard related to compensated absences in fiscal year 2024, which required adjustments to the accounting for accrued leave liabilities. The change in accounting treatment reflects a more accurate measurement of the organization's obligations for vacation and sick leave, including the accrual of these liabilities as employees earn them. This update affects both the balance sheet and the financial statements, increasing the reported long-term liabilities associated with compensated absences. The implementation of this new standard will have a continued impact on future financial planning, as it aligns CVAG's financial reporting with updated governmental accounting practices and enhances the transparency of the organization's obligations.

## **CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS**

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

- Rapid Construction of CV Sync - During fiscal year 2024, the CV Sync project experienced higher-than-anticipated activity levels due to three phases being active at once, resulting in expenditures that far exceeded the initial budget. Throughout the fiscal year, this activity was closely monitored and represents the shifting of work originally planned in future years while remaining within the Executive Committee approved contractual limits. This information was also presented to the CVAG Finance

and Executive Committees in the Spring of 2024 as part of the fiscal year 2025 budget approval process. CVAG's fiscal year 2025 budget provides fiscal year 2024 year-end estimates alongside 2024 budgetary data. These projections closely align with the actual 2024 expenditures contained in this report.

- Grant Awards and Federal Funding Uncertainty - A significant development for CVAG is the record-setting \$50 million awarded in December 2023 from the California Transportation Commission's (CTC) Local Transportation Climate Adaptation Program (LTCAP). This funding marks a major milestone in addressing the frequent closures of Indian Canyon Drive in Palm Springs. CVAG's Addressing Climate Change, Emergencies, and Sandstorms (ACCESS) project exemplifies the agency's innovative approach to securing funding for regional transportation challenges. However, with the new federal administration, there is uncertainty about federal funding opportunities and associated policies, given the need for the federal government to authorize its spending package for the next fiscal year. Additionally, policy priorities have shifted to eliminate disadvantaged and equity metrics, focusing instead on modernization, the economy, and merit. These changes may impact funding opportunities for CVAG and the region or cause the agency to adjust the narrative of specific projects to align with the new priorities. CVAG will continue to monitor the new administration's budget actions and associated policies and will report any funding opportunities to advance priority projects.
- Investment Income - Given the downward swing in short-term interest rates, CVAG expects a decrease in investment income for 2025 and conservatively budgeted a little over \$1.4 million as revenue compared to closer to \$2 million received in fiscal year 2024.

### **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 Finance, at 74-199 El Paseo Dr., Suite 100, Palm Desert, CA 92260.

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## **BASIC FINANCIAL STATEMENTS**

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Statement of Net Position**

**June 30, 2024**

**(with comparative prior year information)**

	Governmental Activities	
	2024	2023
Assets:		
Cash and investments (note 3)	\$ 42,879,857	56,812,734
Accounts receivable	49,772	57,703
Interest receivable	522,945	706,878
Deposits receivable	115,295	42,931
Prepaid items	99,568	189,602
Loans receivable (note 4)	156,320	166,741
Due from other governments	59,538,446	30,839,360
Capital assets, not being depreciated (note 7)	129,809,928	49,465,181
Capital assets, net of depreciation (note 7)	28,483,854	25,868,826
Total Assets	261,655,985	164,149,956
Deferred Outflows of Resources:		
Deferred amounts from pension plans (note 12)	1,439,716	1,662,766
Total Deferred Outflows of Resources	1,439,716	1,662,766
Liabilities:		
Accounts payable	12,464,048	6,276,104
Accrued liabilities	122,185	95,716
Due to other governments	7,232,182	3,906,197
Noncurrent Liabilities		
Due within one year		
Bonds payable (note 9)	2,267,354	2,134,917
Compensated absences (note 10)	232,473	125,179
Subscription-based IT payable (note 9)	54,127	18,605
Lease liability (note 9)	118,101	109,205
Due in more than one year		
Bonds payable (note 9)	11,067,671	13,335,024
Net pension liability (note 12)	1,911,983	1,718,540
Compensated absences (note 10)	77,491	41,726
Subscription-based IT payable (note 9)	468,422	42,102
Lease liability (note 9)	1,344,657	1,450,907
Total Liabilities	37,360,694	29,254,222
Deferred Inflows of Resources:		
Deferred amounts from pension plans (note 12)	129,794	335,699
Total Deferred Inflows of Resources	129,794	335,699
Net Position:		
Net investment in capital assets	156,308,475	73,713,188
Restricted:		
Transportation	67,940,657	62,142,923
Environmental	904,261	1,112,054
Homeless	2,459,489	2,603,968
Unrestricted	(2,007,669)	(3,349,332)
Total Net Position	\$ 225,605,213	136,222,801

See accompanying notes to the basic financial statements.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Statement of Activities**

**Year ended June 30, 2024**

**(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	
					2024	2023
Governmental Activities:						
Administrative	\$ 2,813,343	2,475,059	699,609	-	361,325	(538,609)
Transportation	21,661,429	-	6,452,390	102,223,775	87,014,736	42,385,787
Other	2,490,707	-	2,508,816	-	18,109	248,963
Interest expense	937,450	-	-	-	(937,450)	(1,019,180)
Total Governmental Activities	\$ 27,902,929	2,475,059	9,660,815	102,223,775	86,456,720	41,076,961
			General Revenues:			
			Investment income (loss)		2,610,734	1,360,699
			Gain on sale of land		370,288	-
			Total General Revenues		2,981,022	1,360,699
			Change in Net Position		89,437,742	42,437,660
			Net Position - Beginning, as restated (note 16)		136,167,471	93,785,141
			Net Position - Ending		\$ 225,605,213	136,222,801

See accompanying notes to the basic financial statements.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Balance Sheet - Governmental Funds**

**June 30, 2024**

**(with comparative prior year information)**

	<u>General</u>	<u>TUMF</u>	<u>Measure A</u>	<u>CV Link</u>
<b>Assets:</b>				
Cash and investments	\$ 2,155,763	17,075,111	16,536,806	4,109,136
Accounts receivable	11,042	-	-	-
Interest receivable	6,846	116,011	365,381	172
Deposits	12,444	-	-	99,951
Prepaid items	72,828	593	1,100	-
Due from other governments	128,763	873,415	31,357,828	852,103
Due from other funds (note 5)	<u>612,558</u>	<u>-</u>	<u>16,770,043</u>	<u>-</u>
Total Assets	<u>\$ 3,000,244</u>	<u>18,065,130</u>	<u>65,031,158</u>	<u>5,061,362</u>
 <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 91,925	67,154	116,948	5,015,224
Accrued liabilities	118,058	-	-	-
Due to other governments	29,397	2,210,933	4,149,227	46,137
Due to other funds (note 5)	<u>-</u>	<u>88,885</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>239,380</u>	<u>2,366,972</u>	<u>4,266,175</u>	<u>5,061,361</u>
 <b>Deferred Inflows of Resources:</b>				
Unavailable revenues	<u>-</u>	<u>-</u>	<u>6,751,234</u>	<u>36,139</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>6,751,234</u>	<u>36,139</u>
 <b>Fund Balances (Deficits):</b>				
Nonspendable	72,828	593	1,100	-
Restricted:				
Transportation	-	15,697,565	54,012,649	-
Environmental	-	-	-	-
Homeless	-	-	-	-
Unassigned	<u>2,688,036</u>	<u>-</u>	<u>-</u>	<u>(36,138)</u>
Total Fund Balances (Deficits)	<u>2,760,864</u>	<u>15,698,158</u>	<u>54,013,749</u>	<u>(36,138)</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	 <u>\$ 3,000,244</u>	 <u>18,065,130</u>	 <u>65,031,158</u>	 <u>5,061,362</u>

See accompanying notes to the basic financial statements.

	CV Sync	Other Governmental Funds	Total Governmental Funds	
			2024	2023
<b>Assets:</b>				
Cash and investments	-	3,003,041	42,879,857	56,812,734
Accounts receivable	-	38,730	49,772	57,703
Interest receivable	-	34,535	522,945	706,878
Deposits	-	2,900	115,295	42,931
Prepaid items	3,069	21,978	99,568	189,602
Due from other governments	22,795,803	3,530,534	59,538,446	30,839,360
Due from other funds (note 5)	-	493,480	17,876,081	13,101,562
<b>Total Assets</b>	<u>22,798,872</u>	<u>7,125,198</u>	<u>121,081,964</u>	<u>101,750,770</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	6,409,476	763,321	12,464,048	6,276,104
Accrued liabilities	-	4,127	122,185	95,716
Due to other governments	484	796,004	7,232,182	3,906,197
Due to other funds (note 5)	16,388,912	1,398,284	17,876,081	13,101,562
<b>Total Liabilities</b>	<u>22,798,872</u>	<u>2,961,736</u>	<u>37,694,496</u>	<u>23,379,579</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	2,771,108	1,587,369	11,145,850	13,515,865
<b>Total Deferred Inflows of Resources</b>	<u>2,771,108</u>	<u>1,587,369</u>	<u>11,145,850</u>	<u>13,515,865</u>
<b>Fund Balances (Deficits):</b>				
Nonspendable	3,069	21,978	99,568	189,602
<b>Restricted:</b>				
Transportation	-	419,618	70,129,832	64,096,999
Environmental	-	904,261	904,261	909,811
Homeless	-	2,459,489	2,459,489	2,652,108
Unassigned	(2,774,177)	(1,229,253)	(1,351,532)	(2,993,194)
<b>Total Fund Balances (Deficits)</b>	<u>(2,771,108)</u>	<u>2,576,093</u>	<u>72,241,618</u>	<u>64,855,326</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<u>22,798,872</u>	<u>7,125,198</u>	<u>121,081,964</u>	<u>101,750,770</u>

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, 2024**

Fund Balances of Governmental Funds \$ 72,241,618

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	160,653,874
Accumulated depreciation	(2,360,092)

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.

156,320

Long-term liabilities are not due and payable in the current period and,  
therefore, are not reported in the governmental funds.

Bonds payable	(13,335,025)
Net pension liability	(1,911,983)
Compensated absences	(309,964)
Subscription-based IT payable	(522,549)
Lease liability	(1,462,758)

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

11,145,850

Deferred outflows and inflows of resources related to pensions have not  
been reported in the governmental funds.

Deferred outflows of resources related to pensions	1,439,716
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Deferred inflows of resources related to pensions	<u>(129,794)</u>
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Net Position of Governmental Activities	<u>\$ 225,605,213</u>
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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, 2024**

**(with comparative prior year information)**

	<u>General</u>	<u>TUMF</u>	<u>Measure A</u>	<u>CV Link</u>
Revenues:				
Member dues	\$ 581,782	-	-	-
Mitigation fees	-	4,931,424	-	-
Measure A	-	-	54,080,827	-
Grants	12,450	-	-	8,143,998
Investment income (loss)	59,070	580,896	1,860,189	733
Loan repayments	-	-	10,421	-
Other governmental	-	2	65,393	1,670,000
Miscellaneous	290,050	1,404	-	2,000
Total Revenues	<u>943,352</u>	<u>5,513,726</u>	<u>56,016,830</u>	<u>9,816,731</u>
Expenditures:				
Current:				
Salaries	131,861	346,120	541,810	84,492
Benefits	57,933	139,903	218,119	38,022
Memberships and meeting stipends	19,058	1,960	3,640	-
General and office expenses	8,884	33,198	59,293	11,269
Professional services	2,120	197,293	370,568	9,388
Consultants	68,569	20,252	63,901	16,783
Capital Outlay	481,417	2,288	1,925,888	20,361,242
Transportation and meetings	678	4,778	8,529	366
Facility expenses	11,363	27,081	45,872	15,125
Project costs	50,927	4,339,948	9,725,252	55,806
Debt service:				
Principal retirement	4,550	11,308	2,154,024	4,032
Interest and fiscal charges	2,482	6,109	887,634	2,170
Total Expenditures	<u>839,842</u>	<u>5,130,238</u>	<u>16,004,530</u>	<u>20,598,695</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>103,510</u>	<u>383,488</u>	<u>40,012,300</u>	<u>(10,781,964)</u>
Other Financing Sources (Uses):				
Proceeds from lease (note 9)	480,447	-	-	-
Sale of land	-	-	3,369,374	-
Transfers in (note 6)	-	-	-	13,239,404
Transfers out (note 6)	(2,180)	-	(37,700,344)	-
Total Other Financing Sources (Uses)	<u>478,267</u>	<u>-</u>	<u>(34,330,970)</u>	<u>13,239,404</u>
Net Change in Fund Balances	581,777	383,488	5,681,330	2,457,440
Fund Balance (Deficit) - Beginning	<u>2,179,087</u>	<u>15,314,670</u>	<u>48,332,419</u>	<u>(2,493,578)</u>
Fund Balance (Deficit) - Ending	\$ <u>2,760,864</u>	<u>15,698,158</u>	<u>54,013,749</u>	<u>(36,138)</u>

See accompanying notes to the basic financial statements.

	CV Sync	Other Governmental Funds	Total Governmental Funds	
			2024	2023
<b>Revenues:</b>				
Member dues	-	-	581,782	538,706
Mitigation fees	-	-	4,931,424	7,739,194
Measure A	-	-	54,080,827	16,161,271
Grants	39,828,220	284,687	48,269,355	19,861,630
Investment income (loss)	-	168,916	2,669,804	1,364,660
Loan repayments	-	-	10,421	10,421
Other governmental	-	6,137,329	7,872,724	6,454,197
Miscellaneous	-	641,028	934,482	1,327,959
<b>Total Revenues</b>	<b>39,828,220</b>	<b>7,231,960</b>	<b>119,350,819</b>	<b>53,458,038</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Salaries	238,746	1,995,149	3,338,178	2,619,567
Benefits	133,641	964,539	1,552,157	1,105,508
Memberships and meeting stipends	-	11,111	35,769	44,589
General and office expenses	48,472	634,139	795,255	808,542
Professional services	4,879	165,962	750,210	690,261
Consultants	643,002	160,125	972,632	625,102
Capital Outlay	64,369,015	146,366	87,286,216	123,153
Transportation and meetings	3,189	33,579	51,119	115,226
Facility expenses	29,913	77,747	207,101	136,265
Project costs	107	3,465,346	17,637,386	43,005,743
<b>Debt service:</b>				
Principal retirement	22,927	54,034	2,250,875	2,033,810
Interest and fiscal charges	11,024	28,031	937,450	1,019,180
<b>Total Expenditures</b>	<b>65,504,915</b>	<b>7,736,128</b>	<b>115,814,348</b>	<b>52,326,946</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(25,676,695)</b>	<b>(504,168)</b>	<b>3,536,471</b>	<b>1,131,092</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from lease (note 9)	-	-	480,447	1,644,291
Sale of land	-	-	3,369,374	-
Transfers in (note 6)	25,187,366	404,841	38,831,611	10,874,077
Transfers out (note 6)	-	(1,129,087)	(38,831,611)	(10,874,077)
<b>Total Other Financing Sources (Uses)</b>	<b>25,187,366</b>	<b>(724,246)</b>	<b>3,849,821</b>	<b>1,644,291</b>
<b>Net Change in Fund Balances</b>	<b>(489,329)</b>	<b>(1,228,414)</b>	<b>7,386,292</b>	<b>2,775,383</b>
<b>Fund Balance (Deficit) - Beginning</b>	<b>(2,281,779)</b>	<b>3,804,507</b>	<b>64,855,326</b>	<b>62,079,943</b>
<b>Fund Balance (Deficit) - Ending</b>	<b>(2,771,108)</b>	<b>2,576,093</b>	<b>72,241,618</b>	<b>64,855,326</b>

See accompanying notes to the basic financial statements.

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**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, 2024**

Net Change in Fund Balances - Total Governmental Funds	\$ 7,386,292
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	87,911,107
Disposal of land	(2,999,086)
Depreciation expense	(1,952,246)
Repayment of long term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	2,250,875
Issuance of long-term liabilities is a revenue in the governmental funds, but increases long-term liabilities in the statement of net position.	(480,447)
Repayment on loans receivable are recorded as a reduction of the loan receivable balance for the statement of activities.	(10,421)
Revenues are reported as unavailable in the governmental funds but recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.	(2,370,015)
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	(87,729)
Changes in net pension liability and related deferred inflows and outflows of resources	<u>(210,588)</u>
Change in Net Position of Governmental Activities	<u>\$ 89,437,742</u>

See accompanying notes to the basic financial statements.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2024

### **Note 1: Summary of Significant Accounting Policies**

(a) Description of Reporting Entity

The Coachella Valley Association of Governments (CVAG) is a joint powers authority that was formed in 1973 for the purpose of improving and coordinating the common governmental responsibilities and services across eastern Riverside County. Its formative years were focused on serving as an environmental watchdog and as a forum for the exchange of ideas. After its founders successfully blocked an oil refinery from being built in the Banning pass, CVAG's member agencies implemented policies that evolved its mission. The agency has since achieved a long list of accomplishments in transportation, sustainability, conservation, green energy and regional community resources. Today, CVAG has 15 member agencies. It is governed by an Executive Committee consisting of the mayor or an elected official representing every city council in the Coachella Valley and the City of Blythe; all five Riverside County Supervisors; and the Tribal Chairs from the Agua Caliente Band of Cahuilla Indians, Cabazon Band of Cahuilla Indians, Torres Martinez Desert Cahuilla Indians, and Twenty-Nine Palms Band of Mission Indians. The basic financial statements of CVAG include all activities for which CVAG is financially accountable.

One of CVAG's most recognized successes is coordinating improvements along the regional transportation network. This responsibility was firmly established in 1989, when Riverside County voters passed the Measure A half-cent sales tax measure and further instilled trust in CVAG to develop a regional arterial network. That same year, CVAG's Joint Powers Agreement was amended to provide additional powers. CVAG establishes its priorities according to the Transportation Project Prioritization Study (TPPS), which is a merit-based method of prioritizing all regional projects in the Coachella Valley. Project priorities are based on criteria adopted by the CVAG Executive Committee, as recommended by civil engineers and public works professionals, and publicly reviewed by elected officials representing every CVAG member jurisdiction. The TPPS is updated every few years as the Coachella Valley's population grows and becomes more diverse in order to address different mobility needs, new technologies, state and federal policy as well as worldwide climate and economic trends. Updates to the TPPS also allow CVAG to incorporate new and innovative strategies that help reduce traffic congestion and increase economic productivity. CVAG and its member agencies seek out and secure state and federal funds to lessen the need to use local and regional funds for projects, which is evidenced in the funding makeup for interchange projects along Interstate 10, the regional signal synchronization program CV Sync and the multi-modal pathway CV Link. Measure A and the region's Transportation Uniform Mitigation Fee (TUMF) program provide the regional share of funding for projects like these. In addition to helping plan, fund and even construct projects, CVAG has the role of advising the Riverside County Transportation Commission (RCTC) on regional priority projects, including State highway projects on Highways 86 and 111.

CVAG has never lost sight of its roots and continues to spearhead a range of environmental programs that help create a more sustainable community. This includes managing a groundbreaking regional street sweeping to address air quality issues stemming from PM-10, which relies on AB 2766 funding from member cities. CVAG's other longstanding programs include a used oil recycling program and a tire amnesty program, both of which utilize grants from CalRecycle. This year, and in the years ahead, CVAG staff is working to ensure the region secures its share of funding for energy efficiency programs from the Inland Regional Energy Network (IREN), which is a partnership with Western Riverside Council of Governments and San Bernardino Council of Governments.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2024

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

CVAG manages a unique array of programs as compared to its other JPA counterparts in California, including a homelessness program that relies on local funding to house chronically homeless individuals. Through staffing agreements, CVAG also provides administrative support to two other joint powers authorities: the Coachella Valley Conservation Commission (CVCC) and Desert Community Energy (DCE). While its programs are diverse, CVAG's mission is consistent: Invest in projects that make eastern Riverside County a better place to live, work and play to ensure the desert's unique environment is preserved for future generations.

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.

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, the Cabazon Band of Mission Indians, the Torres Martinez Desert Cahuilla Indians, and the Twenty-Nine Palms 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 19-member body composed of five members of the Riverside County Board of Supervisors, Mayors or Council Members of each City, and the Tribal Council Chairs, 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. 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.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2024

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

(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. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

Under the 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.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2024

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

#### 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, deferred inflows of resources and 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 120 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. 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.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2024

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

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 assets 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The government has two items that qualify for reporting in this category. Unavailable revenues, which arises only under a modified accrual basis of accounting, are 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.

#### Leases

CVAG is a lessee of office space and equipment as detailed in Footnote 9. CVAG recognizes the right to use assets and a lease payable in the financial statements. At the commencement of the lease, CVAG initially measures the right to use asset amount and lease payable at the present value of payments expected to be paid during the lease term. Subsequently, the lease payable is reduced by the principal portion of lease payments made.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2024

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

Key estimates and judgments include how CVAG determines the discount rate it uses to discount the expected lease payments to present value and the lease term. CVAG used an estimated borrowing rate as the discount rate and the term includes the noncancellable period of the lease.

#### Subscription-Based Information Technology (IT) Arrangements

CVAG is a participant in subscription-based IT arrangements as detailed in Footnote 9. CVAG recognizes a subscription-based IT payable and the right to use IT assets in financial statements.

At the commencement of the arrangement, CVAG initially measures the payable at the present value of payments expected to be paid during the arrangement term. Subsequently, the payable is reduced by the principal portion of payments made. The right to use assets are initially measured at the initial amount of the subscription-based IT payable. Subsequently, the right to use assets are amortized over the life of the arrangement term.

#### 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 12 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.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2024

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

#### Net Position

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

Net 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.

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 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.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2024

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

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:

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 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.

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

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

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

Changes in fair value that occur during the 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 between 96 and 176 hours accumulated per year depending on length of employment. 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.

(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
Easements	50 years
Infrastructure	50 years
Right to use/Subscription	Lesser of useful life or lease period

(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.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

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

(i) Implementation of New Accounting Standards

During the year ended June 30, 2024, CVAG adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, which seeks to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. CVAG also adopted GASB Statement No. 103, *Financial Reporting Model Improvements*, which seeks to improve key components of the financial reporting model including targeted improvements to the Management Discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses and changes in net position, major component unit information and budgetary comparison information.

(j) 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's data have been made to enhance their comparability to the current year.

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

The table below represents funds that reported a fund deficit at June 30, 2024. This is due to accounts receivable at June 30, 2024 not received within the availability period.

CV Sync	(\$2,771,108)
Grant Funding	(1,232,322)
CV Link	(36,138)
Tire Amnesty	(35,580)

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

**Note 3: Cash and Investments**

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

Cash on hand	\$ 10,066
Deposits with financial institutions	<u>1,226,807</u>
Total cash and deposits	<u>1,236,873</u>
Investments:	
Local Agency Investment Fund	14,460,463
Riverside County Pooled Investment Fund	<u>27,182,521</u>
Total investments	<u>41,642,984</u>
Total cash and investments	<u>\$ 42,879,857</u>

Disclosure Relating to Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and CVAG’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that 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 \$14,460,463 and Riverside County Pooled Investment Fund of \$27,182,521 are available on demand.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that the 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>Actual/Minimum Rating</u>	<u>Amount</u>
Local Agency Investment Fund	N/A	\$ 14,460,463
Riverside County Pooled Investment Fund	AAA/AAA	27,182,521
Total		<u>\$ 41,642,984</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.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

**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**

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     \$ 156,320

**Note 5: Interfund Receivables and Payables**

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

Due to	Due From	Amount
General Fund	Other Governmental Funds	\$ <u>612,558</u>
Measure A	Other Governmental Funds	315,738
Measure A	TUMF	65,393
Measure A	CV Sync	<u>16,388,912</u>
		16,770,043
Other Governmental Funds	TUMF	23,492
Other Governmental Funds	Other Governmental Funds	<u>469,988</u>
		493,480
		<u>\$ 17,876,081</u>

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

**Note 6: Interfund Transfers**

Transfers in and out between funds for the year ending June 30, 2024 were as follows:

Transfer In	Transfer Out	Amount
Other Governmental Funds	General Fund	\$ 2,180
CV Link	Measure A	12,512,978
CV Sync	Measure A	<u>25,187,366</u>
		<u>37,700,344</u>
CV Link	Other Governmental Funds	726,426
Other Governmental Funds	Other Governmental Funds	<u>402,661</u>
		<u>1,129,087</u>
	Total	<u>\$ 38,831,611</u>

Transfers in to the CV Sync and CV Link Funds from Measure A Fund are for expenditures incurred for the Traffic Signal Synchronization Project and CV Link active transportation pathway which utilize Measure A as a funding source. Other transfers noted are for reimbursement of expenditures.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

**Note 7: Capital Assets**

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

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
Capital assets, not depreciated:				
Land	\$ 10,682,344	-	(2,999,086)	7,683,258
Construction in progress	<u>38,782,837</u>	<u>83,343,833</u>	-	<u>122,126,670</u>
Total capital assets, not depreciated	<u>49,465,181</u>	<u>83,343,833</u>	<u>(2,999,086)</u>	<u>129,809,928</u>
Capital assets, being depreciated:				
Furniture	72,638	-	-	72,638
Easement	972,181	452,364	-	1,424,545
Equipment and Vehicles	760,350	61,014	(461,286)	360,078
Infrastructure	23,288,498	3,559,603	-	26,848,101
Right to use assets	1,566,481	-	-	1,566,481
Subscription asset	<u>77,810</u>	<u>494,293</u>	-	<u>572,103</u>
Total capital assets, being depreciated	<u>26,737,958</u>	<u>4,567,274</u>	<u>(461,286)</u>	<u>30,843,946</u>
Less accumulated depreciation:				
Furniture	(31,724)	(1,818)	-	(33,542)
Easement	(31,166)	(16,315)	-	(47,481)
Equipment and Vehicles	(735,957)	(9,620)	461,286	(284,291)
Infrastructure	-	(1,752,544)	-	(1,752,544)
Right to use assets	(50,832)	(152,496)	-	(203,328)
Subscription asset	<u>(19,453)</u>	<u>(19,453)</u>	-	<u>(38,906)</u>
Total accumulated depreciation	<u>(869,132)</u>	<u>(1,952,246)</u>	<u>461,286</u>	<u>(2,360,092)</u>
Total capital assets, being depreciated, net	<u>25,868,826</u>	<u>2,615,028</u>	-	<u>28,483,854</u>
Total capital assets, net	<u>\$ 75,334,007</u>	<u>85,958,861</u>	<u>(2,999,086)</u>	<u>158,293,782</u>

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

Transportation	<u>\$1,952,246</u>
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**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

**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:

<u>Fiscal Period</u>		<u>Fiscal Year Ending</u>	<u>Total</u>
<u>From</u>	<u>To</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	5,897,592
		2022	10,795,963
		2023	7,715,614
		2024	4,931,424
			<u>\$ 159,427,622</u>

In addition, CVAG received \$24,383,399 relating to Measure A in lieu of TUMF for the Cities of Coachella, Desert Hot Springs, and La Quinta who were deferred participants in the TUMF program. All amounts owed to CVAG from these agencies were repaid in full by June 30, 2020.

**Note 9: Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2024, is as follows:

	<u>Balance at July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2024</u>	<u>Due within One Year</u>
Revenue bonds payable	\$ 15,469,941	-	(2,134,916)	13,335,025	2,267,354
Lease liability	1,560,112	-	(97,354)	1,462,758	118,101
Subscription-based IT payable	60,707	480,447	(18,605)	522,549	54,127
	<u>\$ 17,090,760</u>	<u>480,447</u>	<u>(2,250,875)</u>	<u>15,320,332</u>	<u>2,439,582</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.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

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

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.

As of June 30, 2024, annual debt service requirement of the revenue bonds payable is as follows:

Fiscal Year Ending	Principal	Interest	Total
2025	\$ 2,267,354	744,880	3,012,234
2026	2,408,158	604,074	3,012,232
2027	2,557,867	454,366	3,012,233
2028	2,717,055	295,178	3,012,233
2029	2,886,333	125,900	3,012,233
2030-2031	498,258	3,781	502,039
	<u>\$ 13,335,025</u>	<u>2,228,179</u>	<u>15,563,204</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.

**Lease Liability Payable**

CVAG entered into two leases for office space with a lease term of ten years. CVAG is required to make monthly fixed payments ranging from \$11,444 to \$14,932 and \$2,453 to \$3,201, with a discount rate of 3.83%. As of June 30, 2024, the value of the lease payable is \$1,462,758.

As of June 30, 2024, annual debt service requirement of the revenue lease liability is as follows:

Fiscal Year Ending	Principal	Interest	Total
2025	\$ 118,101	53,969	172,070
2026	127,957	49,275	177,232
2027	138,356	44,193	182,549
2028	149,327	38,699	188,026
2029	160,885	32,781	193,666
2030-2033	768,132	67,942	836,074
	<u>\$ 1,462,758</u>	<u>286,859</u>	<u>1,749,617</u>

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

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

Subscription-Based IT Payable

CVAG has entered into a subscription-based IT arrangements for various budget software and is required to make annual payments ranging from \$21,499 to \$22,574 over the arrangement terms. The payable at June 30, 2024, was \$522,549.

The future principal and interest lease payments as of June 30, 2024, are as follows:

Fiscal Year Ending	Principal	Interest	Total
2025	\$ 54,127	24,690	78,817
2026	57,553	22,339	79,892
2027	37,470	19,848	57,318
2028	39,379	17,939	57,318
2029	41,385	15,933	57,318
2030-2034	<u>292,635</u>	<u>39,918</u>	<u>332,553</u>
	<u>\$ 522,549</u>	<u>140,667</u>	<u>663,216</u>

**Note 10: Compensated Absences**

CVAG's policies relating to compensated absences are described in Note 1. This liability of \$309,964 at June 30, 2024 is expected to be paid in future years from future resources and is typically liquidated from the General Fund.

	Balance at July 1, 2023*	Additions	Deletions	Balance at June 30, 2024	Due within One Year
Compensated absences	\$ 222,235	<u>236,769</u>	<u>(149,040)</u>	<u>309,964</u>	<u>232,473</u>

\*Beginning balance restated to reflect implementation of GASB 101

**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 Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2024

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

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2024

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

#### Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2023-24.

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: 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, 2024**

**Note 12: Pension Plan (Continued)**

The provisions and benefits of the plan in effect at June 30, 2024, are summarized as follows:

	Tier 1	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
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	6.92%	8.25%
Required employer contribution rates	13.26%	8.00%

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 July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ending June 30, 2024, the contributions recognized as part of pension expense was \$583,723.

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 (Asset) (c) = (a) - (b)</b>
Measurement Date:			
Balance at: 6/30/22	\$ 12,751,965	11,033,425	1,718,540
Balance at: 6/30/23	<u>13,575,139</u>	<u>11,663,156</u>	<u>1,911,983</u>
Net Changes During 2022-23	<u>\$ 823,174</u>	<u>629,731</u>	<u>193,443</u>

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

**Note 12: Pension Plan (Continued)**

CVAG’s net pension liability for each Plan is measured as a proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2023, 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, 2022 rolled forward to June 30, 2023 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, 2022 and 2023, was as follows:

Proportion - June 30, 2022	0.03673%
Proportion - June 30, 2023	<u>0.03824%</u>
Change - Increase (Decrease)	<u>0.00151%</u>

For the year ended June 30, 2024, CVAG recognized a total pension expense of \$800,456. At June 30, 2024, the CVAG reported deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 586,693	-
Changes in assumptions	115,435	-
Differences between expected and actual experience	97,674	15,152
Adjustment due to difference in contributions	16,426	114,642
Adjustment due to difference in proportions	313,921	-
Net difference between projected and actual earnings on pension plan investments	<u>309,567</u>	<u>-</u>
	<u>\$ 1,439,716</u>	<u>129,794</u>

The \$586,693 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, 2025. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ 295,407
2026	185,740
2027	233,201
2028	8,881
2029	-
	<u>\$ 723,229</u>

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2024

### **Note 12: Pension Plan (Continued)**

#### Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2023 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. The June 30, 2023 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	6.90%
Inflation	2.30%
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	The lesser of contract COLA up to 2.30% 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 rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report that can be found on the CalPERS website.

#### Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90 percent. The projection of cash flows used to determine the discount rate assumed contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

**Note 12: Pension Plan (Continued)**

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 <sup>1,2</sup>
Global equity - cap-weighted	30%	4.54%
Global equity non-cap weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021-22 Asset Liability Management Study.

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 6.90% 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 (5.90%) or 1% point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Net pension liability (asset)	\$ 3,747,963	1,911,983	400,814

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, 2024**

**Note 13: Capital Projects and Programs**

The following represents the unexpended project budgets as of June 30, 2024. Unexpended project budgets may be reprogrammed to other projects upon finalization of all pending items (final bills, disposition of change orders, etc.)

Airport Boulevard Bridge Replacement (Orange St to Desert Cactus Drive)	\$ 4,863,000
Arts & Music Line	1,338,233
AVE 50 (JEFFERSON TO JACKSON)	363,261
Ave 50 Bridge (Washington St & La Quinta Evacuation Channel)	3,832,873
Avenue 44 Bridge	2,594,447
Avenue 48 (between Van Buren and Dillon Road)	2,342,941
Avenue 50 (bet. Calhoun St. & Cesar Chaves (formerly Harrison St.))	5,509,136
Avenue 50 and Jackson St. Intersection Improvements	549,497
Avenue 50 Bridge	3,890,225
Avenue 56 (Harrison Street to Hwy 111)	7,898,603
Avenue 66 Grade Separation	101,320
Bicycle and Pedestrian Safety Program	685,196
Changeable Message Signs Palm Drive and N Indian Canyon	322,418
CV Link	24,619,371
CV Link Connectors	1,602,489
CV Sync Regional Traffic Signal Synchronization	30,676,932
CV Sync Varner Road I-10 Bypass (III)	4,980,562
Dune Palms Road Bridge	3,168,529
East Palm Canyon Dr. Bridge (over Palm Canyon Wash)	754,114
Flood & Blowsand - Indian Canyon	4,138,163
Frank Sinatra Bridge over WWR	4,277,942
Indian Avenue (Garnet to and including Railroad Crossing Bridge)	4,275,132
Interchange Preparation Fund	11,863,324
JACKSON ST I10 INTERCHANGE	4,319,583
Madison Street (Avenue 52 to Indio Boulevard)	1,454,921
Portola / I-10 Interchange	7,896,172
Portola Avenue (NW of Fred Waring Dr.)	42,500
Ramon Road Bridge Widening	6,046,093
S. Palm Canyon Dr. Bridge (over Tahquitz Creek Channel)	720,387
Varner Road (Intersection Impr. at Ramon Rd.)	1,164,000
Vista Chino Drive Bridge	7,733,208
Total unexpended project budgets	<u>154,024,572</u>
Less: amounts to be provided in future years	<u>(88,352,232)</u>
Restricted fund balance associated with specific capital projects and programs	<u>\$ 65,672,340</u>

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

**Note 14: 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,	
2020	\$ 20,916,167
2021	26,018,189
2022	27,299,763
2023	27,829,419
2024	27,185,225

**Note 15: 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 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, 2024, the remaining commitment to the MSHCP is \$5,675,000. 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, 2024**

**Note 16: Prior Period Adjustment**

CVAG implemented GASB 101: Compensated Absences during the fiscal year. This adjustment recognized vacation and sick leave (including applicable payroll taxes and retirement contributions) that has not been used but is more likely than not to be used or settled in the future.

	Governmental Activities
Beginning net position, as previously reported	<u>\$ 136,222,801</u>
Additional Compensated absences liability	<u>(55,330)</u>
Beginning net position, as restated	<u><u>\$ 136,167,471</u></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, 2024**

	Budget Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
<b>Revenues:</b>					
Member dues	\$ 566,762	566,762	-	581,782	15,020
Grants	-	-	-	12,450	12,450
Investment income (loss)	20,094	20,094	-	59,070	38,976
Miscellaneous	13,200	13,200	-	290,050	276,850
<b>Total Revenues</b>	<b>600,056</b>	<b>600,056</b>	<b>-</b>	<b>943,352</b>	<b>343,296</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Salaries	189,262	189,262	-	131,861	(57,401)
Benefits	89,817	89,817	-	57,933	(31,884)
Meeting attendance stipends	21,315	21,315	-	19,058	(2,257)
Office operations	12,438	12,438	-	8,884	(3,554)
Professional services	9,231	9,231	-	2,120	(7,111)
Consultants/service providers	-	-	-	68,569	68,569
Capital outlay	10,759	10,759	-	481,417	470,658
Employee travel or training	1,196	1,196	-	678	(518)
Facility expenses	19,386	19,386	-	11,363	(8,023)
Construction/project costs	28,750	28,750	-	50,927	22,177
<b>Debt service:</b>					
Principal retirement	-	-	-	4,550	4,550
Interest and fiscal charges	-	-	-	2,482	2,482
<b>Total Expenditures</b>	<b>382,154</b>	<b>382,154</b>	<b>-</b>	<b>839,842</b>	<b>457,688</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>217,902</b>	<b>217,902</b>	<b>-</b>	<b>103,510</b>	<b>(114,392)</b>
<b>Other Financing Sources (Uses):</b>					
Issuance of lease	-	-	-	480,447	480,447
Transfers out	-	-	-	(2,180)	(2,180)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>478,267</b>	<b>478,267</b>
<b>Net Change in Fund Balance</b>	<b>217,902</b>	<b>217,902</b>	<b>-</b>	<b>581,777</b>	<b>363,875</b>
Fund Balance - Beginning	2,179,087	2,179,087	-	2,179,087	-
Fund Balance - Ending	\$ 2,396,989	2,396,989	-	2,760,864	363,875

See accompanying notes to required supplementary information.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

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

**Year ended June 30, 2024**

	Budget Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
<b>Revenues:</b>					
Mitigation fees	\$ 7,222,975	7,222,975	-	4,931,424	(2,291,551)
Investment income	191,891	191,891	-	580,896	389,005
Transportation local contribution	1,208,734	1,208,734	-	2	(1,208,732)
Miscellaneous	-	-	-	1,404	1,404
<b>Total Revenues</b>	<b>8,623,600</b>	<b>8,623,600</b>	<b>-</b>	<b>5,513,726</b>	<b>(3,109,874)</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Salaries	317,408	317,408	-	346,120	28,712
Benefits	129,453	129,453	-	139,903	10,450
Meeting attendance stipends	4,539	4,539	-	1,960	(2,579)
Office operations	22,585	22,585	-	33,198	10,613
Professional services	246,489	246,489	-	197,293	(49,196)
Consultants/service providers	-	-	-	20,252	20,252
Capital outlay	18,053	18,053	-	2,288	(15,765)
Employee travel or training	3,207	3,207	-	4,778	1,571
Facility expenses	31,361	31,361	-	27,081	(4,280)
Construction/project costs	7,785,057	7,785,057	-	4,339,948	(3,445,109)
<b>Debt service:</b>					
Principal retirement	-	-	-	11,308	11,308
Interest and fiscal charges	-	-	-	6,109	6,109
<b>Total Expenditures</b>	<b>8,558,151</b>	<b>8,558,151</b>	<b>-</b>	<b>5,130,238</b>	<b>(3,427,913)</b>
<b>Net Change in Fund Balance</b>	<b>65,449</b>	<b>65,449</b>	<b>-</b>	<b>383,488</b>	<b>318,039</b>
Fund Balance - Beginning	15,314,670	15,314,670	-	15,314,670	-
Fund Balance - Ending	\$ 15,380,119	15,380,119	-	15,698,158	318,039

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, 2024**

	Budget Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
<b>Revenues:</b>					
Measure A	\$ 40,688,439	40,688,439	-	52,705,373	12,016,934
Investment income	875,974	875,974	-	1,860,189	984,216
RCTC admin reimbursements	1,457,500	1,457,500	-	1,385,875	(71,625)
Transportation local contribution	235,843	235,843	-	65,393	(170,450)
<b>Total Revenues</b>	<b>43,257,755</b>	<b>43,257,755</b>	<b>-</b>	<b>56,016,830</b>	<b>12,759,075</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Salaries	604,194	604,194	-	541,810	(62,384)
Benefits	243,887	243,887	-	218,119	(25,768)
Meeting attendance stipends	8,492	8,492	-	3,640	(4,852)
Office operations	41,761	41,761	-	59,293	17,532
Professional services	458,484	458,484	-	370,568	(87,916)
Consultants/service providers	1,813,974	1,813,974	-	63,901	(1,750,073)
Capital outlay	34,364	34,364	-	1,925,888	1,891,524
Employee travel or training	6,020	6,020	-	8,529	2,509
Facility expenses	59,297	59,297	-	45,872	(13,425)
Construction/project costs	14,957,961	14,957,961	-	9,725,252	(5,232,709)
<b>Debt service:</b>					
Principal	-	-	-	2,154,024	2,154,024
Interest	-	-	-	887,634	887,634
<b>Total Expenditures</b>	<b>18,228,434</b>	<b>18,228,434</b>	<b>-</b>	<b>16,004,530</b>	<b>(2,223,904)</b>
<b>Excess of Revenues Over Expenditures</b>	<b>25,029,321</b>	<b>25,029,321</b>	<b>-</b>	<b>40,012,300</b>	<b>14,982,979</b>
<b>Other Financing Sources (Uses):</b>					
Sale of land	-	-	-	3,369,374	3,369,374
Transfers out	(24,731,348)	(24,731,348)	-	(37,700,344)	(12,968,996)
<b>Total Other Financing Sources (Uses)</b>	<b>(24,731,348)</b>	<b>(24,731,348)</b>	<b>-</b>	<b>(34,330,970)</b>	<b>(12,968,996)</b>
<b>Net Change in Fund Balance</b>	<b>297,973</b>	<b>297,973</b>	<b>-</b>	<b>5,681,330</b>	<b>5,383,357</b>
Fund Balance - Beginning	48,332,419	48,332,419	-	48,332,419	-
Fund Balance - Ending	\$ 48,630,392	48,630,392	-	54,013,749	5,383,357

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, 2024**

	Budget Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
<b>Revenues:</b>					
Grants	\$ 16,073,449	16,073,449	-	8,143,998	(7,929,451)
Investment income	-	-	-	733	733
Other governmental	1,670,000	1,670,000	-	1,670,000	-
Miscellaneous	-	-	-	2,000	2,000
<b>Total Revenues</b>	<b>17,743,449</b>	<b>17,743,449</b>	<b>-</b>	<b>9,816,731</b>	<b>(7,926,718)</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Salaries	205,491	205,491	-	84,492	(120,999)
Benefits	110,676	110,676	-	38,022	(72,654)
Meeting attendance stipends	877	877	-	-	(877)
Office operations	14,638	14,638	-	11,269	(3,369)
Professional services	16,748	16,748	-	9,388	(7,360)
Consultants	-	-	-	16,783	16,783
Capital outlay	-	-	-	55,806	55,806
Employee travel or training	1,299	1,299	-	366	(933)
Facility expenses	28,136	28,136	-	15,125	(13,011)
Construction/project costs	33,260,149	33,260,149	-	20,361,242	(12,898,907)
<b>Debt service:</b>					
Principal retirement	-	-	-	4,032	4,032
Interest and fiscal charges	-	-	-	2,170	2,170
<b>Total Expenditures</b>	<b>33,638,012</b>	<b>33,638,012</b>	<b>-</b>	<b>20,598,695</b>	<b>(13,039,317)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(15,894,563)</b>	<b>(15,894,563)</b>	<b>-</b>	<b>(10,781,964)</b>	<b>5,112,599</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	15,894,563	15,894,563	15,894,563	13,239,404	(2,655,159)
<b>Total Other Financing Sources (Uses)</b>	<b>15,894,563</b>	<b>15,894,563</b>	<b>15,894,563</b>	<b>13,239,404</b>	<b>(2,655,159)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>15,894,563</b>	<b>2,457,440</b>	<b>2,457,440</b>
Fund Balance (Deficit) - Beginning	(2,493,578)	(2,493,578)	-	(2,493,578)	-
Fund Balance (Deficit) - Ending	<b>\$ (2,493,578)</b>	<b>(2,493,578)</b>	<b>-</b>	<b>(36,138)</b>	<b>2,457,440</b>

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 Sync**

**Year ended June 30, 2024**

	Budget Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
Revenues:					
Grants	\$ 18,740,800	18,740,800	-	39,828,220	21,087,420
Investment income	5,336	5,336	-	-	(5,336)
Miscellaneous	-	-	-	-	-
Total Revenues	<u>18,746,136</u>	<u>18,746,136</u>	<u>-</u>	<u>39,828,220</u>	<u>21,082,084</u>
Expenditures:					
Current:					
Salaries	109,778	109,778	-	238,746	128,968
Benefits	199,401	199,401	-	133,641	(65,760)
Meeting attendance stipends	468	468	-	-	(468)
Office operations	9,029	9,029	-	48,472	39,443
Professional services	5,357	5,357	-	4,879	(478)
Consultants	-	-	-	643,002	643,002
Capital outlay	27,889,438	27,889,438	-	64,369,015	36,479,577
Employee travel or training	694	694	-	3,189	2,495
Facility expenses	67,312	67,312	-	29,913	(37,399)
Construction/project costs	-	-	-	107	107
Debt service:					
Principal retirement	-	-	-	22,927	22,927
Interest and fiscal charges	-	-	-	11,024	11,024
Total Expenditures	<u>28,281,477</u>	<u>28,281,477</u>	<u>-</u>	<u>65,504,915</u>	<u>37,223,438</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,535,341)</u>	<u>(9,535,341)</u>	<u>-</u>	<u>(25,676,695)</u>	<u>(16,141,354)</u>
Other Financing Sources (Uses):					
Transfers in	9,535,341	9,535,341	-	25,187,366	15,652,025
Total Other Financing Sources (Uses)	<u>9,535,341</u>	<u>9,535,341</u>	<u>-</u>	<u>25,187,366</u>	<u>15,652,025</u>
Net Change in Fund Balance	-	-		(489,329)	(489,329)
Fund Balance (Deficit) - Beginning	<u>(2,281,779)</u>	<u>(2,281,779)</u>	<u>-</u>	<u>(2,281,779)</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ (2,281,779)</u>	<u>(2,281,779)</u>	<u>-</u>	<u>(2,771,108)</u>	<u>(489,329)</u>

See accompanying notes to required supplementary information.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

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

**Last Ten Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Measurement Date	06/30/23	06/30/22	06/30/21	06/30/20	06/30/19
Proportion of the net pension liability (asset)	0.03824%	0.03673%	-0.00291%	0.03868%	0.02398%
Proportionate share of the net pension liability (asset)	\$ 1,911,983	1,718,540	(55,246)	1,631,820	2,457,681
Covered payroll	\$ 2,768,533	2,151,212	1,800,316	1,787,612	1,757,237
Proportionate Share of the net pension liability as a percentage of covered payroll	69.06%	79.89%	-3.07%	91.28%	139.86%
Plan fiduciary net position as a percentage of the total pension liability	77.97%	78.18%	90.49%	77.71%	75.26%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement Date	06/30/18	06/30/17	06/30/16	06/30/15	06/30/14
Proportion of the net pension liability (asset)	0.02306%	0.02283%	0.02221%	0.02071%	0.02196%
Proportionate share of the net pension liability (asset)	\$ 2,222,478	2,264,005	1,921,675	1,421,670	1,366,589
Covered payroll	\$ 1,399,410	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	158.82%	141.94%	123.58%	104.20%	99.94%
Plan fiduciary net position as a percentage of the total pension liability	73.39%	73.31%	75.87%	79.89%	81.15%

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: There were no assumption changes in 2023. In 2021, demographic assumptions and the inflation rate assumption were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions. In 2021, the accounting discount rate was reduced from 7.15 percent to 6.90 percent. 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**

	2024	2023	2022	2021	2020
Actuarially determined contributions - Miscellaneous	\$ 586,693	445,354	397,881	445,354	1,341,435
Contributions in relation to the actuarially determined contribution	<u>(586,693)</u>	<u>(445,354)</u>	<u>(397,881)</u>	<u>(445,354)</u>	<u>(1,341,435)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Covered payroll	 \$3,491,614	 2,768,533	 2,151,212	 1,800,316	 1,787,612
 Contributions as a percentage of covered payroll	 16.80%	 16.09%	 18.50%	 24.74%	 75.04%
	2019	2018	2017	2016	2015
Actuarially determined contributions - Miscellaneous	294,482	242,382	221,669	217,333	214,845
Contributions in relation to the actuarially determined contribution	<u>(294,482)</u>	<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>	<u>-</u>
 Covered payroll	 1,757,237	 1,399,410	 1,595,046	 1,555,017	 1,364,384
 Contributions as a percentage of covered payroll	 16.76%	 17.32%	 13.90%	 13.98%	 15.75%

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	6.80%
Projected Salary	Varies by entry age and service
Inflation	2.30%
Payroll Growth	2.80%

Changes in Assumptions: There were no assumption changes in 2023. Effective with the June 30, 2021 valuation (2022 measurement date), the CalPERS Board of Administration lowered the discount rate from 7.15 percent to 6.90. The minimum employer contributions for Fiscal Year 2021-22 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

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**

**Notes to Required Supplementary Information**

**Year ended June 30, 2024**

**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 General Fund had expenditures in excess of appropriations of \$470,834, as a result of the accounting method used for entering into new subscription based information technology. This is offset by an the issuance of lease revenue reported in the General Fund.

The CV Sync Fund had expenditure in excess of appropriations of \$37,223,440 in fiscal year 2024. This occurred as the CV Sync project experienced higher-than-anticipated activity levels due to three phases being active at once, resulting in expenditures that far exceeded the initial budget. Throughout the fiscal year, this activity was closely monitored and represents shifting of work originally planned in future years while remaining within Executive Committee approved contractual limits. This information was also presented to the CVAG Finance and Executive Committees in the Spring of 2024 as part of the fiscal year 2025 budget approval process. CVAG's fiscal year 2025 budget provides fiscal year 2024 year-end estimates alongside 2024 budgetary data. These projections closely align with the actual 2024 expenditures contained in this report.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to Required Supplementary Information**

**Year ended June 30, 2024**

	General Fund Over (Under)	TUMF Over (Under)	Measure A Over (Under)
<b>BUDGETARY REVENUES</b>			
Differences - final budget to actual:			
<b>Miscellaneous:</b> The increase in Miscellaneous is primarily due to the implementation of GASB Statement No. 96: Subscription-Based Information Technology Arrangements (SBITAs), which required the recognition of an other financing source which was booked solely to the general fund. This adjustment reflects the inflow of resources related to the ERP subscription arrangement, in accordance with the standard's treatment of such activity.	\$ 276,850	-	-
<b>Mitigation Fees:</b> The decrease in development mitigation fees from the budget is primarily due to fewer projects being permitted than expected.	-	(2,291,551)	-
<b>Transportation Local Contribution:</b> The variance between the budget and actuals is due to a reclassification of revenue into a new fund that was created after the budget was approved. As a result, the anticipated revenue originally reflected in the budgeted fund was transferred to the new fund, leading to a variance in the revenue account.	-	(1,208,732)	-
<b>Measure A:</b> The increase in Measure A revenue is primarily due to a shift in the reimbursement strategy for the CV Link and CV Sync projects as external funding becomes exhausted as the projects near completion. As a result, more Measure A revenue was utilized to support these projects, contributing to the observed increase in revenue from this source. The majority of the capital improvements were funded externally.	-	-	12,016,934
<b>Sale of land:</b> The variance is due to the sale of land that was not budgeted. The land was held for a project that was never constructed, and its sale generated unexpected revenue, which was not anticipated during the budget planning process.	-	-	3,369,374
<b>Investment income:</b> The actual amount of interest income exceeded the budgeted amount due to the conservative estimates originally developed during the budget process. Actual results saw higher return on investments than anticipated.	38,976	389,005	984,216
<b>BUDGETARY EXPENSES</b>			
Differences - final budget to actual:			
<b>Consultants/Service Providers:</b> The variance between the budget and actuals is primarily due to the expenditure for Coachella Valley Energy Commission strategic plan, which was not anticipated in the budget. However, CVAG also received external funding to cover these costs.	68,569	-	-
<b>Capital Outlay:</b> The increase in Capital Outlay expenditures is primarily due to the implementation of GASB Statement No. 96: Subscription-Based Information Technology Arrangements (SBITAs), which required the recognition of subscription-related expenditures within the general fund. This adjustment reflects the outflow of resources associated with the ERP subscription arrangement, in accordance with the standard's treatment of such activity, and is offset by the matching revenue recognized as an other financing source.	470,658	-	-
<b>Construction/Project Costs:</b> The decrease in Construction/Project Costs is primarily due to the reclassification of approximately \$2 million in certain expenditures into a new accounting fund that was created to track these items after the budget was approved. Additionally, there was less activity than originally anticipated, resulting in lower-than-expected expenditures.	-	(3,445,109)	-
<b>Consultants/Service Providers:</b> The decrease in consultant costs compared to the budget is primarily due to the capitalization of expenses associated with the Arts and Music Line project. Initially, in FY2022/23, CVAG incurred local funding expenses for project discovery under the assumption that the project would be treated as a non-capital arterial initiative. However, as discovery progressed into FY2023/24 and it was confirmed that CVAG would lead the project, the associated costs were reclassified and capitalized as part of the capital outlay for the project. This accounting treatment resulted in lower consultant costs being reflected in the operating budget while increasing capital outlay.	-	-	(1,750,073)
<b>Capital Outlay:</b> The increase in Capital Outlay is primarily due to the capitalization of expenses related to the Arts and Music Line project. For further details, please refer to the Consultants/Service Providers section above for Measure A.	-	-	1,891,524
<b>Construction/Project Costs:</b> The decrease in Construction/Project Costs from budget to actual is primarily due to construction activities for the regional arterial network projects being less than budgeted.	-	-	(5,232,709)

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Notes to Required Supplementary Information**

**Year ended June 30, 2024**

	<u>CV Link Over (Under)</u>	<u>CV Sync Over (Under)</u>
<b>BUDGETARY REVENUES</b>		
Differences - final budget to actual:		
<b>Grants:</b> The decrease in Grants is primarily due to a shift in the reimbursement strategy for the CV Link project as external funding becomes exhausted as the project nears completion. As a result, more Measure A revenue was utilized to support these projects than budgeted, contributing to the observed increase in revenue from this source. The majority of the capital improvements were funded externally.	\$ (7,929,451)	-
<b>Grants:</b> The grant revenue for CV Sync exceeded the budget due to a higher level of project activities utilizing external funding than initially anticipated in the budget. Increased demand and accelerated progress led to the completion of additional work during the reporting period, resulting in greater-than-expected reimbursements or funding allocations, also including Measure A as discussed above.	-	21,087,420
<b>BUDGETARY EXPENSES</b>		
Differences - final budget to actual:		
<b>Capital Outlay:</b> The actual capital outlay was lower than budgeted primarily due to reduced construction costs paid to vendors. This variance arose because certain planned payments were not incurred as anticipated during the reporting period, reflecting deviations from the original project timeline or expenditure schedule.	(12,898,907)	-
<b>Capital Outlay:</b> The expenditure for CV Sync project exceeded the budget due to a higher level of project activities than originally planned. An increase in the scope of work during the reporting period resulted in additional costs for materials, labor, and services. These unanticipated expenses, driven by the heightened pace of activities, contributed to the actual expenditures surpassing the budgeted amount.	-	36,479,577

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**SUPPLEMENTARY INFORMATION**

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Combining Balance Sheet  
Nonmajor Governmental Funds**

**June 30, 2024**

	Special Revenue Funds						
	Other Transportation	Special Projects	Multi-Species Habitat Conservation	AB2766 Grant	Oil Grant	AB939 Grant	Air Quality Enhancement
<b>Assets:</b>							
Cash and investments	\$ 45,784	55,386	-	461,524	16,403	49,341	39,928
Accounts receivable	-	-	-	-	-	-	-
Interest receivable	15,633	-	-	3,593	340	208	126
Due from other governments	99,399	-	314,889	218,862	-	-	-
Due from other funds	361,270	-	-	108,718	-	-	-
Deposits	-	-	-	-	-	-	-
Prepaid expenses	-	-	2,979	-	-	-	-
<b>Total Assets</b>	<b>\$ 522,086</b>	<b>55,386</b>	<b>317,868</b>	<b>792,697</b>	<b>16,743</b>	<b>49,549</b>	<b>40,054</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	-	2,042	-	3,222	-	-
Accrued liabilities	-	-	-	-	-	-	-
Due to other governments	-	4,975	-	-	-	-	40,000
Due to other funds	4,399	-	315,738	-	-	-	-
<b>Total Liabilities</b>	<b>4,399</b>	<b>4,975</b>	<b>317,780</b>	<b>-</b>	<b>3,222</b>	<b>-</b>	<b>40,000</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenues	95,000	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>95,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits):</b>							
Nonspendable	-	-	2,979	-	-	-	-
<b>Restricted:</b>							
Transportation	395,697	23,921	-	-	-	-	-
Environmental	-	-	-	792,697	13,521	49,549	54
Homeless	-	26,490	-	-	-	-	-
Unassigned	26,990	-	(2,891)	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>422,687</b>	<b>50,411</b>	<b>88</b>	<b>792,697</b>	<b>13,521</b>	<b>49,549</b>	<b>54</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 522,086</b>	<b>55,386</b>	<b>317,868</b>	<b>792,697</b>	<b>16,743</b>	<b>49,549</b>	<b>40,054</b>

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Combining Balance Sheet  
Nonmajor Governmental Funds**

**June 30, 2024**

	Special Revenue Funds (Continued)						Total
	Street Sweeping	Homeless	Tire Amnesty	Grant Funding	I-REN	Desert Community Energy	Governmental Funds
<b>Assets:</b>							
Cash and investments	-	2,334,675	-	-	-	-	3,003,041
Accounts receivable	-	38,730	-	-	-	-	38,730
Interest receivable	-	14,635	-	-	-	-	34,535
Due from other governments	246,661	73,264	58,378	1,948,433	403,971	166,677	3,530,534
Due from other funds	-	-	-	23,492	-	-	493,480
Deposits	-	2,900	-	-	-	-	2,900
Prepaid expenses	-	18,999	-	-	-	-	21,978
<b>Total Assets</b>	<b>246,661</b>	<b>2,483,203</b>	<b>58,378</b>	<b>1,971,925</b>	<b>403,971</b>	<b>166,677</b>	<b>7,125,198</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):</b>							
<b>Liabilities:</b>							
Accounts payable	45,139	15,756	-	695,876	570	716	763,321
Accrued liabilities	4,127	-	-	-	-	-	4,127
Due to other governments	5,999	2,135	-	727,712	15,183	-	796,004
Due to other funds	108,718	-	58,379	356,871	388,218	165,961	1,398,284
<b>Total Liabilities</b>	<b>163,983</b>	<b>17,891</b>	<b>58,379</b>	<b>1,780,459</b>	<b>403,971</b>	<b>166,677</b>	<b>2,961,736</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenues	19,688	13,314	35,579	1,423,788	-	-	1,587,369
<b>Total Deferred Inflows of Resources</b>	<b>19,688</b>	<b>13,314</b>	<b>35,579</b>	<b>1,423,788</b>	<b>-</b>	<b>-</b>	<b>1,587,369</b>
<b>Fund Balances (Deficits):</b>							
Nonspendable	-	18,999	-	-	-	-	21,978
<b>Restricted:</b>							
Transportation	-	-	-	-	-	-	419,618
Environmental	48,440	-	-	-	-	-	904,261
Homeless	-	2,432,999	-	-	-	-	2,459,489
Unassigned	14,550	-	(35,580)	(1,232,322)	-	-	(1,229,253)
<b>Total Fund Balances (Deficits)</b>	<b>62,990</b>	<b>2,451,998</b>	<b>(35,580)</b>	<b>(1,232,322)</b>	<b>-</b>	<b>-</b>	<b>2,576,093</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>246,661</b>	<b>2,483,203</b>	<b>58,378</b>	<b>1,971,925</b>	<b>403,971</b>	<b>166,677</b>	<b>7,125,198</b>

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

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

**Year ended June 30, 2024**

	Special Revenue Funds						
	Other Transportation	Special Projects	Multi-Species Habitat Conservation	AB2766 Grant	Oil Grant	AB939 Grant	Air Quality Enhancement
Revenues:							
Grants	\$ 4,177	-	-	-	53,537	-	-
Investment income (loss)	61,417	-	-	23,368	3,091	618	55
Other governmental	697,500	-	1,195,493	430,561	-	16,234	40,000
Miscellaneous	-	27,000	-	185	-	185	-
<b>Total Revenues</b>	<b>763,094</b>	<b>27,000</b>	<b>1,195,493</b>	<b>454,114</b>	<b>56,628</b>	<b>17,037</b>	<b>40,055</b>
Expenditures:							
Current:							
Salaries	25,572	-	669,001	31,063	8,026	9,162	1,886
Benefits	10,461	-	326,595	13,168	2,827	3,984	611
Memberships and per diem	44	-	2,263	2,194	27	2,148	-
General and office expenses	1,308	-	53,675	1,600	9,489	469	110
Professional services	356	-	9,141	407	91	126	30
Consultants	1,009	-	27,984	1,330	64,291	371	54
Capital outlay	1,106	-	32,623	1,372	344	403	85
Transportation and meetings	57	-	5,840	64	18	21	-
Utilities	983	-	25,422	1,158	259	342	102
Project costs	133	20,551	7,492	188	8,143	59	40,012
Debt service:							
Principal retirement	889	-	23,000	1,062	259	317	73
Interest and fiscal charges	482	-	12,458	576	138	172	40
<b>Total Expenditures</b>	<b>42,400</b>	<b>20,551</b>	<b>1,195,494</b>	<b>54,182</b>	<b>93,912</b>	<b>17,574</b>	<b>43,003</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	720,694	6,449	(1)	399,932	(37,284)	(537)	(2,948)
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	-	30,762	2,983
Transfers out	(726,426)	-	-	(340,317)	(31,582)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(726,426)</b>	<b>-</b>	<b>-</b>	<b>(340,317)</b>	<b>(31,582)</b>	<b>30,762</b>	<b>2,983</b>
<b>Net Change in Fund Balances</b>	<b>(5,732)</b>	<b>6,449</b>	<b>(1)</b>	<b>59,615</b>	<b>(68,866)</b>	<b>30,225</b>	<b>35</b>
Fund Balance (Deficit) - Beginning	428,419	43,962	89	733,082	82,387	19,324	19
Fund Balance (Deficit) - Ending	\$ 422,687	50,411	88	792,697	13,521	49,549	54

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

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

**Year ended June 30, 2024**

	Special Revenue Funds (Continued)					Desert Community Energy	Total Governmental Funds
	Street Sweeping	Homeless	Tire Amnesty	Grant Funding	I-REN		
<b>Revenues:</b>							
Grants	226,973	-	-	-	-	-	284,687
Investment income (loss)	-	80,367	-	-	-	-	168,916
Other governmental	150,000	1,307,437	-	1,623,383	-	676,721	6,137,329
Miscellaneous	10,813	-	-	-	602,845	-	641,028
<b>Total Revenues</b>	<b>387,786</b>	<b>1,387,804</b>	<b>-</b>	<b>1,623,383</b>	<b>602,845</b>	<b>676,721</b>	<b>7,231,960</b>
<b>Expenditures:</b>							
<b>Current:</b>							
Salaries	15,750	571,456	2,804	42,625	212,054	405,750	1,995,149
Benefits	6,423	323,336	969	19,297	97,406	159,462	964,539
Memberships and per diem	34	1,049	8	24	756	2,564	11,111
General and office expenses	11,053	513,497	143	1,900	14,055	26,840	634,139
Professional services	201	23,136	30	123,052	3,857	5,535	165,962
Consultants	696	23,451	148	15,847	8,107	16,837	160,125
Capital outlay	694	81,007	127	1,790	9,206	17,609	146,366
Transportation and meetings	33	23,331	6	145	647	3,417	33,579
Utilities	579	24,156	92	1,390	8,182	15,082	77,747
Project costs	700,840	5,404	31,934	2,647,190	1,244	2,156	3,465,346
<b>Debt service:</b>							
Principal retirement	537	4,838	90	1,626	7,414	13,929	54,034
Interest and fiscal charges	289	1,436	49	819	4,032	7,540	28,031
<b>Total Expenditures</b>	<b>737,129</b>	<b>1,596,097</b>	<b>36,400</b>	<b>2,855,705</b>	<b>366,960</b>	<b>676,721</b>	<b>7,736,128</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(349,343)	(208,293)	(36,400)	(1,232,322)	235,885	-	(504,168)
<b>Other Financing Sources (Uses):</b>							
Transfers in	337,334	-	31,582	-	2,180	-	404,841
Transfers out	-	-	(30,762)	-	-	-	(1,129,087)
<b>Total Other Financing Sources (Uses)</b>	<b>337,334</b>	<b>-</b>	<b>820</b>	<b>-</b>	<b>2,180</b>	<b>-</b>	<b>(724,246)</b>
<b>Net Change in Fund Balances</b>	<b>(12,009)</b>	<b>(208,293)</b>	<b>(35,580)</b>	<b>(1,232,322)</b>	<b>238,065</b>	<b>-</b>	<b>(1,228,414)</b>
Fund Balance (Deficit) - Beginning	74,999	2,660,291	-	-	(238,065)	-	3,804,507
Fund Balance (Deficit) - Ending	62,990	2,451,998	(35,580)	(1,232,322)	-	-	2,576,093