

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025



DavisFarr

CERTIFIED PUBLIC ACCOUNTANTS

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Financial Statements

Year ended June 30, 2025

(With Independent Auditor's Report Thereon)

THIS PAGE INTENTIONALLY LEFT BLANK.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Financial Statements

Year ended June 30, 2025

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	54
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Transportation Uniform Mitigation Fees	55
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Measure A	56
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - CV Link	57
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – CV Sync	58
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Grant Funding	59
Schedule of Proportionate Share of Net Pension Liability (Asset) – Miscellaneous Plan	60
Schedule of Pension Contributions – Miscellaneous Plan	61
Notes to Required Supplementary Information	62
Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	70

THIS PAGE INTENTIONALLY LEFT BLANK.

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, 2025, 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, 2025, 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.

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 2024 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated January 31, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 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 February 11, 2026 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
February 11, 2026

THIS PAGE INTENTIONALLY LEFT BLANK.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

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, 2025, with comparative information from the fiscal year ended June 30, 2024. 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 the Association'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 Director of Finance.

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 2025	Fiscal Year 2024	Dollar Change	Total Percentage Change
<u>Assets:</u>				
Cash and investments	\$ 59,680	\$ 42,880	\$ 16,800	39.18%
Other current assets	50,800	60,482	(9,683)	(16.01%)
Capital assets, net of depreciation	<u>235,535</u>	<u>158,294</u>	<u>77,241</u>	<u>48.80%</u>
Total Assets	<u>346,015</u>	<u>261,656</u>	<u>84,359</u>	<u>32.24%</u>
<u>Deferred Outflows of Resources:</u>				
Deferred pension related items	<u>1,201</u>	<u>1,440</u>	<u>(239)</u>	<u>(16.60%)</u>
Total Deferred Outflows of Resources	<u>1,201</u>	<u>1,440</u>	<u>(239)</u>	<u>(16.60%)</u>
<u>Liabilities:</u>				
Current liabilities	27,602	19,818	7,784	39.27%
Noncurrent liabilities:				
Due within one year:	2,932	2,672	260	9.74%
Due in more than one year:	<u>12,612</u>	<u>14,870</u>	<u>(2,258)</u>	<u>(15.18%)</u>
Total Liabilities	<u>43,147</u>	<u>37,361</u>	<u>5,786</u>	<u>15.49%</u>
<u>Deferred Inflows of Resources:</u>				
Deferred pension related items	<u>60</u>	<u>130</u>	<u>(70)</u>	<u>(53.95%)</u>
Total Deferred Inflows of Resources	<u>60</u>	<u>130</u>	<u>(70)</u>	<u>(53.95%)</u>
<u>Net Position:</u>				
Investment in capital assets	233,174	156,308	76,866	49.18%
Restricted:				
Transportation	67,580	67,941	(360)	(0.53%)
Environmental	755	904	(149)	(16.47%)
Homeless	2,144	2,459	(315)	(12.82%)
Unrestricted	<u>355</u>	<u>(2,008)</u>	<u>2,362</u>	<u>117.67%</u>
Total Net Position	<u>\$ 304,009</u>	<u>\$ 225,605</u>	<u>\$ 78,404</u>	<u>34.75%</u>

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

The table above demonstrates that as of June 30, 2025, CVAG's total net position – assets and deferred outflows minus liabilities and deferred inflows – was about \$304.0 million, an increase of \$78.4 million or 34.8 percent compared with 2024. The increase is primarily due to a 48.8 percent or \$77.2 million increase in capital assets, net of depreciation, 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 2025	Fiscal Year 2024	Dollar Change	Total Percentage Change
<u>Operating Expenses:</u>				
Administrative	\$ 3,078	\$ 2,810	\$ 269	9.57%
Transportation	36,463	22,374	14,089	62.97%
Other	2,654	1,782	872	48.96%
Interest expense	828	937	(109)	(11.64%)
Total Expenses	<u>43,024</u>	<u>27,903</u>	<u>15,121</u>	<u>54.19%</u>
<u>Program Revenues:</u>				
Charges for services	2,960	2,475	485	19.59%
Operating contributions and grants	8,644	9,434	(789)	(8.37%)
Capital contributions and grants	106,933	102,451	4,482	4.37%
<u>General Revenues:</u>				
Investment income (loss)	2,868	2,611	257	9.86%
Gain on sale of land	-	370	(370)	(100.00%)
Other	23	-	23	100.00%
Total Revenues	<u>121,428</u>	<u>117,341</u>	<u>4,087</u>	<u>3.48%</u>
Changes in Net Position	78,404	89,438	(11,034)	(12.34%)
Net Position - Beginning	225,605	136,167	89,438	65.68%
Net Position - Ending	<u>\$ 304,009</u>	<u>\$ 225,605</u>	<u>\$ 78,404</u>	<u>34.75%</u>

The Statement of Activities shows that in fiscal year 2025, governmental revenues of \$121.4 million exceeded expenses of \$43.0 million resulting in the \$78.4 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 2025, total program revenue increased primarily due to capital contributions and grants which were up by 4.4 percent from the prior year mostly related to CV Link construction activity as the project advanced toward completion. In addition, regional arterial projects like Avenue 50 related 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 \$15.1 million, or 54.2 percent, from fiscal year 2024. This increase is primarily attributed to heightened transportation construction activity, as outlined in the "Increase in Program Revenues" section. Key regional arterial projects particularly in the East Valley, such as the Avenue 50 Bridge in Coachella, Airport Boulevard Bridge, Avenue 50 in the Cities of Coachella and Indio as well as Avenue 48, incurred higher construction costs compared to the prior year as cities and other lead agencies advanced additional phases of construction. Other notable projects with ongoing costs included Indian Canyon Drive in the City of Palm Springs Dune Palms and Bridge in City of La Quinta. 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 \$3.8 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 decreased by \$18 thousand in fiscal year 2025 compared to fiscal year 2024. This growth was primarily driven by lower yields on investments as interest rates decreased. Meanwhile, miscellaneous revenue also decreased, as contributions from the Imperial Irrigation District (IID) and Coachella Valley Water District (CVWD) that were received in fiscal year 2024 for long-term governance and strategic initiatives of the Coachella Valley Energy Commission (CVEC) were discontinued in fiscal year 2025.
- Total expenditures increased by \$145 thousand, primarily due to higher salaries and benefits being charged to the general fund reflecting increased staff time on projects like the CVEC which were offset by previously received revenue. Additionally, fiscal year 2025 increased by approximately \$45.5 thousand mostly due to additional lease costs under GASB No. 87; these expenditures were offset in the General Fund by the recognition of corresponding revenue.

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 \$13.5 million.

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

- Total revenues increased by \$1.9 million. While the base calculation for TUMF rose, overall collections increased due to continued permitting of growth-oriented building development projects within CVAG's member jurisdictions.
- The increase in total expenditures by \$4.3 million is primarily attributable to higher project cost reimbursements, driven by increased transportation construction activity for ongoing regional arterial projects mentioned above.

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 \$53.3 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 Link and regional arterial projects significantly increased in FY25 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 and CV Link near completion.

- The increase in expenditures is primarily attributed to ongoing arterial projects, resulting in a total rise of \$8.3 million for work completed across various arterial initiatives.

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 (\$304) thousand. The fund deficit reflects outstanding retainage payable and is offset by incoming grant revenue on the government-wide financial statements, which is reported 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:

- Grants increased by \$4.1 million, primarily due to higher grant revenue that reimbursed project costs driven by increased construction activities, as the project nears completion.
- Total expenditure increased from the prior year by \$31.3 million due to increased activity on multiple segments of the CV Link project during fiscal year 2025 as it neared 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 (\$40) thousand. The fund deficit is offset by incoming grant revenue of \$40 thousand 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:

- Grant revenues decreased significantly by \$25.0 million, due to a reduction in construction expenditures compared to the prior fiscal year. Phase 2 construction was still ongoing as of June 30, 2025, with integration and system testing expected to be completed by June 30, 2026. As a result, reimbursable project costs for the current fiscal year were lower, contributing to the decline in grant revenue.

Grant Funding - The Grant Funding Fund is used to account for transportation-related grant revenues, local contributions, and the related expenditures for eligible transportation programs and projects, excluding CV Link, CV Sync, TUMF, and Measure A-funded activities. At the end of the current fiscal year, the total fund balance was (\$2.1) million. The fund deficit is offset by incoming 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 Grant Funding Fund from the prior year are as follows:

- Total revenues increased by \$851 thousand, reflecting higher project expenditures on ongoing regional arterial projects, such as the Jackson Street/I-10 Interchange and Avenue 48 between Van Buren Street and Dillon Road, which resulted in increased reimbursements.

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 June 30, 2025	Balance June 30, 2024	Increase (Decrease)	Total Percentage Change
Land and construction in progress	\$ 208,387	\$ 129,810	\$ 78,577	60.53%
Infrastructure	23,452	25,096	(1,644)	(6.55%)
Furniture	52	39	13	33.44%
Easement	1,360	1,377	(17)	(1.22%)
Right to use assets	1,717	1,363	354	25.96%
Subscription Assets and Software as a Service (SaaS)	502	533	(31)	(5.81%)
Equipment and Vehicles	64	76	(12)	(15.33%)
Total	<u>\$ 235,535</u>	<u>\$ 158,294</u>	<u>\$ 77,241</u>	<u>48.80%</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 right to use assets account grew in fiscal year 2025 as a result of CVAG entering into a new office lease agreement.

DEBT ADMINISTRATION

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

Long-Term Debt
(amounts expressed in thousands)

	Balance June 30, 2025	Balance June 30, 2024	Increase (Decrease)	Total Percentage Change
Revenue bonds payable	\$ 11,068	\$ 13,335	\$ (2,267)	(17.00%)
Compensated absences	386	310	76	24.47%
Lease Liability	1,855	1,463	392	26.78%
Subscription-based IT payable	506	523	(16)	(3.13%)
Total	<u>\$ 13,814</u>	<u>\$ 15,630</u>	<u>\$ (1,816)</u>	<u>(11.62%)</u>

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

In fiscal year 2025, CVAG entered into a new office lease agreement, which resulted in a significant increase in lease liability. The associated long-term obligations will be recognized and amortized over the term of the contract in accordance with GASB No. 87. This lease reflects CVAG's commitment to securing operational space to support its ongoing programs and administrative functions.

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 2026 budget or will be included in a future budget:

- Transportation Cash Flow Constraints - CVAG oversees cash flow as a critical element of its financial planning and monitoring activities related to expenditures on regional capital projects. These cashflow projections heavily rely on Measure A and Transportation Uniform Mitigation Fee (TUMF) revenue. CVAG's worsening long-term cash flow outlook for its transportation program demonstrate that available balances at the Riverside County Transportation Commission (RCTC) will be exhausted in fiscal year 2027 and internal CVAG available balances in TUMF and Measure A will be exhausted in subsequent fiscal years although current year revenues will still be collected. These challenges are in despite of significant success in securing external grants and are driven largely by declining local revenues, rising construction costs, and nearly \$1 billion in unfunded future interchange projects. To address this, CVAG staff have continued refining cash flow projections, are updating the Transportation Project Prioritization Study and the Transportation Uniform Mitigation Fee Nexus Study in fiscal year 2026 and are evaluating both revenue-enhancement and expenditure-reduction policy options such as adjusting the cost-sharing formula, increasing fees or taxes, reprioritizing projects, and limiting CVAG participation in high-cost projects. In fiscal year 2026, CVAG staff are forming an ad hoc committee composed of Transportation, Finance, Executive Committee members, and member-jurisdiction staff to review updated projections and studies and to develop policy recommendations for addressing short- and long-term cash flow challenges.
- CVLink Grand Openings- In the November 2025, grand opening celebrations were held for the CV Link as the active transportation pathway was placed into service. While punch list items and some costs will continue to be incurred in fiscal year 2026, most of the work has completed and costs are expected to decrease in future years. However, CVAG will, in collaboration with Desert Hot Springs, Riverside County, and Torres Martinez Desert Cahuilla Indians, initiate studies of future extension of CV Link to Desert Hot Springs and the Salton Sea.
- Grant Awards and Federal Funding Uncertainty - With the new federal administration, there continues to be uncertainty about federal funding opportunities and associated policies. Additionally, policy priorities have shifted to eliminate disadvantaged and equity metrics, focusing instead on modernization, the economy, and merit. These changes are impacting funding opportunities for CVAG and the region and have caused the agency to adjust the narrative of specific projects to align with the new priorities once the federal administration makes them known. CVAG will continue to monitor the new administration's budget actions and associated policies and will report any funding opportunities to advance priority projects.
- Staffing for a New Joint Powers Authority- Over the past several years, CVAG has been actively collaborating with the Imperial Irrigation District (IID), member jurisdictions, and the Coachella Valley Water District (CVWD) to address long-term electricity service issues in eastern Riverside County through the Coachella Valley Energy Commission (CVEC). In 2024, CVEC unanimously approved a resolution to create a new joint powers authority (JPA). In May 2025, the Cities of La Quinta and Indio as well as the County of Riverside formed the new JPA named the Coachella Valley Power Agency (CVPA). In June 2025, CVAG entered into a staffing agreement with the CVPA which is similar to the staffing arrangement that CVAG already has for the Coachella Valley Conservation Commission and Desert Community Energy. The staffing agreement allows CVAG to be reimbursed for staff time, administrative costs and overhead related to the specific agency. While negligible staff time was incurred for CVPA in fiscal year 2025, the budget for fiscal year 2026 allocates up to \$300 thousand for direct and indirect costs.

- Investment Income - Given the downward swing in short-term interest rates, CVAG expects a decrease in investment income for fiscal year 2026 and conservatively budgeted a little over \$1.5 million as revenue compared to closer to \$2.5 million received in fiscal year 2025.

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.

THIS PAGE INTENTIONALLY LEFT BLANK.

BASIC FINANCIAL STATEMENTS

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Statement of Net Position

June 30, 2025

(with comparative prior year information)

	Governmental Activities	
	2025	2024
Assets:		
Cash and investments (note 3)	\$ 59,680,030	42,879,857
Accounts receivable	44,200	49,772
Interest receivable	612,614	522,945
Deposits receivable	75,666	115,295
Prepaid items	105,448	99,568
Loans receivable (note 4)	145,899	156,320
Due from other governments	49,815,812	59,538,446
Capital assets, not being depreciated (note 7)	208,387,416	129,809,928
Capital assets, net of depreciation (note 7)	27,147,448	28,483,854
Total Assets	346,014,533	261,655,985
Deferred Outflows of Resources:		
Deferred amounts from pension plans (note 12)	1,200,733	1,439,716
Total Deferred Outflows of Resources	1,200,733	1,439,716
Liabilities:		
Accounts payable	13,177,145	12,464,048
Accrued liabilities	426,145	122,185
Due to other governments	13,998,648	7,232,182
Noncurrent Liabilities		
Due within one year		
Bonds payable (note 9)	2,408,158	2,267,354
Compensated absences (note 10)	289,366	232,473
Subscription-based IT payable (note 9)	60,569	54,127
Lease liability (note 9)	174,156	118,101
Due in more than one year		
Bonds payable (note 9)	8,659,513	11,067,671
Net pension liability (note 12)	1,730,527	1,911,983
Compensated absences (note 10)	96,455	77,491
Subscription-based IT payable (note 9)	445,631	468,422
Lease liability (note 9)	1,680,353	1,344,657
Total Liabilities	43,146,666	37,360,694
Deferred Inflows of Resources:		
Deferred amounts from pension plans (note 12)	59,770	129,794
Total Deferred Inflows of Resources	59,770	129,794
Net Position:		
Net investment in capital assets	233,174,155	156,308,475
Restricted:		
Transportation	67,580,362	67,940,657
Environmental	755,328	904,261
Homeless	2,144,276	2,459,489
Unrestricted	354,709	(2,007,669)
Total Net Position	\$ 304,008,830	225,605,213

See accompanying notes to the basic financial statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Statement of Activities

Year ended June 30, 2025

(with comparative prior year information)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	<u>Governmental Activities</u>	
					<u>2025</u>	<u>2024</u>
Governmental Activities:						
Administrative	\$ 3,078,392	2,959,804	714,727	-	596,139	361,325
Transportation	36,463,031	-	4,772,898	106,932,801	75,242,668	87,014,736
Other	2,654,306	-	3,156,739	-	502,433	18,109
Interest expense	828,302	-	-	-	(828,302)	(937,450)
Total Governmental Activities	<u>\$ 43,024,031</u>	<u>2,959,804</u>	<u>8,644,364</u>	<u>106,932,801</u>	<u>75,512,938</u>	<u>86,456,720</u>
			General Revenues:			
			Investment income		2,868,166	2,610,734
			Gain on sale of land		-	370,288
			Other		22,513	-
			Total General Revenues		<u>2,890,679</u>	<u>2,981,022</u>
			Change in Net Position		78,403,617	89,437,742
			Net Position - Beginning		<u>225,605,213</u>	<u>136,167,471</u>
			Net Position - Ending		<u>\$ 304,008,830</u>	<u>225,605,213</u>

See accompanying notes to the basic financial statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Balance Sheet - Governmental Funds

June 30, 2025

(with comparative prior year information)

	<u>General</u>	<u>TUMF</u>	<u>Measure A</u>	<u>CV Link</u>
Assets:				
Cash and investments	\$ 3,337,056	14,211,197	38,370,437	1,561,632
Accounts receivable	11,515	-	-	-
Interest receivable	5,282	133,771	454,464	149
Deposits	20,961	-	10,000	39,372
Prepaid items	65,683	1,614	2,998	-
Due from other governments	128,599	739,140	31,959,367	7,602,473
Due from other funds (note 5)	<u>481,352</u>	<u>2,309,872</u>	<u>-</u>	<u>420,697</u>
Total Assets	<u>\$ 4,050,448</u>	<u>17,395,594</u>	<u>70,797,266</u>	<u>9,624,323</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 110,210	61,860	330,819	8,867,828
Accrued liabilities	154,887	-	-	264,000
Due to other governments	4,838	3,475,560	8,211,601	756,495
Due to other funds (note 5)	<u>-</u>	<u>-</u>	<u>215,482</u>	<u>-</u>
Total Liabilities	<u>269,935</u>	<u>3,537,420</u>	<u>8,757,902</u>	<u>9,888,323</u>
Deferred Inflows of Resources:				
Unavailable revenues	<u>26,825</u>	<u>396,563</u>	<u>8,741,203</u>	<u>40,000</u>
Total Deferred Inflows of Resources	<u>26,825</u>	<u>396,563</u>	<u>8,741,203</u>	<u>40,000</u>
Fund Balances (Deficits):				
Nonspendable	65,683	1,614	2,998	-
Restricted:				
Transportation	-	13,459,997	53,295,163	-
Environmental	-	-	-	-
Homeless	-	-	-	-
Unassigned	<u>3,688,005</u>	<u>-</u>	<u>-</u>	<u>(304,000)</u>
Total Fund Balances (Deficits)	<u>3,753,688</u>	<u>13,461,611</u>	<u>53,298,161</u>	<u>(304,000)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 4,050,448</u>	<u>17,395,594</u>	<u>70,797,266</u>	<u>9,624,323</u>

See accompanying notes to the basic financial statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Balance Sheet - Governmental Funds

June 30, 2025

(with comparative prior year information)

	<u>CV Sync</u>	<u>Grant Funding</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
				2025	2024
Assets:					
Cash and investments	-	-	2,199,708	59,680,030	42,879,857
Accounts receivable	-	-	32,685	44,200	49,772
Interest receivable	-	-	18,948	612,614	522,945
Deposits	2,433	-	2,900	75,666	115,295
Prepaid items	2,977	-	32,176	105,448	99,568
Due from other governments	2,406,941	3,739,716	3,239,576	49,815,812	59,538,446
Due from other funds (note 5)	876,054	-	275,126	4,363,101	17,876,081
Total Assets	<u>3,288,405</u>	<u>3,739,716</u>	<u>5,801,119</u>	<u>114,696,871</u>	<u>121,081,964</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	3,029,850	673,060	103,518	13,177,145	12,464,048
Accrued liabilities	-	-	7,258	426,145	122,185
Due to other governments	258,554	1,230,551	61,049	13,998,648	7,232,182
Due to other funds (note 5)	-	1,745,616	2,402,003	4,363,101	17,876,081
Total Liabilities	<u>3,288,404</u>	<u>3,649,227</u>	<u>2,573,828</u>	<u>31,965,039</u>	<u>37,694,496</u>
 Deferred Inflows of Resources:					
Unavailable revenues	40,000	2,177,118	338,818	11,760,527	11,145,850
Total Deferred Inflows of Resources	<u>40,000</u>	<u>2,177,118</u>	<u>338,818</u>	<u>11,760,527</u>	<u>11,145,850</u>
 Fund Balances (Deficits):					
Nonspendable	2,977	-	32,176	105,448	99,568
Restricted:					
Transportation	-	-	132,346	66,887,506	70,129,832
Environmental	-	-	755,328	755,328	904,261
Homeless	-	-	2,144,276	2,144,276	2,459,489
Unassigned	(42,976)	(2,086,629)	(175,653)	1,078,747	(1,351,532)
Total Fund Balances (Deficits)	<u>(39,999)</u>	<u>(2,086,629)</u>	<u>2,888,473</u>	<u>70,971,305</u>	<u>72,241,618</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>3,288,405</u>	<u>3,739,716</u>	<u>5,801,119</u>	<u>114,696,871</u>	<u>121,081,964</u>

See accompanying notes to the basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

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

June 30, 2025

Fund Balances of Governmental Funds	\$ 70,971,305
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	239,960,656
Accumulated depreciation	(4,425,792)
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.	145,899
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds payable	(11,067,671)
Net pension liability	(1,730,527)
Compensated absences	(385,821)
Subscription-based IT payable	(506,200)
Lease liability	(1,854,509)
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.	11,760,527
Deferred outflows and inflows of resources related to pensions have not been reported in the governmental funds.	
Deferred outflows of resources related to pensions	1,200,733
Deferred inflows of resources related to pensions	<u>(59,770)</u>
Net Position of Governmental Activities	<u>\$ 304,008,830</u>

See accompanying notes to the basic financial statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year ended June 30, 2025
(with comparative prior year information)

	<u>General</u>	<u>TUMF</u>	<u>Measure A</u>	<u>CV Link</u>
Revenues:				
Member dues	\$ 596,940	-	-	-
Mitigation fees	-	6,525,686	-	-
Measure A	-	-	72,430,684	-
Grants	-	-	-	12,276,399
Investment income (loss)	41,526	874,385	1,851,217	639
Loan repayments	-	-	10,421	-
Other governmental	-	-	-	1,650,000
Miscellaneous	<u>76,538</u>	<u>-</u>	<u>22,513</u>	<u>1,780</u>
Total Revenues	<u>715,004</u>	<u>7,400,071</u>	<u>74,314,835</u>	<u>13,928,818</u>
Expenditures:				
Current:				
Salaries	199,851	400,391	653,106	81,935
Benefits	94,879	165,197	261,498	40,642
Meeting Attendance Stipends	21,132	2,482	4,610	-
General and office expenses	17,495	35,891	62,914	11,555
Professional services	10,763	152,620	247,390	67,181
Consultants	46,269	45,667	83,218	3,028
Capital outlay	539,297	372,159	2,539,265	50,607,507
Employee Travel or Training	271	2,698	4,918	302
Facility expenses	20,341	34,769	58,735	24,291
Project costs	21,275	8,190,987	17,343,941	1,067,865
Debt service:				
Principal retirement	9,105	16,960	2,295,952	7,517
Interest and fiscal charges	<u>4,287</u>	<u>7,988</u>	<u>758,348</u>	<u>3,540</u>
Total Expenditures	<u>984,965</u>	<u>9,427,809</u>	<u>24,313,895</u>	<u>51,915,363</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(269,961)</u>	<u>(2,027,738)</u>	<u>50,000,940</u>	<u>(37,986,545)</u>
Other Financing Sources (Uses):				
Proceeds from lease (note 9)	526,047	-	-	-
Sale of land	-	-	-	-
Transfers in (note 6)	736,738	-	3,612,875	37,750,015
Transfers out (note 6)	<u>-</u>	<u>(208,809)</u>	<u>(54,329,403)</u>	<u>(31,332)</u>
Total Other Financing Sources (Uses)	<u>1,262,785</u>	<u>(208,809)</u>	<u>(50,716,528)</u>	<u>37,718,683</u>
Net Change in Fund Balances	992,824	(2,236,547)	(715,588)	(267,862)
Fund Balance (Deficit) - Beginning, as previously presented	<u>2,760,864</u>	<u>15,698,158</u>	<u>54,013,749</u>	<u>(36,138)</u>
Change within financial reporting entity (nonmajor to major fund)	-	-	-	-
Fund Balance (Deficit) - Beginning, as restated	<u>2,760,864</u>	<u>15,698,158</u>	<u>54,013,749</u>	<u>(36,138)</u>
Fund Balance (Deficit) - Ending	<u>\$ 3,753,688</u>	<u>13,461,611</u>	<u>53,298,161</u>	<u>(304,000)</u>

See accompanying notes to the basic financial statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

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

Year ended June 30, 2025

(with comparative prior year information)

	CV Sync	Grant Funding	Other Governmental Funds	Total Governmental Funds	
				2025	2024
Revenues:					
Member dues	-	-	-	596,940	581,782
Mitigation fees	-	-	-	6,525,686	4,931,424
Measure A	-	-	-	72,430,684	54,080,827
Grants	14,859,580	-	1,449,501	28,585,480	48,269,355
Investment income	-	-	141,925	2,909,692	2,669,804
Loan repayments	-	-	-	10,421	10,421
Other governmental	-	2,474,164	5,012,351	9,136,515	7,872,724
Miscellaneous	-	-	527,143	627,974	934,482
Total Revenues	14,859,580	2,474,164	7,130,920	120,823,392	119,350,819
Expenditures:					
Current:					
Salaries	459,326	88,803	2,265,086	4,148,498	3,338,178
Benefits	173,968	33,262	1,004,236	1,773,682	1,552,157
Meeting Attendance Stipends	-	-	4,934	33,158	35,769
General and office expenses	43,576	6,402	194,857	372,690	795,255
Professional services	20,663	460,197	99,765	1,058,579	750,210
Consultants	895,854	1,211,168	56,572	2,341,776	972,632
Capital outlay	24,230,211	853,734	164,612	79,306,785	87,286,216
Employee Travel or Training	3,228	135	33,806	45,358	51,119
Facility expenses	94,990	8,401	278,308	519,835	207,101
Project costs	1,573	1,805,538	1,341,911	29,773,090	17,637,386
Debt service:					
Principal retirement	29,992	3,781	82,976	2,446,283	2,250,875
Interest and fiscal charges	13,243	1,779	39,117	828,302	937,450
Total Expenditures	25,966,624	4,473,200	5,566,180	122,648,036	115,814,348
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,107,044)</u>	<u>(1,999,036)</u>	<u>1,564,740</u>	<u>(1,824,644)</u>	<u>3,536,471</u>
Other Financing Sources (Uses):					
Proceeds from lease (note 9)	-	-	28,284	554,331	480,447
Sale of land	-	-	-	-	3,369,374
Transfers in (note 6)	17,456,969	1,144,729	481,838	61,183,164	38,831,611
Transfers out (note 6)	<u>(3,618,816)</u>	<u>-</u>	<u>(2,994,804)</u>	<u>(61,183,164)</u>	<u>(38,831,611)</u>
Total Other Financing Sources (Uses)	13,838,153	1,144,729	(2,484,682)	554,331	3,849,821
Net Change in Fund Balances	2,731,109	(854,307)	(919,942)	(1,270,313)	7,386,292
Fund Balance (Deficit) - Beginning, as previously presented	<u>(2,771,108)</u>	<u>-</u>	<u>2,576,093</u>	<u>72,241,618</u>	<u>64,855,326</u>
Change within financial reporting entity (nonmajor to major fund)	-	(1,232,322)	1,232,322	-	-
Fund Balance (Deficit) - Beginning, as restated	<u>(2,771,108)</u>	<u>(1,232,322)</u>	<u>3,808,415</u>	<u>72,241,618</u>	<u>64,855,326</u>
Fund Balance (Deficit) - Ending	<u>(39,999)</u>	<u>(2,086,629)</u>	<u>2,888,473</u>	<u>70,971,305</u>	<u>72,241,618</u>

See accompanying notes to the basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK.

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, 2025

Net Change in Fund Balances - Total Governmental Funds \$ (1,270,313)

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	79,306,782
Depreciation expense	(2,065,700)

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. 2,446,283

Issuance of long-term liabilities is a revenue in the governmental funds, but increases long-term liabilities in the statement of net position. (554,331)

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. 614,677

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	(75,857)
Changes in net pension liability and related deferred inflows and outflows of resources	<u>12,497</u>

Change in Net Position of Governmental Activities \$ 78,403,617

See accompanying notes to the basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK.

NOTES TO THE BASIC FINANCIAL STATEMENTS

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2025

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, 2025

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 three other joint powers authorities: the Coachella Valley Conservation Commission (CVCC), Desert Community Energy (DCE) and the Coachella Valley Power Agency (CVPA). 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, 2025

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, 2025

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, 2025

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 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, 2025

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, 2025

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, 2025

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.

Grant Funding Special Revenue Fund - This Fund is used to account for transportation-related grant revenues, local contributions, and the related expenditures for eligible transportation programs and projects, excluding CV Link, CV Sync, TUMF, and Measure A-funded activities.

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.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

(e) Cash and Investments

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

Changes in fair value that occur during 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	15-50 years
Right to use/Subscription	Lesser of useful life or lease period

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

(h) Use of Estimates

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

(i) Implementation of New Accounting Standards

During the year ended June 30, 2025, CVAG adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*, which seeks to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

(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, 2025. This is due to accounts receivable and due from other governments at June 30, 2025 not received within the availability period.

CV Link	\$ (304,000)
CV Sync	(39,999)
Grant Funding	(2,086,629)
Street Sweeping	(120,786)
Tire Amnesty	(50,000)

Note 3: Cash and Investments

Cash and investments of CVAG consisted of the following at June 30, 2025:

Cash on hand	\$ 4,950
Deposits with financial institutions	<u>938,611</u>
Total cash and deposits	<u>943,561</u>
Investments:	
Local Agency Investment Fund	41,140,158
Riverside County Pooled Investment Fund	15,595,311
California Asset Management Program	<u>2,001,000</u>
Total investments	<u>58,736,469</u>
Total cash and investments	<u>\$ 59,680,030</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2025

Note 3: Cash and Investments (Continued)

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

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 \$41,140,158, Riverside County Pooled Investment Fund of \$15,595,311 and the California Asset Management Program of \$2,001,000 are available on demand.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2025

Note 3: Cash and Investments (Continued)

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	\$ 41,140,158
Riverside County Pooled Investment Fund	AAA/AAA	15,595,311
California Asset Management Program	AAA/N/A	<u>2,001,000</u>
Total		<u>\$ 58,736,469</u>

Investment in State Investment Pool (LAIF)

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

Investment in Riverside County Investment Pool

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

Investment in California Asset Management Program

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

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.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2025

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 \$ 145,899

Note 5: Interfund Receivables and Payables

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

<u>Due to</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 481,352
TUMF	Grant Funding	1,745,616
TUMF	Other Governmental Funds	<u>564,256</u>
		<u>2,309,872</u>
CV Link	Other Governmental Funds	<u>420,697</u>
CV Sync	Measure A	215,482
CV Sync	Other Governmental Funds	<u>660,572</u>
		<u>876,054</u>
Other Governmental Funds	Other Governmental Funds	<u>275,126</u>
		<u>\$ 4,363,101</u>

Note 6: Interfund Transfers

Transfers in and out between funds for the year ending June 30, 2025 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	TUMF	\$ 208,809
General Fund	Measure A	168,321
General Fund	CV Link	31,332
General Fund	CV Sync	5,941
General Fund	Other Governmental Funds	<u>322,335</u>
		<u>736,738</u>
Measure A	CV Sync	<u>3,612,875</u>
CV Link	Measure A	36,704,113
CV Link	Other Governmental Funds	<u>1,045,902</u>
		<u>37,750,015</u>
CV Sync	Measure A	<u>17,456,969</u>
Grant Funding	Other Governmental Funds	<u>1,144,729</u>
Other Governmental Funds	Other Governmental Funds	<u>481,838</u>
	Total	<u>\$ 61,183,164</u>

The two largest transfers above were from the Measure A Fund. The largest transfer, approximately \$36.7 million, was to the CV Link Fund to cover expenditures for the CV Link active transportation pathway, for which Measure A is a funding source. The second largest transfer, totaling about \$17.5 million, was to the CV Sync Fund for costs related to the traffic signal synchronization project, which also utilizes Measure A funding.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2025

Note 7: Capital Assets

A summary of capital asset activity for the year ended June 30, 2025, is as follows:

	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025
Capital assets, not depreciated:				
Land	\$ 7,683,258	-	-	7,683,258
Construction in progress	<u>122,126,670</u>	<u>78,577,488</u>	-	<u>200,704,158</u>
Total capital assets, not depreciated	<u>129,809,928</u>	<u>78,577,488</u>	-	<u>208,387,416</u>
Capital assets, being depreciated:				
Furniture	72,638	15,675	-	88,313
Easement	1,424,545	-	-	1,424,545
Equipment and Vehicles	360,078	-	-	360,078
Infrastructure	26,848,101	159,288	-	27,007,389
Right to use assets	1,566,481	516,782	-	2,083,263
Subscription asset	<u>572,103</u>	<u>37,549</u>	-	<u>609,652</u>
Total capital assets, being depreciated	<u>30,843,946</u>	<u>729,294</u>	-	<u>31,573,240</u>
Less accumulated depreciation:				
Furniture	(33,542)	(2,600)	-	(36,142)
Easement	(47,481)	(16,750)	-	(64,231)
Equipment and Vehicles	(284,291)	(11,622)	-	(295,913)
Infrastructure	(1,752,544)	(1,803,278)	-	(3,555,822)
Right to use assets	(203,328)	(162,938)	-	(366,266)
Subscription asset	<u>(38,906)</u>	<u>(68,512)</u>	-	<u>(107,418)</u>
Total accumulated depreciation	<u>(2,360,092)</u>	<u>(2,065,700)</u>	-	<u>(4,425,792)</u>
Total capital assets, being depreciated, net	<u>28,483,854</u>	<u>(1,336,406)</u>	-	<u>27,147,448</u>
Total capital assets, net	<u>\$ 158,293,782</u>	<u>77,241,082</u>	-	<u>235,534,864</u>

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

Transportation	<u>\$2,065,700</u>
----------------	--------------------

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2025

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
		2025	6,525,686
			<u>\$ 165,953,308</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, 2025, is as follows:

	<u>Balance at July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2025</u>	<u>Due within One Year</u>
Revenue bonds payable	\$ 13,335,025	-	(2,267,354)	11,067,671	2,408,158
Lease liability	1,462,758	516,782	(125,031)	1,854,509	174,156
Subscription-based IT payable	522,549	37,549	(53,898)	506,200	60,569
	<u>\$ 15,320,332</u>	<u>554,331</u>	<u>(2,446,283)</u>	<u>13,428,380</u>	<u>2,642,883</u>

Revenue Bonds Payable

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

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

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2025

Note 9: Long-Term Liabilities (Continued)

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, 2025, annual debt service requirement of the revenue bonds payable is as follows:

Fiscal Year Ending	Principal	Interest	Total
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	<u>498,258</u>	<u>3,781</u>	<u>502,039</u>
	<u>\$ 11,067,671</u>	<u>1,483,299</u>	<u>12,550,970</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 3 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, \$2,453 to \$3,201 and \$5,520 to \$6,476, with a discount rate of 3.83% to 5%. In addition, CVAG entered into a ten-year storage space lease in May 2025 with required monthly payments ranging from \$2,453 to \$3,201. As of June 30, 2025, the total lease liability recorded was \$1,854,509.

As of June 30, 2025, annual debt service requirement of the revenue lease liability is as follows:

Fiscal Year Ending	Principal	Interest	Total
2026	\$ 174,156	73,709	247,865
2027	188,037	66,234	254,271
2028	202,532	58,173	260,705
2029	223,240	49,378	272,618
2030	239,309	39,791	279,100
2031-2035	<u>827,235</u>	<u>55,352</u>	<u>882,587</u>
	<u>\$ 1,854,509</u>	<u>342,637</u>	<u>2,197,146</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2025

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, 2025, was \$506,200.

The future principal and interest lease payments as of June 30, 2025, are as follows:

Fiscal Year Ending	Principal	Interest	Total
2026	\$ 60,569	24,172	84,741
2027	40,640	21,527	62,167
2028	42,711	19,457	62,168
2029	44,886	17,281	62,167
2030	57,332	14,806	72,138
2031-2034	<u>260,062</u>	<u>28,489</u>	<u>288,551</u>
	<u>\$ 506,200</u>	<u>125,732</u>	<u>631,932</u>

Note 10: Compensated Absences

CVAG's policies relating to compensated absences are described in Note 1.

	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025	Due within One Year
Compensated absences	<u>\$ 309,964</u>	<u>75,857</u>	<u>-</u>	<u>385,821</u>	<u>289,366</u>

Note 11: Liability, Property and Workers' Compensation Protection

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The Coachella Valley Association of Governments is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 125 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, 2025

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, 2025

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 2024-25.

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, 2025

Note 12: Pension Plan (Continued)

The provisions and benefits of the plan in effect at June 30, 2025, are summarized as follows:

	<u>Tier 1</u>	<u>PEPRA</u>
	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	6.93%	8.25%
Required employer contribution rates	13.31%	8.18%

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, 2025, the contributions recognized as part of pension expense were \$586,693.

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.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a) - (b)
Measurement Date:			
Balance at: 6/30/23	\$ 13,575,139	11,663,156	1,911,983
Balance at: 6/30/24	<u>14,333,564</u>	<u>12,603,037</u>	<u>1,730,527</u>
Net Changes During 2023-24	<u>\$ 758,425</u>	<u>939,881</u>	<u>(181,456)</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2025

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, 2024, 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, 2023 rolled forward to June 30, 2024 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, 2023 and 2024, was as follows:

Proportion - June 30, 2023	0.03824%
Proportion - June 30, 2024	<u>0.03578%</u>
Change - Increase (Decrease)	<u>-0.00246%</u>

For the year ended June 30, 2025, CVAG recognized a total pension expense of \$653,257. At June 30, 2025, 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	\$ 665,752	-
Changes in assumptions	44,478	-
Differences between expected and actual experience	149,620	5,838
Adjustment due to difference in contributions	77,836	53,932
Adjustment due to difference in proportions	163,423	-
Net difference between projected and actual earnings on pension plan investments	<u>99,624</u>	<u>-</u>
	<u>\$ 1,200,733</u>	<u>59,770</u>

The \$665,752 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, 2026. 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>
2026	\$218,485
2027	257,738
2028	33,128
2029	(34,140)
2030	-
	<u>\$ 475,211</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2025

Note 12: Pension Plan (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2024 measurement period was determined by an actuarial valuation as of June 30, 2023, with update procedures used to roll forward the total pension liability to June 30, 2024. The collective total pension liability was based on the following assumptions

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Investment rate of return	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

⁽¹⁾ The mortality table 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, 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 on the next page 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, 2025

Note 12: Pension Plan (Continued)

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 ^{1,2}
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%	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 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)	\$ 3,664,704	1,730,527	138,415

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, 2025

Note 13: Capital Projects and Programs

The following represents the unexpended project budgets as of June 30, 2025. 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)	\$	3,758,731
Arts & Music Line		208,475
AVE 50 (JEFFERSON TO JACKSON)		208,685
Ave 50 Bridge (Washington St & La Quinta Evacuation Channel)		3,778,219
Avenue 44 Bridge		6,248,498
Avenue 48 (between Van Buren and Dillon Road)		684,662
Avenue 50 (bet. Calhoun St. & Cesar Chaves (formerly Harrison St.))		2,719,029
Avenue 50 (between SR86 and I-10)		5,500,000
Avenue 50 and Jackson St. Intersection Improvements		1,035,329
Avenue 50 Bridge		6,177,143
Avenue 66 Grade Separation		181,017
CV Link		9,572,791
CV Link Connectors		3,786,507
CV Sync Regional Traffic Signal Synchronization		8,616,537
CV Sync Varner Road I-10 Bypass (III)		4,055,534
Dune Palms Road Bridge		1,835,544
East Palm Canyon Dr. Bridge (over Palm Canyon Wash)		752,027
Flood & Blowsand - Indian Canyon		5,722,709
Indian Avenue (Garnet to and including Railroad Crossing Bridge)		2,418,771
Interchange Preparation Fund		6,424,855
JACKSON ST I10 INTERCHANGE		2,799,017
Madison Street (Avenue 52 to Indio Boulevard)		1,341,321
Portola / I-10 Interchange		12,161,922
Ramon Road Bridge Widening		5,677,743
S. Palm Canyon Dr. Bridge (over Tahquitz Creek Channel)		552,739
Vista Chino Drive Bridge		7,717,758
Total unexpended project budgets		103,935,563
Less: amounts to be provided in future years		<u>(39,606,419)</u>
Restricted fund balance associated with specific capital projects and programs	\$	<u>64,329,144</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2025

Note 14: Measure A Fund Program

Measure A is a half-cent local retail sales 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. The Riverside County Transportation Commission (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 to it by RCTC in accordance with the extended Measure A ordinance. As such, 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 held at RCTC for the past five years is as follows:

Fiscal Year Ended June 30,	
2021	\$ 26,018,189
2022	27,299,763
2023	27,829,419
2024	27,185,225
2025	26,259,802

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 of transportation funds would contribute to both land acquisition and the establishment of an Endowment Fund, which would ensure monitoring and management of the acquired lands. The CVMSHCP area includes 1.1 million acres, encompassing the entire Coachella Valley and the surrounding mountains. The MSHCP will benefit the local jurisdictions by providing Take Authorization for all development, including public infrastructure projects, undertaken by the Permittees (signatories to the MSHCP) outside the Conservation Areas. By providing Take Authorization for public and private development projects, the MSHCP eliminates the need for projects to conduct biological surveys and negotiate individual project mitigation with the US Fish and Wildlife Service and the California Department of Fish and Game. At June 30, 2025, the remaining commitment to the MSHCP is \$5,175,000. The liability has not been recorded in the accompanying financial statements because the contributions are contingent upon the receipt of future transportation revenues that are uncertain as to the timing and amount of collection.

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, 2025

	Budget Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
Revenues:					
Member dues	\$ 596,940	596,940	-	596,940	-
Investment income	20,548	20,548	-	41,526	20,978
Miscellaneous	58,000	58,000	-	76,538	18,538
Total Revenues	<u>675,488</u>	<u>675,488</u>	<u>-</u>	<u>715,004</u>	<u>39,516</u>
Expenditures:					
Current:					
Salaries	191,338	191,338	-	199,851	8,513
Benefits	86,045	86,045	-	94,879	8,834
Meeting attendance stipends	37,958	37,958	-	21,132	(16,826)
Office operations	8,573	8,573	-	17,495	8,922
Professional services	3,201	3,201	-	10,763	7,562
Consultants/service providers	181,108	181,108	-	46,269	(134,839)
Capital outlay	539,923	539,923	-	539,297	(626)
Employee travel or training	330	330	-	271	(59)
Facility expenses	14,315	14,315	-	20,341	6,026
Construction/project costs	50,060	50,060	-	21,275	(28,785)
Debt service:					
Principal retirement	6,927	6,927	-	9,105	2,178
Interest and fiscal charges	2,632	2,632	-	4,287	1,655
Total Expenditures	<u>1,122,410</u>	<u>1,122,410</u>	<u>-</u>	<u>984,965</u>	<u>(137,445)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(446,922)</u>	<u>(446,922)</u>	<u>-</u>	<u>(269,961)</u>	<u>176,961</u>
Other Financing Sources (Uses):					
Issuance of lease	523,035	523,035	-	526,047	1,049,082
Transfers in	1,000,000	1,000,000	-	736,738	263,262
Transfers out	(288,261)	(288,261)	-	-	288,261
Total Other Financing Sources (Uses)	<u>1,234,774</u>	<u>1,234,774</u>	<u>-</u>	<u>1,262,785</u>	<u>1,600,605</u>
Net Change in Fund Balance	787,852	787,852	-	992,824	204,972
Fund Balance - Beginning	<u>2,760,864</u>	<u>2,760,864</u>	<u>-</u>	<u>2,760,864</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 3,548,716</u>	<u>3,548,716</u>	<u>-</u>	<u>3,753,688</u>	<u>204,972</u>

See accompanying notes to required supplementary information.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

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

Year ended June 30, 2025

	Budget Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
Revenues:					
Mitigation fees	\$ 5,244,197	5,244,197	-	6,525,686	1,281,489
Investment income	268,093	268,093	-	874,385	606,292
Total Revenues	<u>5,512,290</u>	<u>5,512,290</u>	<u>-</u>	<u>7,400,071</u>	<u>1,887,781</u>
Expenditures:					
Current:					
Salaries	432,646	432,646	-	400,391	(32,255)
Benefits	204,635	204,635	-	165,197	(39,438)
Meeting attendance stipends	3,430	3,430	-	2,482	(948)
Office operations	23,243	23,243	-	35,891	12,648
Professional services	661,036	661,036	-	152,620	(508,416)
Consultants/service providers	2,270,929	2,270,929	-	45,667	(2,225,262)
Capital outlay	15,297	15,297	-	372,159	356,862
Employee travel or training	7,451	7,451	-	2,698	(4,753)
Facility expenses	25,499	25,499	-	34,769	9,270
Construction/project costs	11,016,340	11,016,340	-	8,190,987	(2,825,353)
Debt service:					
Principal retirement	12,366	12,366	-	16,960	4,594
Interest and fiscal charges	5,078	5,078	-	7,988	2,910
Total Expenditures	<u>14,677,950</u>	<u>14,677,950</u>	<u>-</u>	<u>9,427,809</u>	<u>(5,250,141)</u>
Excess of Revenues over Expenditures	<u>(9,165,660)</u>	<u>(9,165,660)</u>		<u>(2,027,738)</u>	<u>7,137,922</u>
Other Financing Sources (Uses):					
Transfers out	<u>(5,008,809)</u>	<u>(5,008,809)</u>	-	<u>(208,809)</u>	<u>4,800,000</u>
Total Other Financing Sources (Uses)	<u>(5,008,809)</u>	<u>(5,008,809)</u>	<u>-</u>	<u>(208,809)</u>	<u>4,800,000</u>
Net Change in Fund Balance	(14,174,469)	(14,174,469)	-	(2,236,547)	11,937,922
Fund Balance - Beginning	<u>15,698,158</u>	<u>15,698,158</u>	-	<u>15,698,158</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,523,689</u>	<u>1,523,689</u>	<u>-</u>	<u>13,461,611</u>	<u>11,937,922</u>

See accompanying notes to required supplementary information.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

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

Year ended June 30, 2025

	Budget Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
Revenues:					
Measure A	\$ 88,815,748	88,815,748	-	70,192,066	(18,623,682)
Investment income	1,019,725	1,019,725	-	1,851,217	831,492
RCTC admin reimbursements	6,664,448	6,664,448	-	2,249,039	(4,415,409)
Miscellaneous	10,421	10,421	-	22,513	12,092
Total Revenues	96,510,342	96,510,342	-	74,314,835	(22,195,507)
Expenditures:					
Current:					
Salaries	857,197	857,197	-	653,106	(204,091)
Benefits	398,063	398,063	-	261,498	(136,565)
Meeting attendance stipends	6,370	6,370	-	4,610	(1,760)
Office operations	144,847	144,847	-	62,914	(81,933)
Professional services	434,690	434,690	-	247,390	(187,300)
Consultants/service providers	5,947,751	5,947,751	-	83,218	(5,864,533)
Capital outlay	233,169	233,169	-	2,539,265	2,306,096
Employee travel or training	13,930	13,930	-	4,918	(9,012)
Facility expenses	49,325	49,325	-	58,735	9,410
Construction/project costs	18,087,041	18,087,041	-	17,343,941	(743,100)
Debt service:					
Principal	2,291,267	2,291,267	-	2,295,952	4,685
Interest	754,607	754,607	-	758,348	3,741
Total Expenditures	29,218,257	29,218,257	-	24,313,895	(4,904,362)
Excess of Revenues Over Expenditures	67,292,085	67,292,085	-	50,000,940	(17,291,145)
Other Financing Sources (Uses):					
Transfers in	-	-	-	3,612,875	3,612,875
Transfers out	(64,162,241)	(64,162,241)	-	(54,329,403)	9,832,838
Total Other Financing Sources (Uses)	(64,162,241)	(64,162,241)	-	(50,716,528)	13,445,713
Net Change in Fund Balance	3,129,844	3,129,844	-	(715,588)	(3,845,432)
Fund Balance - Beginning	54,013,749	54,013,749	-	54,013,749	-
Fund Balance - Ending	\$ 57,143,593	57,143,593	-	53,298,161	(3,845,432)

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, 2025

	Budget Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
Revenues:					
Grants	\$ 16,152,205	16,152,205	-	12,276,399	(3,875,806)
Investment income	500	500	-	639	139
Other governmental	1,670,000	1,670,000	-	1,650,000	(20,000)
Miscellaneous	100,000	100,000	-	1,780	(98,220)
Total Revenues	17,922,705	17,922,705	-	13,928,818	(3,993,887)
Expenditures:					
Current:					
Salaries	113,582	113,582	-	81,935	(31,647)
Benefits	50,228	50,228	-	40,642	(9,586)
Meeting attendance stipends	-	-	-	-	-
Office operations	12,024	12,024	-	11,555	(469)
Professional services	877,167	877,167	-	67,181	(809,986)
Consultants/service providers	1,545	1,545	-	3,028	1,483
Capital outlay	62,224,906	62,224,906	-	50,607,507	(11,617,399)
Employee travel or training	460	460	-	302	(158)
Facility expenses	21,174	21,174	-	24,291	3,117
Construction/project costs	2,200	2,200	-	1,067,865	1,065,665
Debt service:					
Principal retirement	10,248	10,248	-	7,517	(2,731)
Interest and fiscal charges	3,930	3,930	-	3,540	(390)
Total Expenditures	63,317,464	63,317,464	-	51,915,363	(11,402,101)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,394,759)	(45,394,759)	-	(37,986,545)	7,408,214
Other Financing Sources (Uses):					
Transfers in	45,426,091	45,426,091	45,426,091	37,750,015	(7,676,076)
Transfers out	(31,332)	(31,332)	(31,332)	(31,332)	-
Total Other Financing Sources (Uses)	45,394,759	45,394,759	45,394,759	37,718,683	(7,676,076)
Net Change in Fund Balance	-	-	45,394,759	(267,862)	(267,862)
Fund Balance (Deficit) - Beginning	(36,138)	(36,138)	-	(36,138)	-
Fund Balance (Deficit) - Ending	\$ (36,138)	(36,138)	-	(304,000)	(267,862)

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, 2025

	Budget Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
Revenues:					
Grants	\$ 20,902,400	20,902,400	-	14,859,580	(6,042,820)
Total Revenues	<u>20,902,400</u>	<u>20,902,400</u>	<u>-</u>	<u>14,859,580</u>	<u>(6,042,820)</u>
Expenditures:					
Current:					
Salaries	165,902	165,902	-	459,326	293,424
Benefits	63,191	63,191	-	173,968	110,777
Office operations	31,841	31,841	-	43,576	11,735
Professional services	1,957,341	1,957,341	-	20,663	(1,936,678)
Consultants/service providers	104,056	104,056	-	895,854	791,798
Capital outlay	42,432,081	42,432,081	-	24,230,211	(18,201,870)
Employee travel or training	1,208	1,208	-	3,228	2,020
Facility expenses	121,769	121,769	-	94,990	(26,779)
Construction/project costs	-	-	-	1,573	1,573
Debt service:					
Principal retirement	40,341	40,341	-	29,992	(10,349)
Interest and fiscal charges	16,018	16,018	-	13,243	(2,775)
Total Expenditures	<u>44,933,748</u>	<u>44,933,748</u>	<u>-</u>	<u>25,966,624</u>	<u>(18,967,124)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(24,031,348)</u>	<u>(24,031,348)</u>	<u>-</u>	<u>(11,107,044)</u>	<u>12,924,304</u>
Other Financing Sources (Uses):					
Transfers in	24,037,290	24,037,290	-	17,456,969	(6,580,321)
Transfers out	(5,942)	(5,942)	-	(3,618,816)	(3,612,874)
Total Other Financing Sources (Uses)	<u>24,031,348</u>	<u>24,031,348</u>	<u>-</u>	<u>13,838,153</u>	<u>(10,193,195)</u>
Net Change in Fund Balance	-	-		2,731,109	2,731,109
Fund Balance (Deficit) - Beginning	<u>(2,771,108)</u>	<u>(2,771,108)</u>	<u>-</u>	<u>(2,771,108)</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ (2,771,108)</u>	<u>(2,771,108)</u>	<u>-</u>	<u>(39,999)</u>	<u>2,731,109</u>

See accompanying notes to required supplementary information.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

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

Year ended June 30, 2025

	Budget Amounts		Variance with Original Budget Over (Under) Final Budget	Actual Amounts	Variance with Final Budget Over (Under) Actual Amounts
	Original	Final			
Revenues:					
Grants	\$ 10,570,342	10,570,342	-	-	(10,570,342)
Other governmental	4,685,625	4,685,625	-	2,474,164	(2,211,461)
Total Revenues	<u>15,255,967</u>	<u>15,255,967</u>	<u>-</u>	<u>2,474,164</u>	<u>(12,781,803)</u>
Expenditures:					
Current:					
Salaries	165,655	165,655	-	88,803	(76,852)
Benefits	60,737	60,737	-	33,262	(27,475)
Office operations	1,249	1,249	-	6,402	5,153
Professional services	10,570,342	10,570,342	-	460,197	(10,110,145)
Consultants/service providers	976,125	976,125	-	1,211,168	235,043
Capital outlay	-	-	-	853,734	853,734
Employee travel or training	-	-	-	135	135
Facility expenses	7,405	7,405	-	8,401	996
Construction/project costs	2,815,750	2,815,750	-	1,805,538	(1,010,212)
Debt service:					
Principal retirement	3,599	3,599	-	3,781	182
Interest and fiscal charges	1,592	1,592	-	1,779	187
Total Expenditures	<u>14,602,454</u>	<u>14,602,454</u>	<u>-</u>	<u>4,473,200</u>	<u>(10,129,254)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>653,513</u>	<u>653,513</u>	<u>-</u>	<u>(1,999,036)</u>	<u>(2,652,549)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	1,144,729	1,144,729
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,144,729</u>	<u>1,144,729</u>
Net Change in Fund Balance	653,513	653,513		(854,307)	(1,507,820)
Fund Balance (Deficit) - Beginning, as previously presented	-	-	-	-	-
Change within financial reporting entity (nonmajor to major fund)	-	-	-	(1,232,322)	(1,232,322)
Fund Balance (Deficit) - Beginning, as restated	-	-	-	(1,232,322)	(1,232,322)
Fund Balance (Deficit) - Ending	<u>\$ 653,513</u>	<u>653,513</u>	<u>-</u>	<u>(2,086,629)</u>	<u>(2,740,142)</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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Measurement Date	06/30/24	06/30/23	06/30/22	06/30/21	06/30/20
Proportion of the net pension liability (asset)	0.03578%	0.03824%	0.03673%	-0.00291%	0.03868%
Proportionate share of the net pension liability (asset)	\$ 1,730,527	1,911,983	1,718,540	(55,246)	1,631,820
Covered payroll	\$ 3,491,614	2,768,533	2,151,212	1,800,316	1,787,612
Proportionate Share of the net pension liability as a percentage of covered payroll	49.56%	69.06%	79.89%	-3.07%	91.28%
Plan fiduciary net position as a percentage of the total pension liability	79.91%	77.97%	78.18%	90.49%	77.71%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Measurement Date	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
Proportion of the net pension liability (asset)	0.02398%	0.02306%	0.02283%	0.02221%	0.02071%
Proportionate share of the net pension liability (asset)	2,457,681	2,222,478	2,264,005	1,921,675	1,421,670
Covered payroll	1,757,237	1,399,410	1,595,046	1,555,017	1,364,384
Proportionate Share of the net pension liability as a percentage of covered payroll	139.86%	158.82%	141.94%	123.58%	104.20%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	73.39%	73.31%	75.87%	79.89%

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 or 2024. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. 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. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15 for measurement date June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015 through June 30, 2016.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Pension Contributions - Miscellaneous Plan

Last Ten Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contributions - Miscellaneous	\$ 665,752	586,693	445,354	397,881	445,354
Contributions in relation to the actuarially determined contribution	<u>(665,752)</u>	<u>(586,693)</u>	<u>(445,354)</u>	<u>(397,881)</u>	<u>(445,354)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Covered payroll	 \$4,305,801	 3,491,614	 2,768,533	 2,151,212	 1,800,316
 Contributions as a percentage of covered payroll	 15.46%	 16.80%	 16.09%	 18.50%	 24.74%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contributions - Miscellaneous	\$1,341,435	294,482	242,382	221,669	217,333
Contributions in relation to the actuarially determined contribution	<u>(1,341,435)</u>	<u>(294,482)</u>	<u>(242,382)</u>	<u>(221,669)</u>	<u>(217,333)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Covered payroll	 \$1,787,612	 1,757,237	 1,399,410	 1,595,046	 1,555,017
 Contributions as a percentage of covered payroll	 75.04%	 16.76%	 17.32%	 13.90%	 13.98%

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	June 30, 2022
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%

Coachella Valley Association of Governments
Notes to Required Supplementary Information
Year ended June 30, 2025

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.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to Required Supplementary Information

Year ended June 30, 2025

	General Fund Over (Under)	TUMF Over (Under)	Measure A Over (Under)
BUDGETARY REVENUES			
Differences - final budget to actual:			
Mitigation Fees: The increase in development mitigation fees from the budget is primarily due to more projects being permitted than expected.	\$ -	1,281,489	-
Investment income: 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.	-	606,292	-
Measure A: The decrease is primarily attributable to actual expenditures for CV Link and CV Sync coming in below expectations for the fiscal year, along with lower-than-anticipated activity in regional arterial projects.	-	-	(18,623,682)
RCTC admin reimbursements: The decrease is attributable to the budgeted revenue for fiscal year 2025 not being realized as actual expenditures were below expectations.	-	-	(4,415,409)
BUDGETARY EXPENSES			
Differences - final budget to actual:			
Consultants/Service Providers: The decrease across funds was primarily due to postponed studies, unavailable grants, lower vendor services, and certain costs being reclassified to capital outlay, as detailed below:	(134,839)	(2,225,262)	(5,864,533)
<u>General fund</u> - The decrease reflects lower actual expenditures for vendor services related to the Coachella Valley Energy Commission Strategic Plan compared to expectations.			
<u>TUMF</u> - The variance is primarily attributable to the Transportation Program Prioritization Study being postponed to fiscal year 2026, and to non-reimbursed local match expenditures for the Bicycle & Pedestrian Safety Program not being incurred, as the associated grant that would have funded the majority of these project costs was not available in fiscal year 2025.			
<u>Measure A</u> - The variance is primarily attributable to the Transportation Program Prioritization Study being postponed to fiscal year 2026, and to Bicycle & Pedestrian Safety Program expenditures not being incurred, as the related grants that would have funded most of these project costs were not awarded or not applied for as anticipated. In addition, certain costs related to the Arts and Music Line were originally budgeted in this account but were actualized in capital outlay as explained next.			
Capital Outlay: The increase compared to the budget is primarily due to the capitalization of expenses related to the Arts and Music Line project. CVAG initially incurred local funding expenses for project discovery under the assumption that the project would be treated as a non-capital arterial initiative. After the budget was approved and it was confirmed that CVAG would lead the project, these costs were reclassified and capitalized as part of the project's capital outlay.	-	-	2,306,096
Professional services: Actual expenditures were lower than budgeted primarily because anticipated software support services did not occur during the fiscal year as originally planned.	-	(508,416)	-
Construction/Project Costs: The variance is primarily due to regional arterial project activity being lower than anticipated.	-	(2,825,353)	-

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to Required Supplementary Information

Year ended June 30, 2025

	CV Link Over (Under)	CV Sync Over (Under)	Grant Funding Over (Under)
BUDGETARY REVENUES			
Differences - final budget to actual:			
Other governmental: The amount is underbudget primarily due to regional arterial project activity being lower than anticipated, resulting in a corresponding decrease in reimbursement revenue.	\$ -	-	(2,211,461)
Grants: The decrease, as detailed below, was primarily due to reduced project activity, the completion of major construction phases in the prior year, and anticipated grant revenues not being earned in the current fiscal year.	(3,875,806)	(6,042,820)	(10,570,342)
<u>CV Link</u> - The decrease is mainly due to reduced project activity and changes in the reimbursement approach for the CV Link project as available external funding is fully utilized and the project approaches completion.			
<u>CV Sync</u> - The decrease is mainly due to reduced project activity for the CV Sync project, as a significant portion of construction and implementation was completed in the prior year, leading to lower reimbursable expenditures in the current year.			
<u>Grant Funding</u> - The decrease is primarily due to approximately \$9.9 million in anticipated grant revenue not being earned in the current fiscal year.			
BUDGETARY EXPENSES			
Differences - final budget to actual:			
Salaries: The amount is under budget due to vacant positions and fewer staff hours than anticipated during the fiscal year.	-	-	(76,852)
Professional services: CV Link and CV Sync were under budget mainly due to budgeted operations and maintenance expenditures that did not occur during the fiscal year, and Grant Funding was under budget due to \$9.9 million in grant revenue not being applied for or awarded, resulting in lower expenditures.	(809,986)	(1,936,678)	(10,110,145)
Capital Outlay: The decrease is primarily due to lower construction activity for CV Link than anticipated, and reduced CV Sync construction activity compared to expectations, reflecting the near completion of Phase II and the significant portion of work completed in fiscal year 2024.	(11,617,399)	(18,201,870)	-
Construction/Project Costs: The variance is primarily due to regional arterial project activity being lower than anticipated.	-	-	(1,010,212)
Capital Outlay: The increase compared to the budget is primarily due to the capitalization of expenses related to the Arts and Music Line project. CVAG initially incurred local funding expenses for project discovery under the assumption that the project would be treated as a non-capital arterial initiative. After the budget was approved and it was confirmed that CVAG would lead the project, these costs were reclassified and capitalized as part of the project's capital outlay.	-	-	853,734
Construction/Project Costs: The overage is primarily due to non-capitalizable expenditures that were not anticipated; however, these costs were fully covered by grant funding.	1,065,665	-	-
Consultants/Service Providers: The increase is due to higher non-capitalizable CV Sync costs and unbudgeted transportation studies fully funded by grants, as detailed below: <u>CV Sync</u> - The overage is primarily due to higher-than-budgeted non-capitalizable expenditures, such as feasibility studies. Most of the budgeted amount was for design and construction, which was budgeted as Capital Outlay.	-	791,798	235,043
<u>Grant Funding</u> - The overage is primarily due to transportation-related studies that were not budgeted; however, the related costs are fully covered by grant funding.			

THIS PAGE INTENTIONALLY LEFT BLANK.

SUPPLEMENTARY INFORMATION

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2025

	Special Revenue Funds						
	Other Transportation	Special Projects	Multi-Species Habitat Conservation	AB2766 Grant	Oil Grant	AB939 Grant	Air Quality Enhancement
Assets:							
Cash and investments	\$ 848	51,861	-	109,333	307	16,061	1,198
Accounts receivable	-	-	-	-	-	-	-
Interest receivable	172	-	-	2,127	62	244	154
Due from other governments	1,356,155	3,000	416,123	332,441	53,765	-	40,000
Due from other funds	4,399	-	-	270,727	-	-	-
Deposits	-	-	-	-	-	-	-
Prepaid expenses	-	-	4,955	-	-	-	-
Total Assets	\$ 1,361,574	54,861	421,078	714,628	54,134	16,305	41,352
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):							
Liabilities:							
Accounts payable	\$ -	-	293	-	1,899	-	-
Accrued liabilities	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	40,000
Due to other funds	1,229,228	-	420,697	-	128	-	-
Total Liabilities	1,229,228	-	420,990	-	2,027	-	40,000
Deferred Inflows of Resources							
Unavailable revenues	-	-	-	52,985	-	-	-
Total Deferred Inflows of Resources	-	-	-	52,985	-	-	-
Fund Balances (Deficits):							
Nonspendable	-	-	4,955	-	-	-	-
Restricted:							
Transportation	132,346	-	-	-	-	-	-
Environmental	-	23,921	-	661,643	52,107	16,305	1,352
Homeless	-	30,940	-	-	-	-	-
Unassigned	-	-	(4,867)	-	-	-	-
Total Fund Balances (Deficits)	132,346	54,861	88	661,643	52,107	16,305	1,352
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 1,361,574	54,861	421,078	714,628	54,134	16,305	41,352

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2025

	Special Revenue Funds (Continued)					Total
	Street Sweeping	Homeless	Tire Amnesty	I-REN	Desert Community Energy	Governmental Funds
Assets:						
Cash and investments	-	2,020,100	-	-	-	2,199,708
Accounts receivable	-	32,685	-	-	-	32,685
Interest receivable	-	16,189	-	-	-	18,948
Due from other governments	429,249	100,000	50,000	248,586	210,257	3,239,576
Due from other funds	-	-	-	-	-	275,126
Deposits	-	2,900	-	-	-	2,900
Prepaid expenses	-	27,221	-	-	-	32,176
Total Assets	429,249	2,199,095	50,000	248,586	210,257	5,801,119
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):						
Liabilities:						
Accounts payable	76,112	17,947	7,124	-	143	103,518
Accrued liabilities	7,258	-	-	-	-	7,258
Due to other governments	-	696	-	20,353	-	61,049
Due to other funds	270,727	-	42,876	228,233	210,114	2,402,003
Total Liabilities	354,097	18,643	50,000	248,586	210,257	2,573,828
Deferred Inflows of Resources						
Unavailable revenues	195,938	39,895	50,000	-	-	338,818
Total Deferred Inflows of Resources	195,938	39,895	50,000	-	-	338,818
Fund Balances (Deficits):						
Nonspendable	-	27,221	-	-	-	32,176
Restricted:						
Transportation	-	-	-	-	-	132,346
Environmental	-	-	-	-	-	755,328
Homeless	-	2,113,336	-	-	-	2,144,276
Unassigned	(120,786)	-	(50,000)	-	-	(175,653)
Total Fund Balances (Deficits)	(120,786)	2,140,557	(50,000)	-	-	2,888,473
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	429,249	2,199,095	50,000	248,586	210,257	5,801,119

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

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

Year ended June 30, 2025

	Special Revenue Funds						
	Other Transportation	Special Projects	Multi-Species Habitat Conservation	AB2766 Grant	Oil Grant	AB939 Grant	Air Quality Enhancement
Revenues:							
Grants	\$ 1,161,774	-	-	-	53,765	-	-
Investment income (loss)	1,020	-	-	17,538	541	1,973	1,352
Other governmental	882,500	-	1,648,408	374,378	-	16,526	40,000
Miscellaneous	-	27,000	-	-	-	-	-
Total Revenues	2,045,294	27,000	1,648,408	391,916	54,306	18,499	41,352
Expenditures:							
Current:							
Salaries	17,132	-	822,937	18,568	4,801	6,745	3,781
Benefits	7,326	-	371,757	8,069	2,223	3,020	1,693
Meeting Attendance Stipends	-	-	-	2,467	-	2,467	-
General and office expenses	993	-	72,959	1,034	257	398	216
Professional services	689	-	26,516	490	2,024	177	94
Consultants	14,741	-	13,390	372	5,466	115	25
Capital outlay	905	-	66,665	1,042	282	411	269
Employee Travel or Training	23	-	10,955	25	7	9	5
Utilities	1,508	-	80,490	1,522	360	613	313
Project costs	-	22,550	4,187	-	-	-	40,000
Debt service:							
Principal retirement	757	-	36,922	805	204	298	162
Interest and fiscal charges	356	-	17,424	379	96	140	77
Total Expenditures	44,430	22,550	1,524,202	34,773	15,720	14,393	46,635
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000,864	4,450	124,206	357,143	38,586	4,106	(5,283)
Other Financing Sources (Uses):							
Proceeds of lease	-	-	14,142	-	-	-	-
Transfers in	-	-	-	-	-	-	6,581
Transfers out	(2,291,205)	-	(138,348)	(488,197)	-	(37,350)	-
Total Other Financing Sources (Uses)	(2,291,205)	-	(124,206)	(488,197)	-	(37,350)	6,581
Net Change in Fund Balances	(290,341)	4,450	-	(131,054)	38,586	(33,244)	1,298
Fund Balance (Deficit) - Beginning, as previously presented	422,687	50,411	88	792,697	13,521	49,549	54
Change within financial reporting entity (nonmajor to major fund)	-	-	-	-	-	-	-
Fund Balance (Deficit) - Beginning, as restated	422,687	50,411	88	792,697	13,521	49,549	54
Fund Balance (Deficit) - Ending	\$ 132,346	54,861	88	661,643	52,107	16,305	1,352

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

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

Year ended June 30, 2025

	Special Revenue Funds (Continued)						Total Governmental Funds
	Street Sweeping	Homeless	Tire Amnesty	Formerly Non- major Fund Grant Funding	I-REN	Desert Community Energy	
Revenues:							
Grants	233,312	-	-	-	650	-	1,449,501
Investment income (loss)	-	119,501	-	-	-	-	141,925
Other governmental	-	1,239,286	-	-	-	811,253	5,012,351
Miscellaneous	-	-	-	-	500,143	-	527,143
Total Revenues	<u>233,312</u>	<u>1,358,787</u>	<u>-</u>	<u>-</u>	<u>500,793</u>	<u>811,253</u>	<u>7,130,920</u>
Expenditures:							
Current:							
Salaries	18,922	643,420	4,709	-	261,973	462,098	2,265,086
Benefits	7,755	311,112	2,535	-	116,087	172,659	1,004,236
Meeting Attendance Stipends	-	-	-	-	-	-	4,934
General and office expenses	1,260	53,839	294	-	27,120	36,487	194,857
Professional services	475	50,104	112	-	6,668	12,416	99,765
Consultants	344	10,647	28	-	4,151	7,293	56,572
Capital outlay	1,185	47,246	355	-	16,788	29,464	164,612
Employee Travel or Training	24	16,597	6	-	1,289	4,866	33,806
Utilities	1,739	124,889	416	-	24,524	41,934	278,308
Project costs	832,118	410,914	32,142	-	-	-	1,341,911
Debt service:							
Principal retirement	846	10,605	207	-	11,688	20,482	82,976
Interest and fiscal charges	398	4,997	97	-	5,505	9,648	39,117
Total Expenditures	<u>865,066</u>	<u>1,684,370</u>	<u>40,901</u>	<u>-</u>	<u>475,793</u>	<u>797,347</u>	<u>5,566,180</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(631,754)</u>	<u>(325,583)</u>	<u>(40,901)</u>	<u>-</u>	<u>25,000</u>	<u>13,906</u>	<u>1,564,740</u>
Other Financing Sources (Uses):							
Proceeds of lease	-	14,142	-	-	-	-	28,284
Transfers in	447,978	-	27,279	-	-	-	481,838
Transfers out	-	-	(798)	-	(25,000)	(13,906)	(2,994,804)
Total Other Financing Sources (Uses)	<u>447,978</u>	<u>14,142</u>	<u>26,481</u>	<u>-</u>	<u>(25,000)</u>	<u>(13,906)</u>	<u>(2,484,682)</u>
Net Change in Fund Balances	(183,776)	(311,441)	(14,420)	-	-	-	(919,942)
Fund Balance (Deficit) - Beginning, as previously presented	<u>62,990</u>	<u>2,451,998</u>	<u>(35,580)</u>	<u>(1,232,322)</u>	<u>-</u>	<u>-</u>	<u>2,576,093</u>
Change within financial reporting entity (nonmajor to major fund)	-	-	-	1,232,322	-	-	1,232,322
Fund Balance (Deficit) - Beginning, as restated	<u>62,990</u>	<u>2,451,998</u>	<u>(35,580)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,808,415</u>
Fund Balance (Deficit) - Ending	<u>(120,786)</u>	<u>2,140,557</u>	<u>(50,000)</u>	<u>(1,232,322)</u>	<u>-</u>	<u>-</u>	<u>1,656,151</u>